

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 546

Introduced by Adams, 24.

Read first time January 21, 2009

Committee: Education

A BILL

1 FOR AN ACT relating to school funding; to amend sections
2 9-812, 9-836.01, 79-1011, and 79-1012, Reissue Revised
3 Statutes of Nebraska; to change provisions relating
4 to reorganization incentives; to harmonize provisions;
5 to repeal the original sections; and to declare an
6 emergency.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-812, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 9-812 (1) All money received from the operation of
4 lottery games conducted pursuant to the State Lottery Act in
5 Nebraska shall be credited to the State Lottery Operation Trust
6 Fund, which fund is hereby created. All payments of the costs
7 of establishing and maintaining the lottery games shall be made
8 from the State Lottery Operation Cash Fund. In accordance with
9 legislative appropriations, money for payments for expenses of the
10 division shall be transferred from the State Lottery Operation
11 Trust Fund to the State Lottery Operation Cash Fund, which fund
12 is hereby created. All money necessary for the payment of lottery
13 prizes shall be transferred from the State Lottery Operation Trust
14 Fund to the State Lottery Prize Trust Fund, which fund is hereby
15 created. The amount used for the payment of lottery prizes shall
16 not be less than forty percent of the dollar amount of the lottery
17 tickets which have been sold.

18 (2) (a) Beginning October 1, 2003, and until July 1, 2009,
19 a portion of the dollar amount of the lottery tickets which have
20 been sold on an annualized basis shall be transferred from the
21 State Lottery Operation Trust Fund to the Education Innovation
22 Fund, the Nebraska Scholarship Fund, the Nebraska Environmental
23 Trust Fund, the Nebraska State Fair Board, and the Compulsive
24 Gamblers Assistance Fund, except that the dollar amount transferred
25 shall not be less than the dollar amount transferred to the funds

1 in fiscal year 2002-03.

2 (b) On and after July 1, 2009, at least twenty-five
3 percent of the dollar amount of the lottery tickets which have been
4 sold on an annualized basis shall be transferred from the State
5 Lottery Operation Trust Fund to the Education Innovation Fund,
6 the Nebraska Scholarship Fund, the Nebraska Environmental Trust
7 Fund, the Nebraska State Fair Board, and the Compulsive Gamblers
8 Assistance Fund.

9 (3) Of the money available to be transferred to the
10 Education Innovation Fund, the Nebraska Scholarship Fund, the
11 Nebraska Environmental Trust Fund, the Nebraska State Fair Board,
12 and the Compulsive Gamblers Assistance Fund:

13 (a) The first five hundred thousand dollars shall be
14 transferred to the Compulsive Gamblers Assistance Fund to be used
15 as provided in section 71-817;

16 (b) Nineteen and three-fourths percent of the money
17 remaining after the payment of prizes and operating expenses and
18 the initial transfer to the Compulsive Gamblers Assistance Fund
19 shall be transferred to the Education Innovation Fund;

20 (c) Twenty-four and three-fourths percent of the money
21 remaining after the payment of prizes and operating expenses and
22 the initial transfer to the Compulsive Gamblers Assistance Fund
23 shall be transferred to the Nebraska Scholarship Fund;

24 (d) Forty-four and one-half percent of the money
25 remaining after the payment of prizes and operating expenses and

1 the initial transfer to the Compulsive Gamblers Assistance Fund
2 shall be transferred to the Nebraska Environmental Trust Fund to be
3 used as provided in the Nebraska Environmental Trust Act;

4 (e) Ten percent of the money remaining after the payment
5 of prizes and operating expenses and the initial transfer to
6 the Compulsive Gamblers Assistance Fund shall be transferred to
7 the Nebraska State Fair Board if the most populous city within
8 the county in which the fair is located provides matching funds
9 equivalent to ten percent of the funds available for transfer. Such
10 matching funds may be obtained from the city and any other private
11 or public entity, except that no portion of such matching funds
12 shall be provided by the state. If the Nebraska State Fair ceases
13 operations, ten percent of the money remaining after the payment
14 of prizes and operating expenses and the initial transfer to the
15 Compulsive Gamblers Assistance Fund shall be transferred to the
16 General Fund; and

17 (f) One percent of the money remaining after the payment
18 of prizes and operating expenses and the initial transfer to the
19 Compulsive Gamblers Assistance Fund shall be transferred to the
20 Compulsive Gamblers Assistance Fund to be used as provided in
21 section 71-817.

22 (4) (a) The Education Innovation Fund is created. At least
23 seventy-five percent of the lottery proceeds allocated to the
24 Education Innovation Fund shall be available for disbursement.

25 (b) For fiscal year 2005-06, the Education Innovation

1 Fund shall be allocated as follows: The first one million dollars
2 shall be transferred to the School District Reorganization Fund,
3 and the remaining amount shall be allocated to the General Fund
4 after operating expenses for the Excellence in Education Council
5 are deducted.

6 (c) For fiscal year 2006-07, the Education Innovation
7 Fund shall be allocated as follows: The first two hundred fifty
8 thousand dollars shall be transferred to the Attracting Excellence
9 to Teaching Program Cash Fund to fund the Attracting Excellence
10 to Teaching Program Act, the next one million dollars shall
11 be transferred to the School District Reorganization Fund, and
12 the amount remaining in the Education Innovation Fund shall be
13 allocated, after administrative expenses, for distance education
14 equipment and incentives pursuant to sections 79-1336 and 79-1337.

15 (d) For fiscal year 2007-08, the Education Innovation
16 Fund shall be allocated as follows: The first five hundred thousand
17 dollars shall be transferred to the Attracting Excellence to
18 Teaching Program Cash Fund to fund the Attracting Excellence to
19 Teaching Program Act, and the amount remaining in the Education
20 Innovation Fund shall be allocated, after administrative expenses,
21 for distance education equipment and incentives pursuant to
22 sections 79-1336 and 79-1337.

23 (e) For fiscal year 2008-09, the Education Innovation
24 Fund shall be allocated as follows: The first seven hundred
25 fifty thousand dollars shall be transferred to the Attracting

1 Excellence to Teaching Program Cash Fund to fund the Attracting
2 Excellence to Teaching Program Act, and the amount remaining in the
3 Education Innovation Fund shall be allocated, after administrative
4 expenses, for distance education equipment and incentives pursuant
5 to sections 79-1336 and 79-1337.

6 (f) For fiscal years year 2009-10, the Education
7 Innovation Fund shall be allocated as follows: Any amounts
8 transferred to the Education Innovation Fund from the School
9 District Reorganization Fund shall be returned to the School
10 District Reorganization Fund first, the next one million dollars
11 shall be transferred to the Attracting Excellence to Teaching
12 Program Cash Fund to fund the Attracting Excellence to Teaching
13 Program Act, and the amount remaining in the Education Innovation
14 Fund shall be allocated, after administrative expenses, for
15 distance education equipment and incentives pursuant to sections
16 79-1336 and 79-1337.

17 (g) For fiscal year 2010-11 through 2015-16, the
18 Education Innovation Fund shall be allocated as follows: The
19 first one million dollars shall be transferred to the Attracting
20 Excellence to Teaching Program Cash Fund to fund the Attracting
21 Excellence to Teaching Program Act, and the amount remaining in the
22 Education Innovation Fund shall be allocated, after administrative
23 expenses, for distance education equipment and incentives pursuant
24 to sections 79-1336 and 79-1337.

25 ~~(g)~~ (h) For fiscal year 2016-17 and each fiscal year

1 thereafter, the Education Innovation Fund shall be allocated, after
2 administrative expenses, for education purposes as provided by the
3 Legislature.

4 (5) Any money in the State Lottery Operation Trust
5 Fund, the State Lottery Operation Cash Fund, the State Lottery
6 Prize Trust Fund, or the Education Innovation Fund available
7 for investment shall be invested by the state investment officer
8 pursuant to the Nebraska Capital Expansion Act and the Nebraska
9 State Funds Investment Act.

10 (6) Unclaimed prize money on a winning lottery ticket
11 shall be retained for a period of time prescribed by rules and
12 regulations. If no claim is made within such period, the prize
13 money shall be used at the discretion of the Tax Commissioner for
14 any of the purposes prescribed in this section.

15 Sec. 2. Section 9-836.01, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 9-836.01 The division may endorse and sell for profit
18 tangible personal property related to the lottery. Any money
19 received as profit by the division pursuant to this section shall
20 be remitted to the State Treasurer for credit to the State Lottery
21 Operation Trust Fund to be distributed to the Education Innovation
22 Fund, the Nebraska Scholarship Fund, the Nebraska Environmental
23 Trust Fund, the School District Reorganization Fund, and the
24 Compulsive Gamblers Assistance Fund pursuant to the requirements of
25 section 9-812.

1 Sec. 3. Section 79-1011, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 79-1011 (1) To encourage consolidation of Class II and
4 III school districts with less than three hundred ninety students,
5 incentives shall be paid to reorganized Class II, III, IV, or V
6 districts resulting from consolidations which meet the requirements
7 of this section. This section shall only apply to consolidations
8 with an effective date after May 31, ~~2005~~, 2009, and before June 1,
9 ~~2007~~, 2011.

10 (2) To qualify for incentive payments under this section,
11 the consolidation must be approved for incentive payments by
12 the State Committee for the Reorganization of School Districts.
13 Consolidating school districts shall file an application with the
14 state committee on or before June 15, 2009, or within thirty days
15 following the issuance of the boundary change order pursuant to
16 subsection (1) of section 79-479, whichever is later. The state
17 committee shall approve or disapprove incentive payments within
18 thirty days after receipt of the application.

19 (3) For incentive payments to be approved by the
20 state committee, a reorganization study, including efficiency,
21 demographic, curriculum, facility, financial, and community
22 components, must be completed prior to the reorganization. If
23 a study containing such elements ~~is~~ has been completed and the
24 study indicates that the reorganization will most likely result
25 in more efficiency in the delivery of educational services or

1 greater educational opportunities, the state committee may approve
2 incentive payments.

3 (4) Incentive payments shall be based on the number of
4 students moving from Class II or III school districts with less
5 than three hundred ninety students into a reorganized Class II,
6 III, IV, or V school district with at least three hundred ninety
7 students based on the average daily membership in each affected
8 district in the school fiscal year immediately preceding the first
9 school fiscal year the boundary change will be in effect and the
10 average daily membership the consolidated district would have had
11 following the boundary change if it had occurred in the school
12 fiscal year immediately preceding the first school fiscal year
13 the boundary change will be in effect. The ~~per-student~~ incentive
14 amount for each district involved in the reorganization having an
15 average daily membership of less than three hundred ninety students
16 shall equal ~~four~~ one hundred twenty-five thousand dollars ~~minus~~
17 plus the product of five hundred dollars per student multiplied by
18 the difference of three hundred ninety students minus the average
19 daily membership in such district, ~~multiplied by the ratio of three~~
20 ~~thousand divided by three hundred ninety.~~ The total incentives for
21 each such district shall equal the district's ~~per-student~~ incentive
22 amount multiplied by the district's average daily membership.

23 (5) ~~For school fiscal years 2005-06 and 2006-07, one~~
24 ~~million dollars shall be transferred from the Education Innovation~~
25 ~~Fund to the School District Reorganization Fund pursuant to section~~

1 ~~9-812.~~

2 ~~(6)~~ (5) Except as otherwise provided in this subsection,
3 base fiscal year incentive payments shall equal fifty percent of
4 the amount calculated pursuant to subsection (4) of this section.
5 Base fiscal year incentive payments shall be calculated as of
6 August 2 immediately preceding the base fiscal year and shall be
7 paid directly to the reorganized district from the School District
8 Reorganization Fund pursuant to subsection (5) of this section.
9 The payments shall be made in ten as nearly as possible equal
10 payments on the last business day of each month, beginning in
11 September and ending the following June, for the base fiscal year.
12 If the total amount of base fiscal year incentive payments for
13 that school fiscal year exceeds the amount in the School District
14 Reorganization Fund, the base fiscal year incentive payments shall
15 be reduced proportionately so that the total amount of base fiscal
16 year incentive payments equals the amount ~~in the fund.~~ of funds
17 so appropriated. The base fiscal year incentive payments shall not
18 be included in local system formula resources as calculated under
19 section 79-1018.01.

20 ~~(7)~~ (6) The amount calculated pursuant to subsection (4)
21 of this section minus the amount of base fiscal year incentive
22 payments pursuant to subsection ~~(6)~~ (5) of this section shall
23 be paid out of any remaining funds in the School District
24 Reorganization Fund after base fiscal year incentive payments.
25 If the total amount of second-year incentive payments exceeds

1 the remaining funds, the second-year incentive payments shall be
2 reduced proportionately so that the total amount of second-year
3 incentive payments equals the amount in the fund. Second-year
4 incentive payments shall not be included in local system formula
5 resources as calculated pursuant to section 79-1018.01. included
6 in the distribution of state aid for the first school fiscal year
7 following the base fiscal year.

8 Sec. 4. Section 79-1012, Reissue Revised Statutes of
9 Nebraska, is amended to read:

10 79-1012 The School District Reorganization Fund is
11 created. The fund shall be administered by the department. The fund
12 shall consist of money transferred from the Education Innovation
13 Fund and shall be used to provide payments to reorganized school
14 districts pursuant to section 79-1011 ~~through June 30, 2008,~~ and
15 to provide temporary funding for aggregation routing equipment
16 and network transport costs for Network Nebraska pursuant to
17 section 86-5,101 through June 30, 2010. ~~Any money in excess of~~
18 ~~the~~ The difference of two hundred thousand dollars minus any
19 amount previously used to provide temporary funding for aggregation
20 routing equipment and network transport costs for Network Nebraska
21 pursuant to section 86-5,101 ~~remaining in the fund on July 1, 2008,~~
22 ~~shall be transferred to the Education Innovation Fund on such date.~~
23 ~~Any money remaining in the School District Reorganization Fund on~~
24 ~~July 1, 2010, shall be transferred to the Education Innovation Fund~~
25 ~~on such date.~~ shall be available for such temporary funding through

1 June 30, 2010. The remainder of the funds shall be available
2 for payments to reorganized school districts pursuant to section
3 79-1011. Any money in the School District Reorganization Fund
4 available for investment shall be invested by the state investment
5 officer pursuant to the Nebraska Capital Expansion Act and the
6 Nebraska State Funds Investment Act.

7 Sec. 5. Original sections 9-812, 9-836.01, 79-1011, and
8 79-1012, Reissue Revised Statutes of Nebraska, are repealed.

9 Sec. 6. Since an emergency exists, this act takes effect
10 when passed and approved according to law.