

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 355

Introduced by Morfeld, 46.

Read first time January 15, 2015

Committee: Education

1 A BILL FOR AN ACT relating to education funds; to amend section 85-1920,
2 Reissue Revised Statutes of Nebraska, and section 9-812, Revised
3 Statutes Cumulative Supplement, 2014; to change provisions relating
4 to the Nebraska Education Improvement Fund and the Nebraska
5 Opportunity Grant Fund as prescribed; to harmonize provisions; and
6 to repeal the original sections.

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

1 Section 1. Section 9-812, Revised Statutes Cumulative Supplement,
2 2014, is amended to read:

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

16 (2) A portion of the dollar amount of the lottery tickets which have
17 been sold on an annualized basis shall be transferred from the State
18 Lottery Operation Trust Fund to the Education Innovation Fund, the
19 Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund,
20 the Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and
21 the Compulsive Gamblers Assistance Fund as provided in subsection (3) of
22 this section. The dollar amount transferred pursuant to this subsection
23 shall equal the greater of (a) the dollar amount transferred to the funds
24 in fiscal year 2002-03 or (b) any amount which constitutes at least
25 twenty-two percent and no more than twenty-five percent of the dollar
26 amount of the lottery tickets which have been sold on an annualized
27 basis. To the extent that funds are available, the Tax Commissioner and
28 director may authorize a transfer exceeding twenty-five percent of the
29 dollar amount of the lottery tickets sold on an annualized basis.

30 (3) Of the money available to be transferred to the Education
31 Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska

1 Education Improvement Fund, the Nebraska Environmental Trust Fund, the
2 Nebraska State Fair Board, and the Compulsive Gamblers Assistance Fund:

3 (a) The first five hundred thousand dollars shall be transferred to
4 the Compulsive Gamblers Assistance Fund to be used as provided in section
5 9-1006;

6 (b) Beginning July 1, 2016, nineteen and three-fourths ~~forty-four~~
7 ~~and one-half~~ percent of the money remaining after the payment of prizes
8 and operating expenses and the initial transfer to the Compulsive
9 Gamblers Assistance Fund shall be transferred to the Nebraska Education
10 Improvement Fund;

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

15 (d) Twenty-four ~~Through June 30, 2016, twenty-four~~ and three-fourths
16 percent of the money remaining after the payment of prizes and operating
17 expenses and the initial transfer to the Compulsive Gamblers Assistance
18 Fund shall be transferred to the Nebraska Opportunity Grant Fund;

19 (e) Forty-four and one-half percent of the money remaining after the
20 payment of prizes and operating expenses and the initial transfer to the
21 Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska
22 Environmental Trust Fund to be used as provided in the Nebraska
23 Environmental Trust Act;

24 (f) Ten percent of the money remaining after the payment of prizes
25 and operating expenses and the initial transfer to the Compulsive
26 Gamblers Assistance Fund shall be transferred to the Nebraska State Fair
27 Board if the most populous city within the county in which the fair is
28 located provides matching funds equivalent to ten percent of the funds
29 available for transfer. Such matching funds may be obtained from the city
30 and any other private or public entity, except that no portion of such
31 matching funds shall be provided by the state. If the Nebraska State Fair

1 ceases operations, ten percent of the money remaining after the payment
2 of prizes and operating expenses and the initial transfer to the
3 Compulsive Gamblers Assistance Fund shall be transferred to the General
4 Fund; and

5 (g) One percent of the money remaining after the payment of prizes
6 and operating expenses and the initial transfer to the Compulsive
7 Gamblers Assistance Fund shall be transferred to the Compulsive Gamblers
8 Assistance Fund to be used as provided in section 9-1006.

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

12 (b) For fiscal year 2013-14, the Education Innovation Fund shall be
13 allocated as follows: (i) The first one million dollars shall be
14 transferred to the Excellence in Teaching Cash Fund to fund the
15 Excellence in Teaching Act; (ii) the next allocation shall be distributed
16 to local systems as grants for approved accelerated or differentiated
17 curriculum programs for students identified as learners with high ability
18 pursuant to section 79-1108.02 in an aggregated amount up to the amount
19 distributed in the prior fiscal year for such purposes increased by the
20 basic allowable growth rate pursuant to section 79-1025; (iii) up to the
21 next one hundred sixty thousand dollars shall be used by the State
22 Department of Education to implement section 79-759; (iv) the next one
23 million seven hundred fifty thousand dollars shall be allocated to early
24 childhood education grants awarded by the department pursuant to section
25 79-1103; (v) the next one million dollars shall be transferred to the
26 Early Childhood Education Endowment Cash Fund for use pursuant to section
27 79-1104.02; (vi) the next two hundred thousand dollars shall be used to
28 provide grants to establish bridge programs pursuant to sections 79-1189
29 to 79-1195; (vii) the next ten thousand dollars shall be used to fund the
30 Interstate Compact on Educational Opportunity for Military Children;
31 (viii) the next eighty-five thousand five hundred fifty dollars shall be

1 allocated to the State Department of Education for distribution pursuant
2 to section 79-2306; and (ix) the amount remaining shall be allocated,
3 after administrative expenses, for distance education equipment and
4 incentives pursuant to sections 79-1336 and 79-1337. No funds received as
5 allocations from the Education Innovation Fund pursuant to this
6 subdivision may be obligated for payment to be made after June 30, 2016.

7 (c) For fiscal year 2014-15, the Education Innovation Fund shall be
8 allocated, after administrative expenses, as follows: (i) The first one
9 million two hundred thousand dollars shall be transferred to the
10 Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act;
11 (ii) the next allocation shall be distributed to local systems as grants
12 for approved accelerated or differentiated curriculum programs for
13 students identified as learners with high ability pursuant to section
14 79-1108.02 in an aggregated amount up to the amount distributed in the
15 prior fiscal year for such purposes increased by the basic allowable
16 growth rate pursuant to section 79-1025; (iii) the next one million eight
17 hundred fifty thousand dollars shall be allocated to early childhood
18 education grants awarded by the State Department of Education pursuant to
19 section 79-1103; (iv) the next one million dollars shall be transferred
20 to the Early Childhood Education Endowment Cash Fund for use pursuant to
21 section 79-1104.02; (v) the next two hundred thousand dollars shall be
22 used to provide grants to establish bridge programs pursuant to sections
23 79-1189 to 79-1195; (vi) the next ten thousand dollars shall be used to
24 fund the Interstate Compact on Educational Opportunity for Military
25 Children; (vii) the next two million dollars shall be allocated for
26 distance education equipment and incentives pursuant to sections 79-1336
27 and 79-1337; (viii) the next one million dollars shall be transferred to
28 the School District Reorganization Fund; (ix) up to the next one hundred
29 forty-five thousand dollars shall be used by the State Department of
30 Education to implement section 79-759; and (x) the next three hundred
31 thirty-five thousand dollars shall be allocated to local systems as

1 grants awarded by the State Department of Education to assist schools in
2 evaluating and improving career education programs to align such programs
3 with the state's economic and workforce needs. Except for funds
4 transferred to the School District Reorganization Fund, the Early
5 Childhood Education Endowment Cash Fund, or the department for early
6 childhood education grants pursuant to section 79-1103, no funds received
7 as allocations from the Education Innovation Fund pursuant to this
8 subdivision may be obligated for payment to be made after June 30, 2016,
9 and such funds received as transfers or allocations from the Education
10 Innovation Fund that have not been used for their designated purpose as
11 of such date shall be transferred to the Nebraska Education Improvement
12 Fund on or before August 1, 2016.

13 (d) For fiscal year 2015-16, the Education Innovation Fund shall be
14 allocated, after administrative expenses, as follows: (i) The first one
15 million two hundred thousand dollars shall be transferred to the
16 Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act;
17 (ii) the next allocation shall be distributed to local systems as grants
18 for approved accelerated or differentiated curriculum programs for
19 students identified as learners with high ability pursuant to section
20 79-1108.02 in an aggregated amount up to the amount distributed in the
21 prior fiscal year for such purposes increased by the basic allowable
22 growth rate pursuant to section 79-1025; (iii) the next one million nine
23 hundred fifty thousand dollars shall be allocated to early childhood
24 education grants awarded by the State Department of Education pursuant to
25 section 79-1103; (iv) the next one million dollars shall be transferred
26 to the Early Childhood Education Endowment Cash Fund for use pursuant to
27 section 79-1104.02; (v) the next ten thousand dollars shall be used to
28 fund the Interstate Compact on Educational Opportunity for Military
29 Children; (vi) the next two million five hundred thousand dollars shall
30 be allocated for distance education equipment and incentives pursuant to
31 sections 79-1336 and 79-1337; (vii) the next one million dollars shall be

1 transferred to the School District Reorganization Fund; (viii) up to the
2 next one hundred forty-five thousand dollars shall be used by the State
3 Department of Education to implement section 79-759; and (ix) of the
4 amount remaining, (A) three million dollars shall be retained in the
5 Education Innovation Fund to transfer to the Nebraska Education
6 Improvement Fund on June 30, 2016, and (B) the remaining amount shall be
7 allocated to local systems as grants awarded by the State Department of
8 Education to assist schools in evaluating and improving career education
9 programs to align such programs with the state's economic and workforce
10 needs. Except for funds transferred to the School District Reorganization
11 Fund, the Early Childhood Education Endowment Cash Fund, or the
12 department for early childhood education grants pursuant to section
13 79-1103, no funds received as allocations from the Education Innovation
14 Fund pursuant to this subdivision may be obligated for payment to be made
15 after June 30, 2016, and such funds received as transfers or allocations
16 from the Education Innovation Fund that have not been used for their
17 designated purpose as of such date shall be transferred to the Nebraska
18 Education Improvement Fund on or before August 1, 2016.

19 (e) The Education Innovation Fund terminates on June 30, 2016. Any
20 money in the fund on such date shall be transferred to the Nebraska
21 Education Improvement Fund on such date.

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

29 (6) Any money in the State Lottery Operation Trust Fund, the State
30 Lottery Operation Cash Fund, the State Lottery Prize Trust Fund, or the
31 Education Innovation Fund available for investment shall be invested by

1 the state investment officer pursuant to the Nebraska Capital Expansion
2 Act and the Nebraska State Funds Investment Act.

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

8 Sec. 2. Section 85-1920, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 85-1920 The Nebraska Opportunity Grant Fund is created. Money in the
11 fund shall include amounts transferred from the State Lottery Operation
12 Trust Fund pursuant to section 9-812 ~~until June 30, 2016~~. All amounts
13 accruing to the Nebraska Opportunity Grant Fund shall be used to carry
14 out the Nebraska Opportunity Grant Act. Any money in the fund available
15 for investment shall be invested by the state investment officer pursuant
16 to the Nebraska Capital Expansion Act and the Nebraska State Funds
17 Investment Act.

18 ~~The Nebraska Opportunity Grant Fund terminates on June 30, 2016. Any~~
19 ~~money in the fund on such date shall be transferred to the Nebraska~~
20 ~~Education Improvement Fund on such date.~~

21 Sec. 3. Original section 85-1920, Reissue Revised Statutes of
22 Nebraska, and section 9-812, Revised Statutes Cumulative Supplement,
23 2014, are repealed.