

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 520**

Introduced by Sullivan, 41.

Read first time January 21, 2015

Committee: Education

1 A BILL FOR AN ACT relating to education funding; to amend section  
2 85-1920, Reissue Revised Statutes of Nebraska, and section 9-812,  
3 Revised Statutes Cumulative Supplement, 2014; to change provisions  
4 relating to transfers to the Nebraska Opportunity Grant Fund and the  
5 Nebraska Education Improvement Fund; to provide intent; to harmonize  
6 provisions; and 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, forty-four and one-half percent of the  
7 money remaining after the payment of prizes and operating expenses and  
8 the initial transfer to the Compulsive Gamblers Assistance Fund shall be  
9 transferred to the Nebraska Education Improvement Fund;

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

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

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

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

1 of prizes and operating expenses and the initial transfer to the  
2 Compulsive Gamblers Assistance Fund shall be transferred to the General  
3 Fund; and

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

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

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

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

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

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

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

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

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

28 (a) For fiscal year 2016-17, an amount equal to eighteen and one-  
29 half percent of the money available for distribution from the State  
30 Lottery Operation Trust Fund for the prior fiscal year after the payment  
31 of prizes and operating expenses and the initial transfer to the

1 Compulsive Gamblers Assistance Fund shall be transferred from the  
2 Nebraska Education Improvement Fund to the Nebraska Opportunity Grant  
3 Fund for use in such fiscal year.

4 (b) For fiscal year 2017-18, an amount equal to twelve and one-  
5 quarter percent of the money available for distribution from the State  
6 Lottery Operation Trust Fund for the prior fiscal year after the payment  
7 of prizes and operating expenses and the initial transfer to the  
8 Compulsive Gamblers Assistance Fund shall be transferred from the  
9 Nebraska Education Improvement Fund to the Nebraska Opportunity Grant  
10 Fund for use in such fiscal year.

11 (c) For fiscal year 2018-19, an amount equal to six percent of the  
12 money available for distribution from the State Lottery Operation Trust  
13 Fund for the prior fiscal year after the payment of prizes and operating  
14 expenses and the initial transfer to the Compulsive Gamblers Assistance  
15 Fund shall be transferred from the Nebraska Education Improvement Fund to  
16 the Nebraska Opportunity Grant Fund for use in such fiscal year.

17 (6) Any money in the State Lottery Operation Trust Fund, the State  
18 Lottery Operation Cash Fund, the State Lottery Prize Trust Fund, or the  
19 Education Innovation Fund available for investment shall be invested by  
20 the state investment officer pursuant to the Nebraska Capital Expansion  
21 Act and the Nebraska State Funds Investment Act.

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

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

29 85-1920 The Nebraska Opportunity Grant Fund is created. Money in the  
30 fund shall include amounts transferred from the State Lottery Operation  
31 Trust Fund pursuant to section 9-812 until June 30, 2016. Any money in



1 the fund on such date shall be transferred to the Nebraska Education  
2 Improvement Fund on such date. Beginning July 1, 2016, through June 30,  
3 2019, money in the fund shall include amounts transferred from the  
4 Nebraska Education Improvement Fund. Except as otherwise provided in this  
5 section, all ~~All~~ amounts accruing to the Nebraska Opportunity Grant Fund  
6 shall be used to carry out the Nebraska Opportunity Grant Act. Any money  
7 in the fund available for investment shall be invested by the state  
8 investment officer pursuant to the Nebraska Capital Expansion Act and the  
9 Nebraska State Funds Investment Act.

10 It is the intent of the Legislature to provide all funding for the  
11 Nebraska Opportunity Grant Act from the General Fund beginning July 1,  
12 2019, and to replace funding from the State Lottery Operation Trust Fund  
13 with appropriations from the General Fund as transfers from the State  
14 Lottery Operation Trust Fund are decreased pursuant to section 9-812.

15 The Nebraska Opportunity Grant Fund terminates on June 30, 2019  
16 ~~2016~~. Any money in the fund on such date shall be transferred to the  
17 Nebraska Education Improvement Fund on such date.

18 Sec. 3. Original section 85-1920, Reissue Revised Statutes of  
19 Nebraska, and section 9-812, Revised Statutes Cumulative Supplement,  
20 2014, are repealed.