

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 597

Introduced by DeBoer, 10.

Read first time January 22, 2025

Committee: Education

1 A BILL FOR AN ACT relating to the Tax Equity and Educational
2 Opportunities Support Act; to amend sections 79-1006, 79-1015.01,
3 79-1016, 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01,
4 Reissue Revised Statutes of Nebraska; to change provisions relating
5 to foundation aid, local effort rate yield; adjusted valuations of
6 property, and certain certification dates; to harmonize provisions;
7 to repeal the original sections; and to declare an emergency.
8 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 79-1006, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-1006 (1) The For school fiscal year 2023-24 and each school
4 fiscal year thereafter, the department shall determine the foundation aid
5 to be paid to each school district in accordance with subsection (2) of
6 this section.

7 (2)(a) Through school fiscal year 2024-25, the (2) The foundation
8 aid to be paid to each school district in each school fiscal year shall
9 equal one thousand five hundred dollars multiplied by the number of
10 formula students for such school district.

11 (b) For school fiscal year 2025-26 and each school fiscal year
12 thereafter, the foundation aid to be paid to each school district in each
13 school fiscal year shall equal the greater of:

14 (i) One thousand five hundred dollars multiplied by the number of
15 formula students for such school district; or

16 (ii) Seven and one-half percent of the basic funding calculated
17 pursuant to section 79-1007.16 for such school district.

18 (3) Twenty-four percent of the total amount of foundation aid paid
19 each school fiscal year shall be paid from money appropriated from the
20 Education Future Fund.

21 (4) For school fiscal years 2023-24 and 2024-25, one hundred percent
22 of foundation aid shall be included as a formula resource pursuant to
23 section 79-1017.01. For school fiscal year 2025-26 and each school fiscal
24 year thereafter, sixty percent of foundation aid shall be included as a
25 formula resource pursuant to section 79-1017.01.

26 **Sec. 2.** Section 79-1015.01, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 79-1015.01 (1) Local system formula resources shall include local
29 effort rate yield which shall be computed as prescribed in this section.

30 (2) Beginning with school fiscal year 2025-26 and for each school
31 fiscal year thereafter: (a) For state aid certified pursuant to section

1 79-1022, the local effort rate shall be the maximum levy, for the school
2 fiscal year for which aid is being certified, authorized pursuant to
3 subdivision (2)(a) of section 77-3442 less ten cents; (b) for the final
4 calculation of state aid pursuant to section 79-1065, the local effort
5 rate shall be the rate which, when multiplied by the total adjusted
6 valuation of all taxable property in local systems receiving equalization
7 aid pursuant to the Tax Equity and Educational Opportunities Support Act,
8 will produce the amount needed to support the total formula need of such
9 local systems when added to state aid appropriated by the Legislature and
10 other actual receipts of local systems described in section 79-1018.01;
11 and (c) the local effort rate yield for such school fiscal years shall be
12 determined by multiplying each local system's total adjusted valuation by
13 the local effort rate.

14 (3) Through school fiscal year 2024-25, for ~~(2)~~ For each school
15 fiscal year except school fiscal years 2017-18 and 2018-19: (a) For state
16 aid certified pursuant to section 79-1022, the local effort rate shall be
17 the maximum levy, for the school fiscal year for which aid is being
18 certified, authorized pursuant to subdivision (2)(a) of section 77-3442
19 less five cents; (b) for the final calculation of state aid pursuant to
20 section 79-1065, the local effort rate shall be the rate which, when
21 multiplied by the total adjusted valuation of all taxable property in
22 local systems receiving equalization aid pursuant to the Tax Equity and
23 Educational Opportunities Support Act, will produce the amount needed to
24 support the total formula need of such local systems when added to state
25 aid appropriated by the Legislature and other actual receipts of local
26 systems described in section 79-1018.01; and (c) the local effort rate
27 yield for such school fiscal years shall be determined by multiplying
28 each local system's total adjusted valuation by the local effort rate.

29 (4) ~~(3)~~ For school fiscal years 2017-18 and 2018-19: (a) For state
30 aid certified pursuant to section 79-1022, the local effort rate shall be
31 the maximum levy, for the school fiscal year for which aid is being

1 certified, authorized pursuant to subdivision (2)(a) of section 77-3442
2 less two and ninety-seven hundredths cents; (b) for the final calculation
3 of state aid pursuant to section 79-1065, the local effort rate shall be
4 the rate which, when multiplied by the total adjusted valuation of all
5 taxable property in local systems receiving equalization aid pursuant to
6 the Tax Equity and Educational Opportunities Support Act, will produce
7 the amount needed to support the total formula need of such local systems
8 when added to state aid appropriated by the Legislature and other actual
9 receipts of local systems described in section 79-1018.01; and (c) the
10 local effort rate yield for such school fiscal years shall be determined
11 by multiplying each local system's total adjusted valuation by the local
12 effort rate.

13 **Sec. 3.** Section 79-1016, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 79-1016 (1) On or before August 20, the county assessor shall
16 certify to the Property Tax Administrator the total taxable value by
17 school district in the county for the current assessment year on forms
18 prescribed by the Tax Commissioner. The county assessor may amend the
19 filing for changes made to the taxable valuation of the school district
20 in the county if corrections or errors on the original certification are
21 discovered. Amendments shall be certified to the Property Tax
22 Administrator on or before August 31.

23 (2) On or before October 10, the Property Tax Administrator shall
24 compute and certify to the State Department of Education the adjusted
25 valuation for the current assessment year for each class of property in
26 each school district and each local system. The adjusted valuation of
27 property for each school district and each local system, for purposes of
28 determining state aid pursuant to the Tax Equity and Educational
29 Opportunities Support Act, shall reflect as nearly as possible state aid
30 value as defined in subsection (3) of this section. The Property Tax
31 Administrator shall notify each school district and each local system of

1 its adjusted valuation for the current assessment year by class of
2 property on or before October 10. Establishment of the adjusted valuation
3 shall be based on the taxable value certified by the county assessor for
4 each school district in the county adjusted by the determination of the
5 level of value for each school district from an analysis of the
6 comprehensive assessment ratio study or other studies developed by the
7 Property Tax Administrator, in compliance with professionally accepted
8 mass appraisal techniques, as required by section 77-1327. The Tax
9 Commissioner shall adopt and promulgate rules and regulations setting
10 forth standards for the determination of level of value for state aid
11 purposes.

12 (3) For purposes of this section, state aid value means:

13 (a) For real property other than agricultural and horticultural
14 land, ninety-six percent of actual value;

15 (b) For agricultural and horticultural land: ~~τ~~

16 (i) For the adjusted valuation used for the calculation of aid for
17 school fiscal years prior to school fiscal year 2025-26, seventy-two
18 percent of actual value as provided in sections 77-1359 and ~~to~~ 77-1363.

19 (ii) For the adjusted valuation used for the calculation of aid for
20 school fiscal year 2025-26 and each school fiscal year thereafter, sixty-
21 five percent of actual value as provided in section 77-1359 and 77-1363;

22 (c) For agricultural and horticultural land that receives special
23 valuation pursuant to section 77-1344: ~~τ~~

24 (i) For the adjusted valuation used for the calculation of aid for
25 school fiscal years prior to school fiscal year 2025-26, seventy-two
26 percent of special valuation as defined in section 77-1343; and

27 (ii) For the adjusted valuation used for the calculation of aid for
28 school fiscal year 2025-26 and each school fiscal year thereafter, sixty-
29 five percent of special valuation as defined in section 77-1343; and

30 (d) ~~(e)~~ For personal property, the net book value as defined in
31 section 77-120.

1 (4) On or before November 10, any local system may file with the Tax
2 Commissioner written objections to the adjusted valuations prepared by
3 the Property Tax Administrator, stating the reasons why such adjusted
4 valuations are not the valuations required by subsection (3) of this
5 section. The Tax Commissioner shall fix a time for a hearing. Either
6 party shall be permitted to introduce any evidence in reference thereto.
7 On or before January 1, the Tax Commissioner shall enter a written order
8 modifying or declining to modify, in whole or in part, the adjusted
9 valuations and shall certify the order to the State Department of
10 Education. Modification by the Tax Commissioner shall be based upon the
11 evidence introduced at hearing and shall not be limited to the
12 modification requested in the written objections or at hearing. A copy of
13 the written order shall be mailed to the local system within seven days
14 after the date of the order. The written order of the Tax Commissioner
15 may be appealed within thirty days after the date of the order to the Tax
16 Equalization and Review Commission in accordance with section 77-5013.

17 (5) On or before November 10, any local system or county official
18 may file with the Tax Commissioner a written request for a nonappealable
19 correction of the adjusted valuation due to clerical error as defined in
20 section 77-128 or, for agricultural and horticultural land, assessed
21 value changes by reason of land qualified or disqualified for special use
22 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
23 following January 1, the Tax Commissioner shall approve or deny the
24 request and, if approved, certify the corrected adjusted valuations
25 resulting from such action to the State Department of Education.

26 (6) On or before May 31 of the year following the certification of
27 adjusted valuation pursuant to subsection (2) of this section, any local
28 system or county official may file with the Tax Commissioner a written
29 request for a nonappealable correction of the adjusted valuation due to
30 changes to the tax list that change the assessed value of taxable
31 property. Upon the filing of the written request, the Tax Commissioner

1 shall require the county assessor to recertify the taxable valuation by
2 school district in the county on forms prescribed by the Tax
3 Commissioner. The recertified valuation shall be the valuation that was
4 certified on the tax list, pursuant to section 77-1613, increased or
5 decreased by changes to the tax list that change the assessed value of
6 taxable property in the school district in the county in the prior
7 assessment year. On or before the following July 31, the Tax Commissioner
8 shall approve or deny the request and, if approved, certify the corrected
9 adjusted valuations resulting from such action to the State Department of
10 Education.

11 (7) No injunction shall be granted restraining the distribution of
12 state aid based upon the adjusted valuations pursuant to this section.

13 (8) A school district whose state aid is to be calculated pursuant
14 to subsection (5) of this section and whose state aid payment is
15 postponed as a result of failure to calculate state aid pursuant to such
16 subsection may apply to the state board for lump-sum payment of such
17 postponed state aid. Such application may be for any amount up to one
18 hundred percent of the postponed state aid. The state board may grant the
19 entire amount applied for or any portion of such amount. The state board
20 shall notify the Director of Administrative Services of the amount of
21 funds to be paid in a lump sum and the reduced amount of the monthly
22 payments. The Director of Administrative Services shall, at the time of
23 the next state aid payment made pursuant to section 79-1022, draw a
24 warrant for the lump-sum amount from appropriated funds and forward such
25 warrant to the district.

26 **Sec. 4.** Section 79-1022, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 79-1022 (1) On or before June 15, 2025 ~~2023~~, and on or before March
29 1 of each year thereafter, the department shall determine the amounts to
30 be distributed to each local system for the ensuing school fiscal year
31 pursuant to the Tax Equity and Educational Opportunities Support Act and

1 shall certify the amounts to the Director of Administrative Services, the
2 Auditor of Public Accounts, and each local system. On or before June 15,
3 2025 ~~2023~~, and on or before March 1 of each year thereafter, the
4 department shall report the necessary funding level for the ensuing
5 school fiscal year to the Governor, the Appropriations Committee of the
6 Legislature, and the Education Committee of the Legislature. The report
7 submitted to the committees of the Legislature shall be submitted
8 electronically. Except as otherwise provided in this subsection,
9 certified state aid amounts, including adjustments pursuant to section
10 79-1065.02, shall be shown as budgeted non-property-tax receipts and
11 deducted prior to calculating the property tax request in the local
12 system's general fund budget statement as provided to the Auditor of
13 Public Accounts pursuant to section 79-1024.

14 (2) Except as provided in this subsection, subsection (8) of section
15 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
16 certified pursuant to subsection (1) of this section shall be distributed
17 in ten as nearly as possible equal payments on the last business day of
18 each month beginning in September of each ensuing school fiscal year and
19 ending in June of the following year, except that when a local system is
20 to receive a monthly payment of less than one thousand dollars, such
21 payment shall be one lump-sum payment on the last business day of
22 December during the ensuing school fiscal year.

23 **Sec. 5.** Section 79-1022.02, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 79-1022.02 Notwithstanding any other provision of law, any
26 certification of state aid pursuant to section 79-1022, certification of
27 budget authority pursuant to section 79-1023, and certification of
28 applicable allowable reserve percentages pursuant to section 79-1027
29 completed prior to the effective date of this act June 1, 2023, for
30 school fiscal year 2025-26 ~~2023-24~~ are null and void.

31 **Sec. 6.** Section 79-1023, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-1023 (1) On or before June 15, 2025 ~~2023~~, and on or before March
3 1 of each year thereafter, the department shall determine and certify to
4 each school district budget authority for the general fund budget of
5 expenditures for the ensuing school fiscal year.

6 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
7 81-829.51, each school district shall have budget authority for the
8 general fund budget of expenditures equal to the greater of (a) the
9 general fund budget of expenditures for the immediately preceding school
10 fiscal year minus exclusions pursuant to subsection (1) of section
11 79-1028.01 for such school fiscal year with the difference increased by
12 the basic allowable growth rate for the school fiscal year for which
13 budget authority is being calculated, (b) the general fund budget of
14 expenditures for the immediately preceding school fiscal year minus
15 exclusions pursuant to subsection (1) of section 79-1028.01 for such
16 school fiscal year with the difference increased by an amount equal to
17 any student growth adjustment calculated for the school fiscal year for
18 which budget authority is being calculated, or (c) one hundred ten
19 percent of formula need for the school fiscal year for which budget
20 authority is being calculated minus the special education budget of
21 expenditures as filed on the school district budget statement on or
22 before September 30 for the immediately preceding school fiscal year,
23 which special education budget of expenditures is increased by the basic
24 allowable growth rate for the school fiscal year for which budget
25 authority is being calculated.

26 (3) For any school fiscal year for which the budget authority for
27 the general fund budget of expenditures for a school district is based on
28 a student growth adjustment, the budget authority for the general fund
29 budget of expenditures for such school district shall be adjusted in
30 future years to reflect any student growth adjustment corrections related
31 to such student growth adjustment.

1 **Sec. 7.** Section 79-1027, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-1027 No district shall adopt a budget, which includes total
4 requirements of depreciation funds, necessary employee benefit fund cash
5 reserves, and necessary general fund cash reserves, exceeding the
6 applicable allowable reserve percentages of total general fund budget of
7 expenditures as specified in the schedule set forth in this section.

8	Average daily	Allowable
9	membership of	reserve
10	district	percentage
11	0 - 471	45
12	471.01 - 3,044	35
13	3,044.01 - 10,000	25
14	10,000.01 and over	20

15 On or before June 15, ~~2025~~ 2023, and on or before March 1 each year
16 thereafter, the department shall determine and certify each district's
17 applicable allowable reserve percentage for the ensuing school fiscal
18 year.

19 Each district with combined necessary general fund cash reserves,
20 total requirements of depreciation funds, and necessary employee benefit
21 fund cash reserves less than the applicable allowable reserve percentage
22 specified in this section may, notwithstanding the district's applicable
23 allowable growth rate, increase its necessary general fund cash reserves
24 such that the total necessary general fund cash reserves, total
25 requirements of depreciation funds, and necessary employee benefit fund
26 cash reserves do not exceed such applicable allowable reserve percentage.

27 **Sec. 8.** Section 79-1031.01, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 79-1031.01 The Appropriations Committee of the Legislature shall
30 annually include the amount necessary to fund the state aid that will be
31 certified to school districts on or before June 15, 2025 ~~2023~~, and on or

1 before March 1 of each year thereafter for each ensuing school fiscal
2 year in its recommendations to the Legislature to carry out the
3 requirements of the Tax Equity and Educational Opportunities Support Act.

4 **Sec. 9.** Original sections 79-1006, 79-1015.01, 79-1016, 79-1022,
5 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Reissue Revised Statutes of
6 Nebraska, are repealed.

7 **Sec. 10.** Since an emergency exists, this act takes effect when
8 passed and approved according to law.