

LEGISLATURE OF NEBRASKA  
 ONE HUNDRED SECOND LEGISLATURE  
 FIRST SESSION  
**LEGISLATIVE BILL 273**

Introduced by Dubas, 34.

Read first time January 11, 2011

Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational Opportunities  
 2 Support Act; to amend section 79-1009, Reissue Revised  
 3 Statutes of Nebraska, and sections 79-1001, 79-1003, and  
 4 79-1018.01, Revised Statutes Cumulative Supplement, 2010;  
 5 to define and redefine terms; to change provisions  
 6 relating to net option students; to provide for converted  
 7 contracts and converted contract option students; to  
 8 harmonize provisions; to repeal the original sections;  
 9 and to declare an emergency.

10 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 79-1001, Revised Statutes Cumulative  
2 Supplement, 2010, is amended to read:

3           79-1001 Sections 79-1001 to 79-1033 and section 4 of this  
4 act shall be known and may be cited as the Tax Equity and Educational  
5 Opportunities Support Act.

6           Sec. 2. Section 79-1003, Revised Statutes Cumulative  
7 Supplement, 2010, is amended to read:

8           79-1003 For purposes of the Tax Equity and Educational  
9 Opportunities Support Act:

10           (1) Adjusted general fund operating expenditures means  
11 ~~(a) for school fiscal years before school fiscal year 2007-08,~~  
12 ~~general fund operating expenditures as calculated pursuant to~~  
13 ~~subdivision (21) of this section minus the transportation allowance~~  
14 ~~and minus the special receipts allowance, (b) for school fiscal year~~  
15 ~~2007-08, general fund operating expenditures as calculated pursuant~~  
16 ~~to subdivision (21) of this section minus the sum of the~~  
17 ~~transportation, special receipts, and distance education and~~  
18 ~~telecommunications allowances, (c) for school fiscal year 2008-09,~~  
19 ~~the difference of the product of the general fund operating~~  
20 ~~expenditures as calculated pursuant to subdivision (21) of this~~  
21 ~~section multiplied by the cost growth factor calculated pursuant to~~  
22 ~~section 79-1007.10 minus the transportation allowance, special~~  
23 ~~receipts allowance, poverty allowance, limited English proficiency~~  
24 ~~allowance, distance education and telecommunications allowance,~~  
25 ~~elementary site allowance, elementary class size allowance, summer~~

1 ~~school allowance, and focus school and program allowance, (d) for~~  
2 ~~school fiscal year 2009-10, the difference of the product of the~~  
3 ~~general fund operating expenditures as calculated pursuant to~~  
4 ~~subdivision (21) of this section multiplied by the cost growth factor~~  
5 ~~calculated pursuant to section 79-1007.10 minus the transportation~~  
6 ~~allowance, special receipts allowance, poverty allowance, limited~~  
7 ~~English proficiency allowance, distance education and~~  
8 ~~telecommunications allowance, elementary site allowance, elementary~~  
9 ~~class size allowance, summer school allowance, instructional time~~  
10 ~~allowance, and focus school and program allowance, (e) for school~~  
11 ~~fiscal years 2010-11 through 2012-13, the difference of the product~~  
12 ~~of the general fund operating expenditures as calculated pursuant to~~  
13 ~~subdivision (21)-(22) of this section multiplied by the cost growth~~  
14 ~~factor calculated pursuant to section 79-1007.10 minus the~~  
15 ~~transportation allowance, special receipts allowance, poverty~~  
16 ~~allowance, limited English proficiency allowance, distance education~~  
17 ~~and telecommunications allowance, elementary site allowance,~~  
18 ~~elementary class size allowance, summer school allowance,~~  
19 ~~instructional time allowance, teacher education allowance, and focus~~  
20 ~~school and program allowance, and (f)-(b) for school fiscal year~~  
21 ~~2013-14 and each school fiscal year thereafter, the difference of the~~  
22 ~~product of the general fund operating expenditures as calculated~~  
23 ~~pursuant to subdivision (21)-(22) of this section multiplied by the~~  
24 ~~cost growth factor calculated pursuant to section 79-1007.10 minus~~  
25 ~~the transportation allowance, special receipts allowance, poverty~~

1 allowance, limited English proficiency allowance, distance education  
2 and telecommunications allowance, elementary site allowance, summer  
3 school allowance, instructional time allowance, teacher education  
4 allowance, and focus school and program allowance;

5 (2) Adjusted valuation means the assessed valuation of  
6 taxable property of each local system in the state, adjusted pursuant  
7 to the adjustment factors described in section 79-1016. Adjusted  
8 valuation means the adjusted valuation for the property tax year  
9 ending during the school fiscal year immediately preceding the school  
10 fiscal year in which the aid based upon that value is to be paid. For  
11 purposes of determining the local effort rate yield pursuant to  
12 section 79-1015.01, adjusted valuation does not include the value of  
13 any property which a court, by a final judgment from which no appeal  
14 is taken, has declared to be nontaxable or exempt from taxation;

15 (3) Allocated income tax funds means the amount of  
16 assistance paid to a local system pursuant to section 79-1005.01 or  
17 79-1005.02 as adjusted by the minimum levy adjustment pursuant to  
18 section 79-1008.02;

19 ~~(4) Average daily attendance of a student who resides on~~  
20 ~~Indian land means average daily attendance of a student who resides~~  
21 ~~on Indian land from the most recent data available on November 1~~  
22 ~~preceding the school fiscal year in which aid is to be paid;~~

23 ~~(5)~~ (4) Average daily membership means the average daily  
24 membership for grades kindergarten through twelve attributable to the  
25 local system, as provided in each district's annual statistical

1 summary, and includes the proportionate share of students enrolled in  
2 a public school instructional program on less than a full-time basis;

3 ~~(6)~~—(5) Base fiscal year means the first school fiscal  
4 year following the school fiscal year in which the reorganization or  
5 unification occurred;

6 ~~(7)~~—(6) Board means the school board of each school  
7 district;

8 ~~(8)~~—(7) Categorical funds means funds limited to a  
9 specific purpose by federal or state law, including, but not limited  
10 to, Title I funds, Title VI funds, federal vocational education  
11 funds, federal school lunch funds, Indian education funds, Head Start  
12 funds, and funds from the Education Innovation Fund;

13 ~~(9)~~—(8) Consolidate means to voluntarily reduce the  
14 number of school districts providing education to a grade group and  
15 does not include dissolution pursuant to section 79-498;

16 (9) Converted contract means an expired contract that was  
17 in effect for at least fifteen years for the education of students in  
18 a nonresident district in exchange for tuition from the resident  
19 district when the expiration of such contract results in the  
20 nonresident district educating students, who would have been covered  
21 by the contract if the contract were still in effect, as option  
22 students pursuant to the enrollment option program established in  
23 section 79-234;

24 (10) Converted contract option student means a student  
25 who will be an option student pursuant to the enrollment option

1 program established in section 79-234 for the school fiscal year for  
2 which aid is being calculated and who would have been covered by a  
3 converted contract if the contract were still in effect and such  
4 school fiscal year is the first school fiscal year for which such  
5 contract is not in effect;

6 ~~(10)~~—(11) Department means the State Department of  
7 Education;

8 ~~(11)~~—(12) District means any Class I, II, III, IV, V, or  
9 VI school district and, beginning with the calculation of state aid  
10 for school fiscal year 2011-12 and each school fiscal year  
11 thereafter, a unified system as defined in section 79-4,108;

12 ~~(12)~~—(13) Ensuing school fiscal year means the school  
13 fiscal year following the current school fiscal year;

14 ~~(13)~~—(14) Equalization aid means the amount of assistance  
15 calculated to be paid to a local system pursuant to sections  
16 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022, and  
17 79-1022.02;

18 ~~(14)~~—(15) Fall membership means the total membership in  
19 kindergarten through grade twelve attributable to the local system as  
20 reported on the fall school district membership reports for each  
21 district pursuant to section 79-528;

22 ~~(15)~~—(16) Fiscal year means the state fiscal year which  
23 is the period from July 1 to the following June 30;

24 ~~(16)~~—(17) Formula students means:

25 ~~(a) For school fiscal years prior to school fiscal year~~

1 ~~2008-09, (i) for state aid certified pursuant to section 79-1022, the~~  
2 ~~sum of fall membership from the school fiscal year immediately~~  
3 ~~preceding the school fiscal year in which the aid is to be paid,~~  
4 ~~multiplied by the average ratio of average daily membership to fall~~  
5 ~~membership for the second school fiscal year immediately preceding~~  
6 ~~the school fiscal year in which aid is to be paid and the prior two~~  
7 ~~school fiscal years, plus qualified early childhood education fall~~  
8 ~~membership plus tuitioned students from the school fiscal year~~  
9 ~~immediately preceding the school fiscal year in which the aid is to~~  
10 ~~be paid and (ii) for final calculation of state aid pursuant to~~  
11 ~~section 79-1065, the sum of average daily membership plus qualified~~  
12 ~~early childhood education average daily membership plus tuitioned~~  
13 ~~students from the school fiscal year immediately preceding the school~~  
14 ~~fiscal year in which the aid was paid; and~~

15 ~~(b) For school fiscal year 2008-09 and each school fiscal~~  
16 ~~year thereafter, (i) for (a) For state aid certified pursuant to~~  
17 ~~section 79-1022, the sum of the product of fall membership from the~~  
18 ~~school fiscal year immediately preceding the school fiscal year in~~  
19 ~~which the aid is to be paid multiplied by the average ratio of~~  
20 ~~average daily membership to fall membership for the second school~~  
21 ~~fiscal year immediately preceding the school fiscal year in which the~~  
22 ~~aid is to be paid and the prior two school fiscal years plus sixty~~  
23 ~~percent of the qualified early childhood education fall membership~~  
24 ~~plus tuitioned students from the school fiscal year immediately~~  
25 ~~preceding the school fiscal year in which aid is to be paid minus the~~

1 product of the number of students enrolled in kindergarten that is  
2 not full-day kindergarten from the fall membership multiplied by 0.5;  
3 and

4 (b) For the ~~(ii) for~~ final calculation of state aid  
5 pursuant to section 79-1065, the sum of average daily membership plus  
6 sixty percent of the qualified early childhood education average  
7 daily membership plus tuitioned students minus the product of the  
8 number of students enrolled in kindergarten that is not full-day  
9 kindergarten from the average daily membership multiplied by 0.5 from  
10 the school fiscal year immediately preceding the school fiscal year  
11 in which aid was paid;

12 ~~(17)~~ (18) Free lunch and free milk student means a  
13 student who qualified for free lunches or free milk from the most  
14 recent data available on November 1 of the school fiscal year  
15 immediately preceding the school fiscal year in which aid is to be  
16 paid;

17 ~~(18)~~ (19) Full-day kindergarten means kindergarten  
18 offered by a district for at least one thousand thirty-two  
19 instructional hours;

20 ~~(19)~~ (20) General fund budget of expenditures means the  
21 total budget of disbursements and transfers for general fund purposes  
22 as certified in the budget statement adopted pursuant to the Nebraska  
23 Budget Act, except that for purposes of the limitation imposed in  
24 section 79-1023 and the calculation pursuant to subdivision (2) of  
25 section 79-1027.01, the general fund budget of expenditures does not



1 include any special grant funds, exclusive of local matching funds,  
2 received by a district;

3 ~~(20)~~ (21) General fund expenditures means all  
4 expenditures from the general fund;

5 ~~(21)~~ (22) General fund operating expenditures means, +  
6 ~~(a) For state aid calculated for school fiscal years prior to school~~  
7 ~~fiscal year 2008-09, the total general fund expenditures minus~~  
8 ~~categorical funds, tuition paid, transportation fees paid to other~~  
9 ~~districts, adult education, summer school, community services,~~  
10 ~~redemption of the principal portion of general fund debt service,~~  
11 ~~retirement incentive plans, staff development assistance, and~~  
12 ~~transfers from other funds into the general fund for the second~~  
13 ~~school fiscal year immediately preceding the school fiscal year in~~  
14 ~~which aid is to be paid as reported on the annual financial report~~  
15 ~~prior to December 1 of the school fiscal year immediately preceding~~  
16 ~~the school fiscal year in which aid is to be paid; (b) For state aid~~  
17 ~~calculated for school fiscal year 2008-09, as reported for the second~~  
18 ~~school fiscal year immediately preceding the school fiscal year in~~  
19 ~~which aid is to be paid on the annual financial report submitted~~  
20 ~~prior to December 1 of the school fiscal year immediately preceding~~  
21 ~~the school fiscal year in which aid is to be paid, the total general~~  
22 ~~fund expenditures minus (i) the amount of all receipts to the general~~  
23 ~~fund, to the extent that such receipts are not included in local~~  
24 ~~system formula resources, from early childhood education tuition,~~  
25 ~~summer school tuition, educational entities as defined in section~~

1 ~~79-1201.01 for providing distance education courses through the~~  
2 ~~Educational Service Unit Coordinating Council to such educational~~  
3 ~~entities, private foundations, individuals, associations, charitable~~  
4 ~~organizations, the textbook loan program authorized by section~~  
5 ~~79-734, and federal impact aid, (ii) the amount of expenditures for~~  
6 ~~categorical funds, tuition paid, transportation fees paid to other~~  
7 ~~districts, adult education, community services, redemption of the~~  
8 ~~principal portion of general fund debt service, retirement incentive~~  
9 ~~plans authorized by section 79-855, and staff development assistance~~  
10 ~~authorized by section 79-856, and (iii) the amount of any transfers~~  
11 ~~from the general fund to any bond fund and transfers from other funds~~  
12 ~~into the general fund; (c) For state aid calculated for school fiscal~~  
13 ~~year 2009-10, as reported on the annual financial report for the~~  
14 ~~second school fiscal year immediately preceding the school fiscal~~  
15 ~~year in which aid is to be paid, the total general fund expenditures~~  
16 ~~minus (i) the amount of all receipts to the general fund, to the~~  
17 ~~extent that such receipts are not included in local system formula~~  
18 ~~resources, from early childhood education tuition, summer school~~  
19 ~~tuition, educational entities as defined in section 79-1201.01 for~~  
20 ~~providing distance education courses through the Educational Service~~  
21 ~~Unit Coordinating Council to such educational entities, private~~  
22 ~~foundations, individuals, associations, charitable organizations, the~~  
23 ~~textbook loan program authorized by section 79-734, and federal~~  
24 ~~impact aid, (ii) the amount of expenditures for categorical funds,~~  
25 ~~tuition paid, transportation fees paid to other districts, adult~~

1 ~~education, community services, redemption of the principal portion of~~  
2 ~~general fund debt service, retirement incentive plans authorized by~~  
3 ~~section 79-855, and staff development assistance authorized by~~  
4 ~~section 79-856, (iii) the amount of any transfers from the general~~  
5 ~~fund to any bond fund and transfers from other funds into the general~~  
6 ~~fund, and (iv) any legal expenses in excess of fifteen hundredths of~~  
7 ~~one percent of the formula need for the school fiscal year in which~~  
8 ~~the expenses occurred; and (d) For state aid calculated for school~~  
9 ~~fiscal year 2010-11 and each school fiscal year thereafter, as~~  
10 reported on the annual financial report for the second school fiscal  
11 year immediately preceding the school fiscal year in which aid is to  
12 be paid, the total general fund expenditures minus ~~(i)~~(a) the amount  
13 of all receipts to the general fund, to the extent that such receipts  
14 are not included in local system formula resources, from early  
15 childhood education tuition, summer school tuition, educational  
16 entities as defined in section 79-1201.01 for providing distance  
17 education courses through the Educational Service Unit Coordinating  
18 Council to such educational entities, private foundations,  
19 individuals, associations, charitable organizations, the textbook  
20 loan program authorized by section 79-734, federal impact aid, and  
21 levy override elections pursuant to section 77-3444, ~~(ii)~~(b) the  
22 amount of expenditures for categorical funds, tuition paid,  
23 transportation fees paid to other districts, adult education,  
24 community services, redemption of the principal portion of general  
25 fund debt service, retirement incentive plans authorized by section

1 79-855, and staff development assistance authorized by section  
2 79-856, ~~(iii)~~ (c) the amount of any transfers from the general fund  
3 to any bond fund and transfers from other funds into the general  
4 fund, ~~(iv)~~ (d) any legal expenses in excess of fifteen-hundredths of  
5 one percent of the formula need for the school fiscal year in which  
6 the expenses occurred, ~~(v)~~ (e) expenditures to pay for sums agreed to  
7 be paid by a school district to certificated employees in exchange  
8 for a voluntary termination occurring prior to July 1, 2009, and ~~(vi)~~  
9 ~~(A)~~ (f)(i) expenditures in school fiscal years 2009-10 through  
10 2013-14 to pay for employer contributions pursuant to subsection (2)  
11 of section 79-958 to the School Retirement System of the State of  
12 Nebraska to the extent that such expenditures exceed the employer  
13 contributions under such subsection that would have been made at a  
14 contribution rate of seven and thirty-five hundredths percent or ~~(B)~~  
15 (ii) expenditures in school fiscal years 2009-10 through 2013-14 to  
16 pay for school district contributions pursuant to subdivision (1)(c)  
17 (i) of section 79-9,113 to the Class V School Employees Retirement  
18 System to the extent that such expenditures exceed the school  
19 district contributions under such subdivision that would have been  
20 made at a contribution rate of seven and thirty-seven hundredths  
21 percent.

22 For purposes of this subdivision ~~(21)~~ (22) of this  
23 section, receipts from levy override elections shall equal ninety-  
24 nine percent of the difference of the total general fund levy minus a  
25 levy of one dollar and five cents per one hundred dollars of taxable

1 valuation multiplied by the assessed valuation for school districts  
2 that have voted pursuant to section 77-3444 to override the maximum  
3 levy provided pursuant to section 77-3442;

4 ~~(22)~~-(23) High school district means a school district  
5 providing instruction in at least grades nine through twelve;

6 ~~(23)~~-(24) Income tax liability means the amount of the  
7 reported income tax liability for resident individuals pursuant to  
8 the Nebraska Revenue Act of 1967 less all nonrefundable credits  
9 earned and refunds made;

10 ~~(24)~~-(25) Income tax receipts means the amount of income  
11 tax collected pursuant to the Nebraska Revenue Act of 1967 less all  
12 nonrefundable credits earned and refunds made;

13 ~~(25)~~-(26) Limited English proficiency students means (a)  
14 ~~for school fiscal years prior to school fiscal year 2009-10, the~~  
15 ~~number of students with limited English proficiency in a district~~  
16 ~~from the most recent data available on November 1 of the school~~  
17 ~~fiscal year preceding the school fiscal year in which aid is to be~~  
18 ~~paid and (b) for school fiscal year 2009-10 and each school fiscal~~  
19 ~~year thereafter, the number of students with limited English~~  
20 proficiency in a district from the most recent data available on  
21 November 1 of the school fiscal year preceding the school fiscal year  
22 in which aid is to be paid plus the difference of such students with  
23 limited English proficiency minus the average number of limited  
24 English proficiency students for such district, prior to such  
25 addition, for the three immediately preceding school fiscal years if

1 such difference is greater than zero;

2 ~~(26)~~ (27) Local system means a learning community for  
3 purposes of calculation of state aid for the second full school  
4 fiscal year after becoming a learning community and each school  
5 fiscal year thereafter, a unified system, a Class VI district and the  
6 associated Class I districts, or a Class II, III, IV, or V district  
7 and any affiliated Class I districts or portions of Class I  
8 districts. The membership, expenditures, and resources of Class I  
9 districts that are affiliated with multiple high school districts  
10 will be attributed to local systems based on the percent of the Class  
11 I valuation that is affiliated with each high school district;

12 ~~(27)~~ (28) Low-income child means ~~(a) for school fiscal~~  
13 ~~years prior to 2008-09, a child under nineteen years of age living in~~  
14 ~~a household having an annual adjusted gross income of fifteen~~  
15 ~~thousand dollars or less for the second calendar year preceding the~~  
16 ~~beginning of the school fiscal year for which aid is being calculated~~  
17 ~~and (b) for school fiscal year 2008-09 and each school fiscal year~~  
18 ~~thereafter, a child under nineteen years of age living in a household~~  
19 ~~having an annual adjusted gross income for the second calendar year~~  
20 ~~preceding the beginning of the school fiscal year for which aid is~~  
21 ~~being calculated equal to or less than the maximum household income~~  
22 ~~that would allow a student from a family of four people to be a free~~  
23 ~~lunch and free milk student during the school fiscal year immediately~~  
24 ~~preceding the school fiscal year for which aid is being calculated;~~

25 ~~(28)~~ (29) Low-income students means the number of low-

1 income children within the district multiplied by the ratio of the  
2 formula students in the district divided by the total children under  
3 nineteen years of age residing in the district as derived from income  
4 tax information;

5 ~~(29)~~(30) Most recently available complete data year  
6 means the most recent single school fiscal year for which the annual  
7 financial report, fall school district membership report, annual  
8 statistical summary, Nebraska income tax liability by school district  
9 for the calendar year in which the majority of the school fiscal year  
10 falls, and adjusted valuation data are available;

11 ~~(30)~~(31) Poverty students means ~~(a) for school fiscal~~  
12 ~~years prior to school fiscal year 2009-10, the number of low income~~  
13 ~~students or the number of students who are free lunch and free milk~~  
14 ~~students in a district, whichever is greater, and (b) for school~~  
15 ~~fiscal year 2009-10 and each school fiscal year thereafter, the~~  
16 number of low-income students or the number of students who are free  
17 lunch and free milk students in a district plus the difference of the  
18 number of low-income students or the number of students who are free  
19 lunch and free milk students in a district, whichever is greater,  
20 minus the average number of poverty students for such district, prior  
21 to such addition, for the three immediately preceding school fiscal  
22 years if such difference is greater than zero;

23 ~~(31)~~(32) Qualified early childhood education average  
24 daily membership means the product of the average daily membership  
25 for school fiscal year 2006-07 and each school fiscal year thereafter

1 of students who will be eligible to attend kindergarten the following  
2 school year and are enrolled in an early childhood education program  
3 approved by the department pursuant to section 79-1103 for such  
4 school district for such school year multiplied by the ratio of the  
5 actual instructional hours of the program divided by one thousand  
6 thirty-two if: (a) The program is receiving a grant pursuant to such  
7 section for the third year; (b) the program has already received  
8 grants pursuant to such section for three years; or (c) the program  
9 has been approved pursuant to subsection (5) of section 79-1103 for  
10 such school year and the two preceding school years, including any  
11 such students in portions of any of such programs receiving an  
12 expansion grant;

13 ~~(32)~~ (33) Qualified early childhood education fall  
14 membership means the product of membership on the last Friday in  
15 September 2006 and each year thereafter of students who will be  
16 eligible to attend kindergarten the following school year and are  
17 enrolled in an early childhood education program approved by the  
18 department pursuant to section 79-1103 for such school district for  
19 such school year multiplied by the ratio of the planned instructional  
20 hours of the program divided by one thousand thirty-two if: (a) The  
21 program is receiving a grant pursuant to such section for the third  
22 year; (b) the program has already received grants pursuant to such  
23 section for three years; or (c) the program has been approved  
24 pursuant to subsection (5) of section 79-1103 for such school year  
25 and the two preceding school years, including any such students in



1 portions of any of such programs receiving an expansion grant;

2 ~~(33)~~—(34) Regular route transportation means the  
3 transportation of students on regularly scheduled daily routes to and  
4 from the attendance center;

5 ~~(34)~~—(35) Reorganized district means any district  
6 involved in a consolidation and currently educating students  
7 following consolidation;

8 ~~(35)~~—(36) School year or school fiscal year means the  
9 fiscal year of a school district as defined in section 79-1091;

10 ~~(36)~~—(37) Sparse local system means a local system that  
11 is not a very sparse local system but which meets the following  
12 criteria:

13 (a)(i) Less than two students per square mile in the  
14 county in which each high school is located, based on the school  
15 district census, (ii) less than one formula student per square mile  
16 in the local system, and (iii) more than ten miles between each high  
17 school attendance center and the next closest high school attendance  
18 center on paved roads;

19 (b)(i) Less than one and one-half formula students per  
20 square mile in the local system and (ii) more than fifteen miles  
21 between each high school attendance center and the next closest high  
22 school attendance center on paved roads;

23 (c)(i) Less than one and one-half formula students per  
24 square mile in the local system and (ii) more than two hundred  
25 seventy-five square miles in the local system; or

1           (d)(i) Less than two formula students per square mile in  
2 the local system and (ii) the local system includes an area equal to  
3 ninety-five percent or more of the square miles in the largest county  
4 in which a high school attendance center is located in the local  
5 system;

6           ~~(37)~~—(38) Special education means specially designed  
7 kindergarten through grade twelve instruction pursuant to section  
8 79-1125, and includes special education transportation;

9           ~~(38)~~—(39) Special grant funds means the budgeted receipts  
10 for grants, including, but not limited to, Title I funds, Title VI  
11 funds, funds from the Education Innovation Fund, reimbursements for  
12 wards of the court, short-term borrowings including, but not limited  
13 to, registered warrants and tax anticipation notes, interfund loans,  
14 insurance settlements, and reimbursements to county government for  
15 previous overpayment. The state board shall approve a listing of  
16 grants that qualify as special grant funds;

17           ~~(39)~~—(40) State aid means the amount of assistance paid  
18 to a district pursuant to the Tax Equity and Educational  
19 Opportunities Support Act;

20           ~~(40)~~—(41) State board means the State Board of Education;

21           ~~(41)~~—(42) State support means all funds provided to  
22 districts by the State of Nebraska for the general fund support of  
23 elementary and secondary education;

24           ~~(42)~~—(43) Statewide average basic funding per formula  
25 student means the statewide total basic funding for all districts

1 divided by the statewide total formula students for all districts;

2 ~~(43)~~—(44) Statewide average general fund operating  
3 expenditures per formula student means the statewide total general  
4 fund operating expenditures for all districts divided by the  
5 statewide total formula students for all districts;

6 ~~(44)~~—(45) Teacher has the definition found in section  
7 79-101;

8 ~~(45)~~—(46) Temporary aid adjustment factor means (a) for  
9 school fiscal years before school fiscal year 2007-08, one and one-  
10 fourth percent of the sum of the local system's transportation  
11 allowance, the local system's special receipts allowance, and the  
12 product of the local system's adjusted formula students multiplied by  
13 the average formula cost per student in the local system's cost  
14 grouping and (b) for school fiscal year 2007-08, one and one-fourth  
15 percent of the sum of the local system's transportation allowance,  
16 special receipts allowance, and distance education and  
17 telecommunications allowance and the product of the local system's  
18 adjusted formula students multiplied by the average formula cost per  
19 student in the local system's cost grouping;

20 (47) Tuition receipts from converted contracts means  
21 tuition receipts received by a district from another district in the  
22 most recently available complete data year pursuant to a converted  
23 contract prior to the expiration of the contract;

24 ~~(46)~~—(48) Tuitioned students means students in  
25 kindergarten through grade twelve of the district whose tuition is

1 paid by the district to some other district or education agency; and  
2 ~~(47)~~(49) Very sparse local system means a local system  
3 that has:

4 (a)(i) Less than one-half student per square mile in each  
5 county in which each high school attendance center is located based  
6 on the school district census, (ii) less than one formula student per  
7 square mile in the local system, and (iii) more than fifteen miles  
8 between the high school attendance center and the next closest high  
9 school attendance center on paved roads; or

10 (b)(i) More than four hundred fifty square miles in the  
11 local system, (ii) less than one-half student per square mile in the  
12 local system, and (iii) more than fifteen miles between each high  
13 school attendance center and the next closest high school attendance  
14 center on paved roads.

15 Sec. 3. Section 79-1009, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17 79-1009 (1)(a) A district shall receive net option  
18 funding if option students as defined in section 79-233 (i) were  
19 actually enrolled in the school year immediately preceding the school  
20 year in which the aid is to be paid or (ii) will be enrolled in the  
21 school year in which the aid is to be paid as converted contract  
22 option students.

23 (b) The determination of the net number of option  
24 students shall be based on (i) the number of students enrolled in the  
25 district as option students and the number of students residing in

1 the district but enrolled in another district as option students as  
2 of the day of the fall membership count pursuant to section 79-528,  
3 for the school fiscal year immediately preceding the school fiscal  
4 year in which aid is to be paid and (ii) the number of option  
5 students that will be enrolled in the district or enrolled in another  
6 district as converted contract option students for the fiscal year in  
7 which the aid is to be paid.

8 (c) Net number of option students means the difference of  
9 the number of option students enrolled and converted contract  
10 students enrolling in the district minus the number of students  
11 residing in the district but enrolled in another district as option  
12 students.

13 (2) For purposes of this section, ~~:(a) For school fiscal~~  
14 ~~years 2002-03 through 2007-08, net option funding shall be calculated~~  
15 ~~by subtracting the temporary aid adjustment factor from the sum of~~  
16 ~~the products of the net number of option students in each grade range~~  
17 ~~multiplied by the statewide average cost grouping cost per student~~  
18 ~~multiplied by the weighting factor for the corresponding grade range~~  
19 ~~pursuant to section 79-1007.01; and (b) for school fiscal year~~  
20 ~~2008-09 and each school fiscal year thereafter, net option funding~~  
21 shall be the sum of the product of the net number of option students  
22 multiplied by the statewide average basic funding per formula  
23 student.

24 (3) A district's net option funding shall be zero if the  
25 calculation produces a negative result.

1            Payments made under this section shall be made from the  
2 funds to be disbursed under section 79-1005.01 or 79-1005.02.

3            Such payments shall go directly to the option school  
4 district but shall count as a formula resource for the local system.

5            Sec. 4. A district which will have converted contract  
6 option students shall apply to the department on a form approved by  
7 the department on or before March 1 for converted contract option  
8 students for school fiscal year 2011-12 and on or before November 1  
9 of the calendar year preceding the beginning of all other school  
10 fiscal years for which there will be converted contract option  
11 students. The department shall determine the amount of tuition  
12 receipts from converted contracts to be excluded from the calculation  
13 of local system formula resources for each of the first two school  
14 fiscal years for which the converted contract will not be in effect  
15 and shall determine the number of converted contract option students  
16 to be attributed to the receiving district in the calculation of  
17 state aid for the first school fiscal year for which the converted  
18 contract will not be in effect, and the same number shall be  
19 attributed as optioning out of the resident school district. In the  
20 final calculation of state aid pursuant to section 79-1065, students  
21 that were attributed as optioning into or out of a district shall be  
22 replaced with the actual number from fall membership. The department  
23 shall notify the applicant district within thirty days after receipt  
24 of the completed application.

25            Sec. 5. Section 79-1018.01, Revised Statutes Cumulative

1 Supplement, 2010, is amended to read:

2 79-1018.01 Except as otherwise provided in this section,  
3 local system formula resources include other actual receipts  
4 available for the funding of general fund operating expenditures as  
5 determined by the department for the second school fiscal year  
6 immediately preceding the school fiscal year in which aid is to be  
7 paid. ~~Receipts from the Community Improvements Cash Fund and receipts~~  
8 ~~acquired pursuant to the Low Level Radioactive Waste Disposal Act~~  
9 ~~shall not be included.~~ Other actual receipts include:

10 (1) Public power district sales tax revenue;

11 (2) Fines and license fees;

12 (3) Tuition receipts from individuals, other districts,  
13 or any other source except receipts derived from adult education,  
14 receipts derived from summer school tuition, receipts derived from  
15 early childhood education tuition, tuition receipts from converted  
16 contracts beginning with the calculation of state aid to be  
17 distributed in school fiscal year 2011-12, and receipts from  
18 educational entities as defined in section 79-1201.01 for providing  
19 distance education courses through the ~~Distance Education Council~~  
20 ~~until July 1, 2008, and the Educational Service Unit Coordinating~~  
21 ~~Council on and after July 1, 2008,~~ to such educational entities;

22 (4) Transportation receipts;

23 (5) Interest on investments;

24 (6) Other miscellaneous noncategorical local receipts,  
25 not including receipts from private foundations, individuals,

1 associations, or charitable organizations;

2 (7) Special education receipts;

3 (8) Special education receipts and non-special education  
4 receipts from the state for wards of the court and wards of the  
5 state;

6 (9) All receipts from the temporary school fund.  
7 ~~Beginning with the calculation of aid for school fiscal year 2002-03~~  
8 ~~and each school fiscal year thereafter, receipts~~ Receipts from the  
9 temporary school fund shall only include (a) receipts pursuant to  
10 section 79-1035, to the extent that such receipts for the calculation  
11 of aid for school fiscal year 2018-19 and each school fiscal year  
12 thereafter are not returned to the temporary school fund pursuant to  
13 section 79-309.01, and (b) the receipt of funds pursuant to section  
14 79-1036 for property leased for a public purpose as set forth in  
15 subdivision (1)(a) of section 77-202;

16 (10) Motor vehicle tax receipts received; ~~on or after~~  
17 ~~January 1, 1998;~~

18 (11) Pro rata motor vehicle license fee receipts;

19 (12) Other miscellaneous state receipts excluding revenue  
20 from the textbook loan program authorized by section 79-734;

21 (13) Impact aid entitlements for the school fiscal year  
22 which have actually been received by the district to the extent  
23 allowed by federal law;

24 (14) All other noncategorical federal receipts;

25 (15) All receipts pursuant to the enrollment option



1 program under sections 79-232 to 79-246;

2 (16) Receipts under the federal Medicare Catastrophic  
3 Coverage Act of 1988, as such act existed on May 8, 2001, as  
4 authorized pursuant to sections 43-2510 and 43-2511 but only to the  
5 extent of the amount the local system would have otherwise received  
6 pursuant to the Special Education Act;

7 (17) Receipts for accelerated or differentiated  
8 curriculum programs pursuant to sections 79-1106 to 79-1108.03; and

9 (18) Revenue received from the nameplate capacity tax  
10 distributed pursuant to section 77-6204.

11 Sec. 6. Original section 79-1009, Reissue Revised  
12 Statutes of Nebraska, and sections 79-1001, 79-1003, and 79-1018.01,  
13 Revised Statutes Cumulative Supplement, 2010, are repealed.

14 Sec. 7. Since an emergency exists, this act takes effect  
15 when passed and approved according to law.