

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 913**

Introduced by Adams, 24.

Read first time January 10, 2012

Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational Opportunities  
2 Support Act; to amend sections 77-3446, 79-1015.01,  
3 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01,  
4 Revised Statutes Supplement, 2011; to redefine a term; to  
5 change provisions relating to local effort rate; to  
6 change determination and certification dates as  
7 prescribed; to void a certification of aid for school  
8 fiscal year 2012-13; to harmonize provisions; to repeal  
9 the original sections; and to declare an emergency.

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

1           Section 1. Section 77-3446, Revised Statutes Supplement,  
2 2011, is amended to read:

3           77-3446 Base limitation means the budget limitation rate  
4 applicable to school districts and the limitation on growth of  
5 restricted funds applicable to other political subdivisions prior to  
6 any increases in the rate as a result of special actions taken by a  
7 supermajority of any governing board or of any exception allowed by  
8 law. The base limitation is two and one-half percent until adjusted,  
9 except that the base limitation for school districts for school  
10 fiscal year 2010-11 is twenty-five hundredths of one percent, the  
11 base limitation for school districts for school fiscal year 2011-12  
12 is zero percent, ~~and~~ the base limitation for school districts for  
13 school fiscal year 2012-13 is ~~one-half of one percent, and the base~~  
14 limitation for school districts for school fiscal year 2013-14 is two  
15 percent. The base limitation may be adjusted annually by the  
16 Legislature to reflect changes in the prices of services and products  
17 used by school districts and political subdivisions.

18           Sec. 2. Section 79-1015.01, Revised Statutes Supplement,  
19 2011, is amended to read:

20           79-1015.01 (1) Local system formula resources shall  
21 include local effort rate yield which shall be computed as prescribed  
22 in this section.

23           (2) For each school fiscal year except school fiscal  
24 years 2011-12, ~~and~~ 2012-13, and 2013-14: (a) For state aid certified  
25 pursuant to section 79-1022, the local effort rate shall be the

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

14 (3) For school fiscal years ~~2011-12 and 2012-13~~; year  
15 2011-12: (a) For state aid certified pursuant to section 79-1022, the  
16 local effort rate shall be the maximum levy, for the school fiscal  
17 year for which aid is being certified, authorized pursuant to  
18 subdivision (2)(a) of section 77-3442 less one and five-hundredths of  
19 one cent; (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  
23 and Educational Opportunities Support Act, will produce the amount  
24 needed to support the total formula need of such local systems when  
25 added to state aid appropriated by the Legislature and other actual

1 receipts of local systems described in section 79-1018.01; and (c)  
2 the local effort rate yield for such school fiscal ~~years~~year shall  
3 be determined by multiplying each local system's total adjusted  
4 valuation by the local effort rate.

5 (4) For school fiscal year 2012-13: (a) For state aid  
6 certified pursuant to section 79-1022, the local effort rate shall be  
7 the maximum levy, for the school fiscal year for which aid is being  
8 certified, authorized pursuant to subdivision (2)(a) of section  
9 77-3442 less two cents; (b) for the final calculation of state aid  
10 pursuant to section 79-1065, the local effort rate shall be the rate  
11 which, when multiplied by the total adjusted valuation of all taxable  
12 property in local systems receiving equalization aid pursuant to the  
13 Tax Equity and Educational Opportunities Support Act, will produce  
14 the amount needed to support the total formula need of such local  
15 systems when added to state aid appropriated by the Legislature and  
16 other actual receipts of local systems described in section  
17 79-1018.01; and (c) the local effort rate yield for such school  
18 fiscal year shall be determined by multiplying each local system's  
19 total adjusted valuation by the local effort rate.

20 (5) For school fiscal year 2013-14: (a) For state aid  
21 certified pursuant to section 79-1022, the local effort rate shall be  
22 the maximum levy, for the school fiscal year for which aid is being  
23 certified, authorized pursuant to subdivision (2)(a) of section  
24 77-3442 less three and one-half cents; (b) for the final calculation  
25 of state aid pursuant to section 79-1065, the local effort rate shall

1 be the rate which, when multiplied by the total adjusted valuation of  
2 all taxable property in local systems receiving equalization aid  
3 pursuant to the Tax Equity and Educational Opportunities Support Act,  
4 will produce the amount needed to support the total formula need of  
5 such local systems when added to state aid appropriated by the  
6 Legislature and other actual receipts of local systems described in  
7 section 79-1018.01; and (c) the local effort rate yield for such  
8 school fiscal year shall be determined by multiplying each local  
9 system's total adjusted valuation by the local effort rate.

10           Sec. 3. Section 79-1022, Revised Statutes Supplement,  
11 2011, is amended to read:

12           79-1022 (1) On or before March 10, 2010, and March 1,  
13 2011, for school fiscal year 2010-11, on or before July 1, 2011, for  
14 school fiscal year 2011-12, on or before May 1, 2012, for school  
15 fiscal year 2012-13, and on or before March 1 of each year thereafter  
16 for each ensuing fiscal year, the department shall determine the  
17 amounts to be distributed to each local system and each district  
18 pursuant to the Tax Equity and Educational Opportunities Support Act  
19 and shall certify the amounts to the Director of Administrative  
20 Services, the Auditor of Public Accounts, each learning community,  
21 and each district. The amount to be distributed to each district that  
22 is not a member of a learning community from the amount certified for  
23 a local system shall be proportional based on the formula students  
24 attributed to each district in the local system. The amount to be  
25 distributed to each district that is a member of a learning community

1 from the amount certified for the local system shall be proportional  
2 based on the formula needs calculated for each district in the local  
3 system. On or before March 1, 2011, for school fiscal year 2010-11,  
4 on or before July 1, 2011, for school fiscal year 2011-12, on or  
5 before May 1, 2012, for school fiscal year 2012-13, and on or before  
6 March 1 of each year thereafter for each ensuing fiscal year, the  
7 department shall report the necessary funding level to the Governor,  
8 the Appropriations Committee of the Legislature, and the Education  
9 Committee of the Legislature. Except as otherwise provided in this  
10 subsection, certified state aid amounts, including adjustments  
11 pursuant to section 79-1065.02, shall be shown as budgeted non-  
12 property-tax receipts and deducted prior to calculating the property  
13 tax request in the district's general fund budget statement as  
14 provided to the Auditor of Public Accounts pursuant to section  
15 79-1024. Increases in state aid for school fiscal year 2010-11 from  
16 the first certification in 2010 to the second certification on or  
17 before March 1, 2011, shall not require a school district to revise  
18 its previously adopted budget statement pursuant to section 13-511  
19 for school fiscal year 2010-11 unless expenditures are increased in  
20 such school fiscal year as a result of such increases in state aid.  
21 The amount of such increased state aid that has not been included in  
22 an amended budget for school fiscal year 2010-11 shall be included in  
23 the unencumbered cash balance pursuant to section 13-504 for the  
24 school fiscal year 2011-12 budget for each school district.

25 (2) Except as provided in this subsection, subsection (8)

1 of section 79-1016, and sections 79-1033 and 79-1065.02, the amounts  
2 certified pursuant to subsection (1) of this section shall be  
3 distributed in ten as nearly as possible equal payments on the last  
4 business day of each month beginning in September of each ensuing  
5 school fiscal year and ending in June of the following year, except  
6 that when a school district is to receive a monthly payment of less  
7 than one thousand dollars, such payment shall be one lump-sum payment  
8 on the last business day of December during the ensuing school fiscal  
9 year. For school fiscal year 2010-11, payments shall be based on the  
10 amounts certified pursuant to subsection (1) of this section on March  
11 10, 2010, except that on the last business day of April, the  
12 department shall make federal Education Jobs Fund allocations  
13 available pursuant to section 79-1028.04 equal to any increases in  
14 state aid for school fiscal year 2010-11 from the first certification  
15 in 2010 to the second certification on or before March 1, 2011,  
16 rounded to the nearest whole dollar.

17 Sec. 4. Section 79-1022.02, Revised Statutes Supplement,  
18 2011, is amended to read:

19 79-1022.02 Notwithstanding any other provision of law,  
20 ~~the any certification of state aid pursuant to section 79-1022,~~  
21 certification of budget authority pursuant to section 79-1023, and  
22 certification of applicable allowable reserve percentages pursuant to  
23 section 79-1027 completed prior to the effective date of this act for  
24 school fiscal year 2012-13 is null and void. to be paid to school  
25 ~~districts during school fiscal year 2010-11 is null and void with~~

1 ~~regard to the total state aid to be paid during school fiscal year~~  
2 ~~2010-11. State aid to be paid during such school year and the~~  
3 ~~certifications pursuant to section 79-1022 shall be recertified for~~  
4 ~~the purpose of determining federal Education Jobs Fund allocations~~  
5 ~~and adjusting the total state aid to be paid to include such~~  
6 ~~allocations on or before March 1, 2011, using data sources as they~~  
7 ~~existed on March 10, 2010.~~

8           Sec. 5. Section 79-1023, Revised Statutes Supplement,  
9 2011, is amended to read:

10           79-1023 (1) On or before March 10, 2010, on or before  
11 July 1, 2011, on or before May 1, 2012, and on or before March 1 of  
12 each year thereafter, the department shall determine and certify to  
13 each school district budget authority for the general fund budget of  
14 expenditures for the immediately following school fiscal year.

15           (2) For school fiscal years prior to school fiscal year  
16 2011-12, except as provided in section 79-1028.01, no school district  
17 shall have a general fund budget of expenditures minus special grant  
18 funds and the special education budget of expenditures more than the  
19 greater of (a) the product of the difference of the general fund  
20 budget of expenditures minus special grant funds and the special  
21 education budget of expenditures for the immediately preceding school  
22 fiscal year multiplied by (i) except as otherwise provided in  
23 subdivision (a)(ii) of this subsection, the sum of one plus the local  
24 system's applicable allowable growth rate or (ii) for school fiscal  
25 year 2010-11, the sum of one plus seventy-five hundredths of one



1 percent plus the local system's applicable allowable growth rate or  
2 (b)(i) except as otherwise provided in subdivision (b)(ii) of this  
3 subsection, the difference of one hundred twenty percent of formula  
4 need for such school fiscal year minus the product of the sum of one  
5 plus the basic allowable growth rate for such school fiscal year  
6 multiplied by the special education budget of expenditures as filed  
7 on the school district budget statement on or before September 20 for  
8 the immediately preceding school fiscal year or (ii) for school  
9 fiscal years 2009-10 and 2010-11, the difference of one hundred  
10 sixteen and fifteen-hundredths percent of formula need for such  
11 school fiscal year minus the product of the sum of one plus the basic  
12 allowable growth rate for such school fiscal year multiplied by the  
13 special education budget of expenditures as filed on the school  
14 district budget statement on or before September 20 for the  
15 immediately preceding school fiscal year.

16 (3) For school fiscal year 2011-12, except as provided in  
17 sections 79-1028.01, 79-1029, and 79-1030, each school district shall  
18 have budget authority for the general fund budget of expenditures  
19 equal to the greater of (a) the general fund budget of expenditures  
20 for school fiscal year 2010-11 minus exclusions for school fiscal  
21 year 2010-11 that fit within subsection (1) of section 79-1028.01  
22 with the difference increased by an amount equal to one and one  
23 hundred fifteen thousandths percent of the formula need calculated  
24 for school fiscal year 2010-11, (b) the general fund budget of  
25 expenditures for school fiscal year 2010-11 minus exclusions for

1 school fiscal year 2010-11 that fit within subsection (1) of section  
2 79-1028.01 with the difference increased by an amount equal to any  
3 student growth adjustment calculated for school fiscal year 2011-12,  
4 or (c) one hundred ten percent of formula need for school fiscal year  
5 2011-12 minus the special education budget of expenditures as filed  
6 on the school district budget statement on or before September 20 for  
7 school fiscal year 2010-11, which special education budget of  
8 expenditures is increased by the basic allowable growth rate for  
9 school fiscal year 2011-12.

10 (4) For school fiscal year 2012-13 and each school fiscal  
11 year thereafter, except as provided in sections 79-1028.01, 79-1029,  
12 and 79-1030, each school district shall have budget authority for the  
13 general fund budget of expenditures equal to the greater of (a) the  
14 general fund budget of expenditures for the immediately preceding  
15 school fiscal year minus exclusions pursuant to subsection (1) of  
16 section 79-1028.01 for such school fiscal year with the difference  
17 increased by the basic allowable growth rate for the school fiscal  
18 year for which budget authority is being calculated, (b) the general  
19 fund budget of expenditures for the immediately preceding school  
20 fiscal year minus exclusions pursuant to subsection (1) of section  
21 79-1028.01 for such school fiscal year with the difference increased  
22 by an amount equal to any student growth adjustment calculated for  
23 the school fiscal year for which budget authority is being  
24 calculated, or (c) one hundred ten percent of formula need for the  
25 school fiscal year for which budget authority is being calculated

1 minus the special education budget of expenditures as filed on the  
 2 school district budget statement on or before September 20 for the  
 3 immediately preceding school fiscal year, which special education  
 4 budget of expenditures is increased by the basic allowable growth  
 5 rate for the school fiscal year for which budget authority is being  
 6 calculated.

7 (5) For any school fiscal year for which the budget  
 8 authority for the general fund budget of expenditures for a school  
 9 district is based on a student growth adjustment, the budget  
 10 authority for the general fund budget of expenditures for such school  
 11 district shall be adjusted in future years to reflect any student  
 12 growth adjustment corrections related to such student growth  
 13 adjustment.

14 Sec. 6. Section 79-1027, Revised Statutes Supplement,  
 15 2011, is amended to read:

16 79-1027 No district shall adopt a budget, which includes  
 17 total requirements of depreciation funds, necessary employee benefit  
 18 fund cash reserves, and necessary general fund cash reserves,  
 19 exceeding the applicable allowable reserve percentages of total  
 20 general fund budget of expenditures as specified in the schedule set  
 21 forth in this section.

22	Average daily	Allowable
23	membership of	reserve
24	district	percentage
25	0 - 471	45

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

4           On or before March 10, 2010, on or before July 1, 2011,  
5 on or before May 1, 2012, and on or before March 1 each year  
6 thereafter, the department shall determine and certify each  
7 district's applicable allowable reserve percentage.

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

17           Sec. 7. Section 79-1031.01, Revised Statutes Supplement,  
18 2011, is amended to read:

19           79-1031.01 The Appropriations Committee of the  
20 Legislature shall annually include the amount necessary to fund the  
21 state aid that will be certified to school districts on or before  
22 March 1, 2011, for school fiscal year 2010-11, on or before July 1,  
23 2011, for school fiscal year 2011-12, on or before May 1, 2012, for  
24 school fiscal year 2012-13, and on or before March 1 for each ensuing  
25 school fiscal year thereafter in its recommendations to the

1 Legislature to carry out the requirements of the Tax Equity and  
2 Educational Opportunities Support Act.

3           Sec. 8. Original sections 77-3446, 79-1015.01, 79-1022,  
4 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised Statutes  
5 Supplement, 2011, are repealed.

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