

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 711

Introduced by Hunt, 8.

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 79-1007.11, 79-1007.21,
3 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Reissue
4 Revised Statutes of Nebraska; to change provisions relating to the
5 new school adjustment and certification dates; to harmonize
6 provisions; to repeal the original sections; and to declare an
7 emergency.
8 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 79-1007.11, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 79-1007.11 (1) Except as otherwise provided in this section, each
4 school district's formula need shall equal the difference of the sum of
5 the school district's basic funding, poverty allowance, limited English
6 proficiency allowance, focus school and program allowance, summer school
7 allowance, special receipts allowance, transportation allowance,
8 elementary site allowance, distance education and telecommunications
9 allowance, community achievement plan allowance, averaging adjustment,
10 new community achievement plan adjustment, student growth adjustment, any
11 positive student growth adjustment correction, and new schools ~~school~~
12 adjustment minus the sum of the limited English proficiency allowance
13 correction, poverty allowance correction, and any negative student growth
14 adjustment correction.

15 (2) If the formula need calculated for a school district pursuant to
16 subsection (1) of this section is less than one hundred percent of the
17 formula need for such district for the school fiscal year immediately
18 preceding the school fiscal year for which aid is being calculated, the
19 formula need for such district shall equal one hundred percent of the
20 formula need for such district for the school fiscal year immediately
21 preceding the school fiscal year for which aid is being calculated.

22 (3) If the formula need calculated for a school district pursuant to
23 subsection (1) of this section is more than one hundred twelve percent of
24 the formula need for such district for the school fiscal year immediately
25 preceding the school fiscal year for which aid is being calculated, the
26 formula need for such district shall equal one hundred twelve percent of
27 the formula need for such district for the school fiscal year immediately
28 preceding the school fiscal year for which aid is being calculated,
29 except that the formula need shall not be reduced pursuant to this
30 subsection for any district receiving a student growth adjustment for the
31 school fiscal year for which aid is being calculated.

1 (4) For purposes of subsections (2) and (3) of this section, the
2 formula need for the school fiscal year immediately preceding the school
3 fiscal year for which aid is being calculated shall be the formula need
4 used in the final calculation of aid pursuant to section 79-1065 and for
5 districts that were affected by a reorganization with an effective date
6 in the calendar year preceding the calendar year in which aid is
7 certified for the school fiscal year for which aid is being calculated,
8 the formula need for the school fiscal year immediately preceding the
9 school fiscal year for which aid is being calculated shall be attributed
10 to the affected school districts based on information provided to the
11 department by the school districts or proportionally based on the
12 adjusted valuation transferred if sufficient information has not been
13 provided to the department.

14 **Sec. 2.** Section 79-1007.21, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 79-1007.21 (1) For school fiscal year 2009-10 and each school fiscal
17 year thereafter, school districts may apply to the department for a two-
18 year new schools ~~school~~ adjustment, on a form prescribed by the
19 department, on or before October 15 of the school fiscal year immediately
20 preceding the school fiscal year for which the first-year new schools
21 ~~school~~ adjustment would be included in the calculation of state aid. Such
22 form shall require evidence of recent and expected student growth,
23 evidence that any a new building or the expansion or remodeling of any an
24 existing building that is being used as the basis for such adjustment
25 application is being completed to provide additional student capacity to
26 accommodate such growth and not to replace an existing building, evidence
27 that the school fiscal year for which the district would receive the
28 first-year adjustment will be the first full school fiscal year for which
29 students will utilize such additional capacity, and evidence of the
30 estimated additional student capacity to be provided by the project. On
31 or before the immediately following December 1, the department shall

1 approve the estimated additional capacity for use in the adjustment,
2 approve a modified estimated additional capacity for use in the
3 adjustment, or deny the application based on the requirements of this
4 section, the evidence submitted on the application, and any other
5 information provided by the department. Each approval shall include an
6 approved estimated additional student capacity for any ~~the~~ new building.
7 The state board shall establish procedures for appeal of decisions of the
8 department to the state board for final determination.

9 (2) The first-year new schools ~~school~~ adjustment for each approved
10 district shall equal the school district's basic funding per formula
11 student multiplied by twenty percent of the approved estimated additional
12 student capacity. The second-year new schools ~~school~~ adjustment for each
13 approved district shall equal the school district's basic funding per
14 formula student multiplied by twenty ~~ten~~ percent of the approved
15 estimated additional student capacity.

16 **Sec. 3.** Section 79-1022, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 79-1022 (1) On or before June 15, 2025 ~~2023~~, and on or before March
19 1 of each year thereafter, the department shall determine the amounts to
20 be distributed to each local system for the ensuing school fiscal year
21 pursuant to the Tax Equity and Educational Opportunities Support Act and
22 shall certify the amounts to the Director of Administrative Services, the
23 Auditor of Public Accounts, and each local system. On or before June 15,
24 2025 ~~2023~~, and on or before March 1 of each year thereafter, the
25 department shall report the necessary funding level for the ensuing
26 school fiscal year to the Governor, the Appropriations Committee of the
27 Legislature, and the Education Committee of the Legislature. The report
28 submitted to the committees of the Legislature shall be submitted
29 electronically. Except as otherwise provided in this subsection,
30 certified state aid amounts, including adjustments pursuant to section
31 79-1065.02, shall be shown as budgeted non-property-tax receipts and

1 deducted prior to calculating the property tax request in the local
2 system's general fund budget statement as provided to the Auditor of
3 Public Accounts pursuant to section 79-1024.

4 (2) Except as provided in this subsection, subsection (8) of section
5 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
6 certified pursuant to subsection (1) of this section shall be distributed
7 in ten as nearly as possible equal payments on the last business day of
8 each month beginning in September of each ensuing school fiscal year and
9 ending in June of the following year, except that when a local system is
10 to receive a monthly payment of less than one thousand dollars, such
11 payment shall be one lump-sum payment on the last business day of
12 December during the ensuing school fiscal year.

13 **Sec. 4.** Section 79-1022.02, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 79-1022.02 Notwithstanding any other provision of law, any
16 certification of state aid pursuant to section 79-1022, certification of
17 budget authority pursuant to section 79-1023, and certification of
18 applicable allowable reserve percentages pursuant to section 79-1027
19 completed prior to the effective date of this act June 1, 2023, for
20 school fiscal year 2025-26 ~~2023-24~~ are null and void.

21 **Sec. 5.** Section 79-1023, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 79-1023 (1) On or before June 15, 2025 ~~2023~~, and on or before March
24 1 of each year thereafter, the department shall determine and certify to
25 each school district budget authority for the general fund budget of
26 expenditures for the ensuing school fiscal year.

27 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
28 81-829.51, each school district shall have budget authority for the
29 general fund budget of expenditures equal to the greater of (a) the
30 general fund budget of expenditures for the immediately preceding school
31 fiscal year minus exclusions pursuant to subsection (1) of section

1 79-1028.01 for such school fiscal year with the difference increased by
 2 the basic allowable growth rate for the school fiscal year for which
 3 budget authority is being calculated, (b) the general fund budget of
 4 expenditures for the immediately preceding school fiscal year minus
 5 exclusions pursuant to subsection (1) of section 79-1028.01 for such
 6 school fiscal year with the difference increased by an amount equal to
 7 any student growth adjustment calculated for the school fiscal year for
 8 which budget authority is being calculated, or (c) one hundred ten
 9 percent of formula need for the school fiscal year for which budget
 10 authority is being calculated minus the special education budget of
 11 expenditures as filed on the school district budget statement on or
 12 before September 30 for the immediately preceding school fiscal year,
 13 which special education budget of expenditures is increased by the basic
 14 allowable growth rate for the school fiscal year for which budget
 15 authority is being calculated.

16 (3) For any school fiscal year for which the budget authority for
 17 the general fund budget of expenditures for a school district is based on
 18 a student growth adjustment, the budget authority for the general fund
 19 budget of expenditures for such school district shall be adjusted in
 20 future years to reflect any student growth adjustment corrections related
 21 to such student growth adjustment.

22 **Sec. 6.** Section 79-1027, Reissue Revised Statutes of Nebraska, is
 23 amended to read:

24 79-1027 No district shall adopt a budget, which includes total
 25 requirements of depreciation funds, necessary employee benefit fund cash
 26 reserves, and necessary general fund cash reserves, exceeding the
 27 applicable allowable reserve percentages of total general fund budget of
 28 expenditures as specified in the schedule set forth in this section.

29	Average daily	Allowable
30	membership of	reserve
31	district	percentage

1	0 - 471	45
2	471.01 - 3,044	35
3	3,044.01 - 10,000	25
4	10,000.01 and over	20

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

9 Each district with combined necessary general fund cash reserves,
10 total requirements of depreciation funds, and necessary employee benefit
11 fund cash reserves less than the applicable allowable reserve percentage
12 specified in this section may, notwithstanding the district's applicable
13 allowable growth rate, increase its necessary general fund cash reserves
14 such that the total necessary general fund cash reserves, total
15 requirements of depreciation funds, and necessary employee benefit fund
16 cash reserves do not exceed such applicable allowable reserve percentage.

17 **Sec. 7.** Section 79-1031.01, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 79-1031.01 The Appropriations Committee of the Legislature shall
20 annually include the amount necessary to fund the state aid that will be
21 certified to school districts on or before June 15, 2025 ~~2023~~, and on or
22 before March 1 of each year thereafter for each ensuing school fiscal
23 year in its recommendations to the Legislature to carry out the
24 requirements of the Tax Equity and Educational Opportunities Support Act.

25 **Sec. 8.** Original sections 79-1007.11, 79-1007.21, 79-1022,
26 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Reissue Revised Statutes of
27 Nebraska, are repealed.

28 **Sec. 9.** Since an emergency exists, this act takes effect when
29 passed and approved according to law.