

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 842**

Introduced by Davis, 43; Avery, 28; Conrad, 46; Cook, 13; Haar, 21;  
Kolowski, 31; Scheer, 19; Seiler, 33; Sullivan, 41;  
Wallman, 30.

Read first time January 13, 2014

Committee: Education

A BILL

1 FOR AN ACT relating to the Education Innovation Fund; to amend  
2 section 9-812, Revised Statutes Supplement, 2013; to  
3 change provisions relating to allocations to the  
4 Excellence in Teaching Cash Fund; to repeal the original  
5 section; and to declare an emergency.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 9-812, Revised Statutes Supplement,  
2   2013, 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 Nebraska  
5   shall be credited to the State Lottery Operation Trust Fund, which  
6   fund is hereby created. All payments of the costs of establishing and  
7   maintaining the lottery games shall be made from the State Lottery  
8   Operation Cash Fund. In accordance with legislative appropriations,  
9   money for payments for expenses of the division shall be transferred  
10   from the State Lottery Operation Trust Fund to the State Lottery  
11   Operation Cash Fund, which fund is hereby created. All money  
12   necessary for the payment of lottery prizes shall be transferred from  
13   the State Lottery Operation Trust Fund to the State Lottery Prize  
14   Trust Fund, which fund is hereby created. The amount used for the  
15   payment of lottery prizes shall not be less than forty percent of the  
16   dollar amount of the lottery tickets which have been sold.

17           (2) A portion of the dollar amount of the lottery tickets  
18   which have been sold on an annualized basis shall be transferred from  
19   the State Lottery Operation Trust Fund to the Education Innovation  
20   Fund, the Nebraska Opportunity Grant Fund, the Nebraska Education  
21   Improvement Fund, the Nebraska Environmental Trust Fund, the Nebraska  
22   State Fair Board, and the Compulsive Gamblers Assistance Fund as  
23   provided in subsection (3) of this section. The dollar amount  
24   transferred pursuant to this subsection shall equal the greater of  
25   (a) the dollar amount transferred to the funds in fiscal year 2002-03

1 or (b) any amount which constitutes at least twenty-two percent and  
2 no more than twenty-five percent of the dollar amount of the lottery  
3 tickets which have been sold on an annualized basis. To the extent  
4 that funds are available, the Tax Commissioner and director may  
5 authorize a transfer exceeding twenty-five percent of the dollar  
6 amount of the lottery tickets sold on an annualized basis.

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

12 (a) The first five hundred thousand dollars shall be  
13 transferred to the Compulsive Gamblers Assistance Fund to be used as  
14 provided in section 9-1006;

15 (b) Beginning July 1, 2016, forty-four and one-half  
16 percent of the money remaining after the payment of prizes and  
17 operating expenses and the initial transfer to the Compulsive  
18 Gamblers Assistance Fund shall be transferred to the Nebraska  
19 Education Improvement Fund;

20 (c) Through June 30, 2016, nineteen and three-fourths  
21 percent of the money remaining after the payment of prizes and  
22 operating expenses and the initial transfer to the Compulsive  
23 Gamblers Assistance Fund shall be transferred to the Education  
24 Innovation Fund;

25 (d) Through June 30, 2016, twenty-four and three-fourths

1 percent of the money remaining after the payment of prizes and  
2 operating expenses and the initial transfer to the Compulsive  
3 Gamblers Assistance Fund shall be transferred to the Nebraska  
4 Opportunity Grant Fund;

5 (e) Forty-four and one-half percent of the money  
6 remaining after the payment of prizes and operating expenses and the  
7 initial transfer to the Compulsive Gamblers Assistance Fund shall be  
8 transferred to the Nebraska Environmental Trust Fund to be used as  
9 provided in the Nebraska Environmental Trust Act;

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

22 (g) One percent of the money remaining after the payment  
23 of prizes and operating expenses and the initial transfer to the  
24 Compulsive Gamblers Assistance Fund shall be transferred to the  
25 Compulsive Gamblers Assistance Fund to be used as provided in section

1 9-1006.

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

5 (b) For fiscal year 2012-13, the Education Innovation  
6 Fund shall be allocated as follows: (i) The first forty-five thousand  
7 dollars shall be transferred to the Excellence in Teaching Cash Fund  
8 to fund the Attracting Excellence to Teaching Program; (ii) the next  
9 three million three hundred sixty-five thousand nine hundred sixty-  
10 two dollars shall be distributed to school districts as grants  
11 pursuant to the Early Childhood Education Grant Program; (iii) the  
12 next two million one hundred seventy-five thousand six hundred  
13 seventy-three dollars shall be distributed to local systems as grants  
14 for approved accelerated or differentiated curriculum programs for  
15 students identified as learners with high ability pursuant to section  
16 79-1108.02; (iv) the next one hundred eight thousand one hundred  
17 thirty-six dollars shall be used by the State Department of Education  
18 for the development of an integrated early childhood, elementary,  
19 secondary, and postsecondary student information system; (v) the next  
20 four hundred fifty thousand dollars shall fund the Center for Student  
21 Leadership and Extended Learning Act; (vi) the next one hundred  
22 fourteen thousand six hundred twenty-nine dollars shall be used by  
23 the department to fund the multicultural education program created  
24 under section 79-720; (vii) the next one hundred twenty-three  
25 thousand four hundred sixty-eight dollars shall be used by the

1 department to employ persons to investigate and prosecute alleged  
2 violations as provided in section 79-868; (viii) up to the next one  
3 hundred sixty thousand dollars shall be used by the department to  
4 implement section 79-759; (ix) the next twenty-seven thousand two  
5 hundred dollars shall be used to fund the Interstate Compact on  
6 Educational Opportunity for Military Children; (x) the next two  
7 hundred thousand dollars shall be used to provide grants to establish  
8 bridge programs pursuant to sections 79-1189 to 79-1195; and (xi) the  
9 amount remaining shall be allocated, after administrative expenses,  
10 for distance education equipment and incentives pursuant to sections  
11 79-1336 and 79-1337. No funds received as allocations from the  
12 Education Innovation Fund pursuant to this subdivision may be  
13 obligated for payment to be made after June 30, 2016.

14 (c) For fiscal year 2013-14, the Education Innovation  
15 Fund shall be allocated as follows: (i) The first one million dollars  
16 shall be transferred to the Excellence in Teaching Cash Fund to fund  
17 the Excellence in Teaching Act; (ii) the next allocation shall be  
18 distributed to local systems as grants for approved accelerated or  
19 differentiated curriculum programs for students identified as  
20 learners with high ability pursuant to section 79-1108.02 in an  
21 aggregated amount up to the amount distributed in the prior fiscal  
22 year for such purposes increased by the basic allowable growth rate  
23 pursuant to section 79-1025; (iii) up to the next one hundred sixty  
24 thousand dollars shall be used by the State Department of Education  
25 to implement section 79-759; (iv) the next one million seven hundred

1 fifty thousand dollars shall be allocated to early childhood  
2 education grants awarded by the department pursuant to section  
3 79-1103; (v) the next one million dollars shall be transferred to the  
4 Early Childhood Education Endowment Cash Fund for use pursuant to  
5 section 79-1104.02; (vi) the next two hundred thousand dollars shall  
6 be used to provide grants to establish bridge programs pursuant to  
7 sections 79-1189 to 79-1195; (vii) the next ten thousand dollars  
8 shall be used to fund the Interstate Compact on Educational  
9 Opportunity for Military Children; (viii) the next eighty-five  
10 thousand five hundred fifty dollars shall be allocated to the State  
11 Department of Education for distribution pursuant to section 79-2306;  
12 and (ix) the amount remaining shall be allocated, after  
13 administrative expenses, for distance education equipment and  
14 incentives pursuant to sections 79-1336 and 79-1337. No funds  
15 received as allocations from the Education Innovation Fund pursuant  
16 to this subdivision may be obligated for payment to be made after  
17 June 30, 2016.

18 (d) For fiscal year 2014-15, the Education Innovation  
19 Fund shall be allocated as follows: (i) The first one million two  
20 hundred thousand dollars shall be transferred to the Excellence in  
21 Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the  
22 next allocation shall be distributed to local systems as grants for  
23 approved accelerated or differentiated curriculum programs for  
24 students identified as learners with high ability pursuant to section  
25 79-1108.02 in an aggregated amount up to the amount distributed in

1 the prior fiscal year for such purposes increased by the basic  
2 allowable growth rate pursuant to section 79-1025; (iii) the next one  
3 million eight hundred fifty thousand dollars shall be allocated to  
4 early childhood education grants awarded by the State Department of  
5 Education pursuant to section 79-1103; (iv) the next one million  
6 dollars shall be transferred to the Early Childhood Education  
7 Endowment Cash Fund for use pursuant to section 79-1104.02; (v) the  
8 next two hundred thousand dollars shall be used to provide grants to  
9 establish bridge programs pursuant to sections 79-1189 to 79-1195;  
10 (vi) the next ten thousand dollars shall be used to fund the  
11 Interstate Compact on Educational Opportunity for Military Children;  
12 and (vii) the amount remaining shall be allocated, after  
13 administrative expenses, for distance education equipment and  
14 incentives pursuant to sections 79-1336 and 79-1337. No funds  
15 received as allocations from the Education Innovation Fund pursuant  
16 to this subdivision may be obligated for payment to be made after  
17 June 30, 2016.

18 (e) For fiscal year 2015-16, the Education Innovation  
19 Fund shall be allocated as follows: (i) The first one million two  
20 hundred thousand dollars shall be transferred to the Excellence in  
21 Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the  
22 next allocation shall be distributed to local systems as grants for  
23 approved accelerated or differentiated curriculum programs for  
24 students identified as learners with high ability pursuant to section  
25 79-1108.02 in an aggregated amount up to the amount distributed in



1 the prior fiscal year for such purposes increased by the basic  
2 allowable growth rate pursuant to section 79-1025; (iii) the next one  
3 million nine hundred fifty thousand dollars shall be allocated to  
4 early childhood education grants awarded by the State Department of  
5 Education pursuant to section 79-1103; (iv) the next one million  
6 dollars shall be transferred to the Early Childhood Education  
7 Endowment Cash Fund for use pursuant to section 79-1104.02; (v) the  
8 next ten thousand dollars shall be used to fund the Interstate  
9 Compact on Educational Opportunity for Military Children; and (vi)  
10 the amount remaining shall be allocated, after administrative  
11 expenses, for distance education equipment and incentives pursuant to  
12 sections 79-1336 and 79-1337. No funds received as allocations from  
13 the Education Innovation Fund pursuant to this subdivision may be  
14 obligated for payment to be made after June 30, 2016.

15 (f) The Education Innovation Fund terminates on June 30,  
16 2016. Any money in the fund on such date shall be transferred to the  
17 Nebraska Education Improvement Fund on such date.

18 (5) The Nebraska Education Improvement Fund is created.  
19 The fund shall consist of money transferred pursuant to subsections  
20 (3) and (4) of this section, money transferred pursuant to section  
21 85-1920, and any other funds appropriated by the Legislature. Any  
22 money in the fund available for investment shall be invested by the  
23 state investment officer pursuant to the Nebraska Capital Expansion  
24 Act and the Nebraska State Funds Investment Act.

25 (6) Any money in the State Lottery Operation Trust Fund,

1 the State Lottery Operation Cash Fund, the State Lottery Prize Trust  
2 Fund, or the Education Innovation Fund available for investment shall  
3 be invested by the state investment officer pursuant to the Nebraska  
4 Capital Expansion Act and the Nebraska State Funds Investment Act.

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

10 (8) It is the intent of the Legislature to replace  
11 funding from the Education Innovation Fund with General Fund  
12 appropriations to the State Department of Education beginning with  
13 FY2013-14 for (a) the integrated early childhood, elementary,  
14 secondary, and postsecondary student information system, (b) the  
15 Center for Student Leadership and Extended Learning Act, (c) the  
16 multicultural education program created under section 79-720, and (d)  
17 the employment of persons to investigate and prosecute alleged  
18 violations as provided in section 79-868.

19 Sec. 2. Original section 9-812, Revised Statutes  
20 Supplement, 2013, is repealed.

21 Sec. 3. Since an emergency exists, this act takes effect  
22 when passed and approved according to law.