

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1077

Introduced by Friesen, 34.

Read first time January 17, 2018

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-3444, 79-458, 79-4,108, 79-1029, 79-1078, 79-1081, and 79-2404,
3 Reissue Revised Statutes of Nebraska, sections 70-651.04,
4 77-1736.06, 79-528, 79-1005.01, 79-1007.18, 79-1008.01, 79-1041,
5 79-2104, and 79-2111, Revised Statutes Cumulative Supplement, 2016,
6 and sections 77-3442, 79-8,142, 79-1003, 79-1015.01, and 79-1017.01,
7 Revised Statutes Supplement, 2017; to eliminate levy limits for
8 school districts; to harmonize provisions; to repeal the original
9 sections; and to outright repeal sections 79-1027.01 and 79-1082,
10 Reissue Revised Statutes of Nebraska, and sections 79-1008.02,
11 79-1073, and 79-10,126.01, Revised Statutes Cumulative Supplement,
12 2016.
13 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 70-651.04, Revised Statutes Cumulative
2 Supplement, 2016, is amended to read:

3 70-651.04 All payments which are based on retail revenue from each
4 incorporated city or village shall be divided and distributed by the
5 county treasurer to that city or village, to the school districts located
6 in that city or village, to any learning community located in that city
7 or village for payments distributed prior to September 1, 2017, and to
8 the county in which may be located any such incorporated city or village
9 in the proportion that their respective property tax levies in the
10 preceding year bore to the total of such levies, ~~except that the only~~
11 ~~learning community levies to be included are the common levies for which~~
12 ~~the proceeds are distributed to member school districts pursuant to~~
13 ~~section 79-1073.~~

14 Sec. 2. Section 77-1736.06, Revised Statutes Cumulative Supplement,
15 2016, is amended to read:

16 77-1736.06 The following procedure shall apply when making a
17 property tax refund:

18 (1) Within thirty days of the entry of a final nonappealable order,
19 an unprotested determination of a county assessor, an unappealed decision
20 of a county board of equalization, or other final action requiring a
21 refund of real or personal property taxes paid or, for property valued by
22 the state, within thirty days of a recertification of value by the
23 Property Tax Administrator pursuant to section 77-1775 or 77-1775.01, the
24 county assessor shall determine the amount of refund due the person
25 entitled to the refund, certify that amount to the county treasurer, and
26 send a copy of such certification to the person entitled to the refund.
27 Within thirty days from the date the county assessor certifies the amount
28 of the refund, the county treasurer shall notify each political
29 subdivision, including ~~any school district receiving a distribution~~
30 ~~pursuant to section 79-1073~~ and any land bank receiving real property
31 taxes pursuant to subdivision (3)(a) of section 19-5211, of its

1 respective share of the refund, except that for any political subdivision
2 whose share of the refund is two hundred dollars or less, the county
3 board may waive this notice requirement. Notification shall be by first-
4 class mail, postage prepaid, to the last-known address of record of the
5 political subdivision. The county treasurer shall pay the refund from
6 funds in his or her possession belonging to any political subdivision,
7 including ~~any school district receiving a distribution pursuant to~~
8 ~~section 79-1073~~ and any land bank receiving real property taxes pursuant
9 to subdivision (3)(a) of section 19-5211, which received any part of the
10 tax or penalty being refunded. If sufficient funds are not available or
11 the political subdivision, within thirty days of the mailing of the
12 notice by the county treasurer if applicable, certifies to the county
13 treasurer that a hardship would result and create a serious interference
14 with its governmental functions if the refund of the tax or penalty is
15 paid, the county treasurer shall register the refund or portion thereof
16 which remains unpaid as a claim against such political subdivision and
17 shall issue the person entitled to the refund a receipt for the
18 registration of the claim. The certification by a political subdivision
19 declaring a hardship shall be binding upon the county treasurer;

20 (2) The refund of a tax or penalty or the receipt for the
21 registration of a claim made or issued pursuant to this section shall be
22 satisfied in full as soon as practicable and in no event later than five
23 years from the date the final order or other action approving a refund is
24 entered. The governing body of the political subdivision shall make
25 provisions in its budget for the amount of any refund or claim to be
26 satisfied pursuant to this section. If a receipt for the registration of
27 a claim is given:

28 (a) Such receipt shall be applied to satisfy any tax levied or
29 assessed by that political subdivision next falling due from the person
30 holding the receipt after the sixth next succeeding levy is made on
31 behalf of the political subdivision following the final order or other

1 action approving the refund; and

2 (b) To the extent the amount of such receipt exceeds the amount of
3 such tax liability, the unsatisfied balance of the receipt shall be paid
4 and satisfied within the five-year period prescribed in this subdivision
5 from a combination of a credit against taxes anticipated to be due to the
6 political subdivision during such period and cash payment from any funds
7 expected to accrue to the political subdivision pursuant to a written
8 plan to be filed by the political subdivision with the county treasurer
9 no later than thirty days after the claim against the political
10 subdivision is first reduced by operation of a credit against taxes due
11 to such political subdivision.

12 If a political subdivision fails to fully satisfy the refund or
13 claim prior to the sixth next succeeding levy following the entry of a
14 final nonappealable order or other action approving a refund, interest
15 shall accrue on the unpaid balance commencing on the sixth next
16 succeeding levy following such entry or action at the rate set forth in
17 section 45-103;

18 (3) The county treasurer shall mail the refund or the receipt by
19 first-class mail, postage prepaid, to the last-known address of the
20 person entitled thereto. Multiple refunds to the same person may be
21 combined into one refund or credit. If a refund is not claimed by June 1
22 of the year following the year of mailing, the refund shall be canceled
23 and the resultant amount credited to the various funds originally
24 charged;

25 (4) When the refund involves property valued by the state, the Tax
26 Commissioner shall be authorized to negotiate a settlement of the amount
27 of the refund or claim due pursuant to this section on behalf of the
28 political subdivision from which such refund or claim is due. Any
29 political subdivision which does not agree with the settlement terms as
30 negotiated may reject such terms, and the refund or claim due from the
31 political subdivision then shall be satisfied as set forth in this

1 section as if no such negotiation had occurred;

2 (5) In the event that the Legislature appropriates state funds to be
3 disbursed for the purposes of satisfying all or any portion of any refund
4 or claim, the Tax Commissioner shall order the county treasurer to
5 disburse such refund amounts directly to the persons entitled to the
6 refund in partial or total satisfaction of such persons' claims. The
7 county treasurer shall disburse such amounts within forty-five days after
8 receipt thereof; and

9 (6) If all or any portion of the refund is reduced by way of
10 settlement or forgiveness by the person entitled to the refund, the
11 proportionate amount of the refund that was paid by an appropriation of
12 state funds shall be reimbursed by the county treasurer to the State
13 Treasurer within forty-five days after receipt of the settlement
14 agreement or receipt of the forgiven refund. The amount so reimbursed
15 shall be credited to the General Fund.

16 Sec. 3. Section 77-3442, Revised Statutes Supplement, 2017, is
17 amended to read:

18 77-3442 (1) Property tax levies for the support of a political
19 subdivision, except a school district local governments for fiscal years
20 beginning on or after July 1, 1998, shall be limited to the amounts set
21 forth in this section except as provided in section 77-3444.

22 ~~(2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this~~
23 ~~section, school districts and multiple district school systems may levy a~~
24 ~~maximum levy of one dollar and five cents per one hundred dollars of~~
25 ~~taxable valuation of property subject to the levy.~~

26 ~~(b) For each fiscal year prior to fiscal year 2017-18, learning~~
27 ~~communities may levy a maximum levy for the general fund budgets of~~
28 ~~member school districts of ninety-five cents per one hundred dollars of~~
29 ~~taxable valuation of property subject to the levy. The proceeds from the~~
30 ~~levy pursuant to this subdivision shall be distributed pursuant to~~
31 ~~section 79-1073.~~

1 ~~(c) Except as provided in subdivision (2)(e) of this section, for~~
2 ~~each fiscal year prior to fiscal year 2017-18, school districts that are~~
3 ~~members of learning communities may levy for purposes of such districts'~~
4 ~~general fund budget and special building funds a maximum combined levy of~~
5 ~~the difference of one dollar and five cents on each one hundred dollars~~
6 ~~of taxable property subject to the levy minus the learning community levy~~
7 ~~pursuant to subdivision (2)(b) of this section for such learning~~
8 ~~community.~~

9 ~~(d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)~~
10 ~~of this section are (i) amounts levied to pay for current and future sums~~
11 ~~agreed to be paid by a school district to certificated employees in~~
12 ~~exchange for a voluntary termination of employment occurring prior to~~
13 ~~September 1, 2017, (ii) amounts levied by a school district otherwise at~~
14 ~~the maximum levy pursuant to subdivision (2)(a) of this section to pay~~
15 ~~for current and future qualified voluntary termination incentives for~~
16 ~~certificated teachers pursuant to subsection (3) of section 79-8,142 that~~
17 ~~are not otherwise included in an exclusion pursuant to subdivision (2)(d)~~
18 ~~of this section, (iii) amounts levied by a school district otherwise at~~
19 ~~the maximum levy pursuant to subdivision (2)(a) of this section to pay~~
20 ~~for seventy five percent of the current and future sums agreed to be paid~~
21 ~~to certificated employees in exchange for a voluntary termination of~~
22 ~~employment occurring between September 1, 2017, and August 31, 2018, as a~~
23 ~~result of a collective bargaining agreement in force and effect on~~
24 ~~September 1, 2017, that are not otherwise included in an exclusion~~
25 ~~pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a~~
26 ~~school district otherwise at the maximum levy pursuant to subdivision (2)~~
27 ~~(a) of this section to pay for fifty percent of the current and future~~
28 ~~sums agreed to be paid to certificated employees in exchange for a~~
29 ~~voluntary termination of employment occurring between September 1, 2018,~~
30 ~~and August 31, 2019, as a result of a collective-bargaining agreement in~~
31 ~~force and effect on September 1, 2017, that are not otherwise included in~~

1 ~~an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts~~
2 ~~levied by a school district otherwise at the maximum levy pursuant to~~
3 ~~subdivision (2)(a) of this section to pay for twenty-five percent of the~~
4 ~~current and future sums agreed to be paid to certificated employees in~~
5 ~~exchange for a voluntary termination of employment occurring between~~
6 ~~September 1, 2019, and August 31, 2020, as a result of a collective-~~
7 ~~bargaining agreement in force and effect on September 1, 2017, that are~~
8 ~~not otherwise included in an exclusion pursuant to subdivision (2)(d) of~~
9 ~~this section, (vi) amounts levied in compliance with sections 79-10,110~~
10 ~~and 79-10,110.02, and (vii) amounts levied to pay for special building~~
11 ~~funds and sinking funds established for projects commenced prior to April~~
12 ~~1, 1996, for construction, expansion, or alteration of school district~~
13 ~~buildings. For purposes of this subsection, commenced means any action~~
14 ~~taken by the school board on the record which commits the board to expend~~
15 ~~district funds in planning, constructing, or carrying out the project.~~

16 ~~(e) Federal aid school districts may exceed the maximum levy~~
17 ~~prescribed by subdivision (2)(a) or (2)(c) of this section only to the~~
18 ~~extent necessary to qualify to receive federal aid pursuant to Title VIII~~
19 ~~of Public Law 103-382, as such title existed on September 1, 2001. For~~
20 ~~purposes of this subdivision, federal aid school district means any~~
21 ~~school district which receives ten percent or more of the revenue for its~~
22 ~~general fund budget from federal government sources pursuant to Title~~
23 ~~VIII of Public Law 103-382, as such title existed on September 1, 2001.~~

24 ~~(2)(a) (f) For each fiscal year, learning communities may levy a~~
25 ~~maximum levy of one-half cent on each one hundred dollars of taxable~~
26 ~~property subject to the levy for elementary learning center facility~~
27 ~~leases, for remodeling of leased elementary learning center facilities,~~
28 ~~and for up to fifty percent of the estimated cost for focus school or~~
29 ~~program capital projects approved by the learning community coordinating~~
30 ~~council pursuant to section 79-2111.~~

31 ~~(b) (g) For each fiscal year, learning communities may levy a~~

1 maximum levy of one and one-half cents on each one hundred dollars of
2 taxable property subject to the levy for early childhood education
3 programs for children in poverty, for elementary learning center
4 employees, for contracts with other entities or individuals who are not
5 employees of the learning community for elementary learning center
6 programs and services, and for pilot projects, except that no more than
7 ten percent of such levy may be used for elementary learning center
8 employees.

9 (3) For each fiscal year, community college areas may levy the
10 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in
11 accordance with the provisions of such subdivisions. A community college
12 area may exceed the levy provided in subdivision (2)(b) of section
13 85-1517 by the amount necessary to retire general obligation bonds
14 assumed by the community college area or issued pursuant to section
15 85-1515 according to the terms of such bonds or for any obligation
16 pursuant to section 85-1535 entered into prior to January 1, 1997.

17 (4)(a) Natural resources districts may levy a maximum levy of four
18 and one-half cents per one hundred dollars of taxable valuation of
19 property subject to the levy.

20 (b) Natural resources districts shall also have the power and
21 authority to levy a tax equal to the dollar amount by which their
22 restricted funds budgeted to administer and implement ground water
23 management activities and integrated management activities under the
24 Nebraska Ground Water Management and Protection Act exceed their
25 restricted funds budgeted to administer and implement ground water
26 management activities and integrated management activities for FY2003-04,
27 not to exceed one cent on each one hundred dollars of taxable valuation
28 annually on all of the taxable property within the district.

29 (c) In addition, natural resources districts located in a river
30 basin, subbasin, or reach that has been determined to be fully
31 appropriated pursuant to section 46-714 or designated as overappropriated

1 pursuant to section 46-713 by the Department of Natural Resources shall
2 also have the power and authority to levy a tax equal to the dollar
3 amount by which their restricted funds budgeted to administer and
4 implement ground water management activities and integrated management
5 activities under the Nebraska Ground Water Management and Protection Act
6 exceed their restricted funds budgeted to administer and implement ground
7 water management activities and integrated management activities for
8 FY2005-06, not to exceed three cents on each one hundred dollars of
9 taxable valuation on all of the taxable property within the district for
10 fiscal year 2006-07 and each fiscal year thereafter through fiscal year
11 2017-18.

12 (5) Any educational service unit authorized to levy a property tax
13 pursuant to section 79-1225 may levy a maximum levy of one and one-half
14 cents per one hundred dollars of taxable valuation of property subject to
15 the levy.

16 (6)(a) Incorporated cities and villages which are not within the
17 boundaries of a municipal county may levy a maximum levy of forty-five
18 cents per one hundred dollars of taxable valuation of property subject to
19 the levy plus an additional five cents per one hundred dollars of taxable
20 valuation to provide financing for the municipality's share of revenue
21 required under an agreement or agreements executed pursuant to the
22 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum
23 levy shall include amounts levied to pay for sums to support a library
24 pursuant to section 51-201, museum pursuant to section 51-501, visiting
25 community nurse, home health nurse, or home health agency pursuant to
26 section 71-1637, or statue, memorial, or monument pursuant to section
27 80-202.

28 (b) Incorporated cities and villages which are within the boundaries
29 of a municipal county may levy a maximum levy of ninety cents per one
30 hundred dollars of taxable valuation of property subject to the levy. The
31 maximum levy shall include amounts paid to a municipal county for county

1 services, amounts levied to pay for sums to support a library pursuant to
2 section 51-201, a museum pursuant to section 51-501, a visiting community
3 nurse, home health nurse, or home health agency pursuant to section
4 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

5 (7) Sanitary and improvement districts which have been in existence
6 for more than five years may levy a maximum levy of forty cents per one
7 hundred dollars of taxable valuation of property subject to the levy, and
8 sanitary and improvement districts which have been in existence for five
9 years or less shall not have a maximum levy. Unconsolidated sanitary and
10 improvement districts which have been in existence for more than five
11 years and are located in a municipal county may levy a maximum of eighty-
12 five cents per hundred dollars of taxable valuation of property subject
13 to the levy.

14 (8) Counties may levy or authorize a maximum levy of fifty cents per
15 one hundred dollars of taxable valuation of property subject to the levy,
16 except that five cents per one hundred dollars of taxable valuation of
17 property subject to the levy may only be levied to provide financing for
18 the county's share of revenue required under an agreement or agreements
19 executed pursuant to the Interlocal Cooperation Act or the Joint Public
20 Agency Act. The maximum levy shall include amounts levied to pay for sums
21 to support a library pursuant to section 51-201 or museum pursuant to
22 section 51-501. The county may allocate up to fifteen cents of its
23 authority to other political subdivisions subject to allocation of
24 property tax authority under subsection (1) of section 77-3443 and not
25 specifically covered in this section to levy taxes as authorized by law
26 which do not collectively exceed fifteen cents per one hundred dollars of
27 taxable valuation on any parcel or item of taxable property. The county
28 may allocate to one or more other political subdivisions subject to
29 allocation of property tax authority by the county under subsection (1)
30 of section 77-3443 some or all of the county's five cents per one hundred
31 dollars of valuation authorized for support of an agreement or agreements

1 to be levied by the political subdivision for the purpose of supporting
2 that political subdivision's share of revenue required under an agreement
3 or agreements executed pursuant to the Interlocal Cooperation Act or the
4 Joint Public Agency Act. If an allocation by a county would cause another
5 county to exceed its levy authority under this section, the second county
6 may exceed the levy authority in order to levy the amount allocated.

7 (9) Municipal counties may levy or authorize a maximum levy of one
8 dollar per one hundred dollars of taxable valuation of property subject
9 to the levy. The municipal county may allocate levy authority to any
10 political subdivision or entity subject to allocation under section
11 77-3443.

12 (10) Beginning July 1, 2016, rural and suburban fire protection
13 districts may levy a maximum levy of ten and one-half cents per one
14 hundred dollars of taxable valuation of property subject to the levy if
15 (a) such district is located in a county that had a levy pursuant to
16 subsection (8) of this section in the previous year of at least forty
17 cents per one hundred dollars of taxable valuation of property subject to
18 the levy or (b) for any rural or suburban fire protection district that
19 had a levy request pursuant to section 77-3443 in the previous year, the
20 county board of the county in which the greatest portion of the valuation
21 of such district is located did not authorize any levy authority to such
22 district in the previous year.

23 (11) Property tax levies (a) for judgments, except judgments or
24 orders from the Commission of Industrial Relations, obtained against a
25 political subdivision which require or obligate a political subdivision
26 to pay such judgment, to the extent such judgment is not paid by
27 liability insurance coverage of a political subdivision, (b) for
28 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)
29 for bonds as defined in section 10-134 approved according to law and
30 secured by a levy on property except as provided in section 44-4317 for
31 bonded indebtedness issued by educational service units and school

1 districts, and (d) for payments by a public airport to retire interest-
2 free loans from the Division of Aeronautics of the Department of
3 Transportation in lieu of bonded indebtedness at a lower cost to the
4 public airport are not included in the levy limits established by this
5 section.

6 (12) The limitations on tax levies provided in this section are to
7 include all other general or special levies provided by law for any
8 political subdivision, except a school district. Notwithstanding other
9 provisions of law, the only exceptions to the limits in this section for
10 any political subdivision, except a school district, are those provided
11 by or authorized by sections 77-3442 to 77-3444.

12 (13) Tax levies in excess of the limitations in this section shall
13 be considered unauthorized levies under section 77-1606 unless approved
14 under section 77-3444.

15 (14) For purposes of sections 77-3442 to 77-3444, political
16 subdivision means a political subdivision of this state or ~~and~~ a county
17 agricultural society.

18 ~~(15) For school districts that file a binding resolution on or~~
19 ~~before May 9, 2008, with the county assessors, county clerks, and county~~
20 ~~treasurers for all counties in which the school district has territory~~
21 ~~pursuant to subsection (7) of section 79-458, if the combined levies,~~
22 ~~except levies for bonded indebtedness approved by the voters of the~~
23 ~~school district and levies for the refinancing of such bonded~~
24 ~~indebtedness, are in excess of the greater of (a) one dollar and twenty~~
25 ~~cents per one hundred dollars of taxable valuation of property subject to~~
26 ~~the levy or (b) the maximum levy authorized by a vote pursuant to section~~
27 ~~77-3444, all school district levies, except levies for bonded~~
28 ~~indebtedness approved by the voters of the school district and levies for~~
29 ~~the refinancing of such bonded indebtedness, shall be considered~~
30 ~~unauthorized levies under section 77-1606.~~

31 Sec. 4. Section 77-3444, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-3444 (1) A political subdivision, other than a ~~Class I~~ school
3 district, may exceed the limits provided in section 77-3442 or a final
4 levy allocation determination as provided in section 77-3443 by an amount
5 not to exceed a maximum levy approved by a majority of registered voters
6 voting on the issue in a primary, general, or special election at which
7 the issue is placed before the registered voters. A vote to exceed the
8 limits provided in section 77-3442 or a final levy allocation as provided
9 in section 77-3443 must be approved prior to October 10 of the fiscal
10 year which is to be the first to exceed the limits or final levy
11 allocation. The governing body of the political subdivision, other than a
12 school district, may call for the submission of the issue to the voters
13 (a) by passing a resolution calling for exceeding the limits or final
14 levy allocation by a vote of at least two-thirds of the members of the
15 governing body and delivering a copy of the resolution to the county
16 clerk or election commissioner of every county which contains all or part
17 of the political subdivision or (b) upon receipt of a petition by the
18 county clerk or election commissioner of every county containing all or
19 part of the political subdivision requesting an election signed by at
20 least five percent of the registered voters residing in the political
21 subdivision. The resolution or petition shall include the amount of levy
22 which would be imposed in excess of the limits provided in section
23 77-3442 or the final levy allocation as provided in section 77-3443 and
24 the duration of the excess levy authority. The excess levy authority
25 shall not have a duration greater than five years. Any resolution or
26 petition calling for a special election shall be filed with the county
27 clerk or election commissioner no later than thirty days prior to the
28 date of the election, and the time of publication and providing a copy of
29 the notice of election required in section 32-802 shall be no later than
30 twenty days prior to the election. The county clerk or election
31 commissioner shall place the issue on the ballot at an election as called

1 for in the resolution or petition which is at least thirty days after
2 receipt of the resolution or petition. The election shall be held
3 pursuant to the Election Act. For petitions filed with the county clerk
4 or election commissioner on or after May 1, 1998, the petition shall be
5 in the form as provided in sections 32-628 to 32-631. Any excess levy
6 authority approved under this section shall terminate pursuant to its
7 terms, on a vote of the governing body of the political subdivision to
8 terminate the authority to levy more than the limits, at the end of the
9 fourth fiscal year following the first year in which the levy exceeded
10 the limit or the final levy allocation, or as provided in subsection (4)
11 of this section, whichever is earliest. A governing body may pass no more
12 than one resolution calling for an election pursuant to this section
13 during any one calendar year. Only one election may be held in any one
14 calendar year pursuant to a petition initiated under this section.

15 (2) The ballot question may include any terms and conditions set
16 forth in the resolution or petition and shall include the following:
17 "Shall (name of political subdivision) be allowed to levy a property tax
18 not to exceed cents per one hundred dollars of taxable
19 valuation in excess of the limits prescribed by law until fiscal
20 year for the purposes of (general operations; building
21 construction, remodeling, or site acquisition; or both general operations
22 and building construction, remodeling, or site acquisition)?" If a
23 majority of the votes cast upon the ballot question are in favor of such
24 tax, the county board shall authorize a tax in excess of the limits in
25 section 77-3442 or the final levy allocation in section 77-3443 but such
26 tax shall not exceed the amount stated in the ballot question. If a
27 majority of those voting on the ballot question are opposed to such tax,
28 the governing body of the political subdivision shall not impose such
29 tax.

30 (3) In lieu of the election procedures in subsection (1) of this
31 section, any political subdivision subject to section 77-3443, ~~other than~~

1 a ~~Class I school district~~, and villages may approve a levy in excess of
2 the limits in section 77-3442 or the final levy allocation provided in
3 section 77-3443 for a period of one year at a meeting of the residents of
4 the political subdivision or village, called after notice is published in
5 a newspaper of general circulation in the political subdivision or
6 village at least twenty days prior to the meeting. At least ten percent
7 of the registered voters residing in the political subdivision or village
8 shall constitute a quorum for purposes of taking action to exceed the
9 limits or final levy allocation. A record shall be made of the registered
10 voters residing in the political subdivision or village who are present
11 at the meeting. The method of voting at the meeting shall protect the
12 secrecy of the ballot. If a majority of the registered voters present at
13 the meeting vote in favor of exceeding the limits or final levy
14 allocation, a copy of the record of that action shall be forwarded to the
15 county board prior to October 10 and the county board shall authorize a
16 levy as approved by the residents for the year. If a majority of the
17 registered voters present at the meeting vote against exceeding the
18 limits or final allocation, the limit or allocation shall not be exceeded
19 and the political subdivision shall have no power to call for an election
20 under subsection (1) of this section.

21 (4) A political subdivision, other than a ~~Class I~~ school district,
22 may rescind or modify a previously approved excess levy authority prior
23 to its expiration by a majority of registered voters voting on the issue
24 in a primary, general, or special election at which the issue is placed
25 before the registered voters. A vote to rescind or modify must be
26 approved prior to October 10 of the fiscal year for which it is to be
27 effective. The governing body of the political subdivision may call for
28 the submission of the issue to the voters (a) by passing a resolution
29 calling for the rescission or modification by a vote of at least two-
30 thirds of the members of the governing body and delivering a copy of the
31 resolution to the county clerk or election commissioner of every county

1 which contains all or part of the political subdivision or (b) upon
2 receipt of a petition by the county clerk or election commissioner of
3 every county containing all or part of the political subdivision
4 requesting an election signed by at least five percent of the registered
5 voters residing in the political subdivision. The resolution or petition
6 shall include the amount and the duration of the previously approved
7 excess levy authority and a statement that either such excess levy
8 authority will be rescinded or such excess levy authority will be
9 modified. If the excess levy authority will be modified, the amount and
10 duration of such modification shall be stated. The modification shall not
11 have a duration greater than five years. The county clerk or election
12 commissioner shall place the issue on the ballot at an election as called
13 for in the resolution or petition which is at least thirty days after
14 receipt of the resolution or petition, and the time of publication and
15 providing a copy of the notice of election required in section 32-802
16 shall be no later than twenty days prior to the election. The election
17 shall be held pursuant to the Election Act.

18 (5) For purposes of this section, when the political subdivision is
19 a sanitary and improvement district, registered voter means a person
20 qualified to vote as provided in section 31-735. Any election conducted
21 under this section for a sanitary and improvement district shall be
22 conducted and counted as provided in sections 31-735 to 31-735.06.

23 ~~(6) For purposes of this section, when the political subdivision is~~
24 ~~a school district or a multiple-district school system, registered voter~~
25 ~~includes both (a) persons qualified to vote for the members of the school~~
26 ~~board of the school district which is voting to exceed the maximum levy~~
27 ~~limits pursuant to this section and (b) persons in those portions of any~~
28 ~~Class I district which are affiliated with or a part of the school~~
29 ~~district which is voting pursuant to this section, if such voter is also~~
30 ~~qualified to vote for the school board of the affected Class I school~~
31 ~~district.~~

1 Sec. 5. Section 79-458, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-458 (1) Any freeholder or freeholders, person in possession or
4 constructive possession as vendee pursuant to a contract of sale of the
5 fee, holder of a school land lease under section 72-232, or entrant upon
6 government land who has not yet received a patent therefor may file a
7 petition on or before June 1 for all other years with a board consisting
8 of the county assessor, county clerk, and county treasurer, asking to
9 have any tract or tracts of land described in the petition set off from
10 an existing school district in which the land is situated and attached to
11 a different school district which is contiguous to such tract or tracts
12 of land if:

13 (a)(i) The school district in which the land is situated is a Class
14 II or III school district which has had an average daily membership in
15 grades nine through twelve of less than sixty for the two consecutive
16 school fiscal years immediately preceding the filing of the petition;

17 (ii) Such Class II or III school district has a levy in excess of
18 one dollars and five cents per one hundred dollars of taxable evaluation
19 ~~voted pursuant to section 77-3444 to exceed the maximum levy established~~
20 ~~pursuant to subdivision (2)(a) of section 77-3442, which vote is~~
21 effective for the school fiscal year in which the petition is filed ~~or~~
22 ~~for the following school fiscal year;~~

23 (iii) The high school in such Class II or III school district is
24 within fifteen miles on a maintained public highway or maintained public
25 road of another public high school; and

26 (iv) Neither school district is a member of a learning community; or

27 (b) ~~The~~ Except as provided in subsection (7) of this section, the
28 school district in which the land is situated, regardless of the class of
29 school district, has approved a budget for the school fiscal year in
30 which the petition is filed that will cause the combined levies for such
31 school fiscal year, except levies for bonded indebtedness approved by the

1 voters of such school district and levies for the refinancing of such
2 bonded indebtedness, to exceed ~~the greater of (i)~~ one dollar and twenty
3 cents per one hundred dollars of taxable valuation of property subject to
4 the levy ~~or (ii) the maximum levy authorized by a vote pursuant to~~
5 ~~section 77-3444.~~

6 For purposes of determining whether a tract of land is contiguous,
7 all petitions currently being considered by the board shall be considered
8 together as a whole.

9 (2) The petition shall state the reasons for the proposed change and
10 shall show with reference to the land of each petitioner: (a) That (i)
11 the land described in the petition is either owned by the petitioner or
12 petitioners or that he, she, or they hold a school land lease under
13 section 72-232, are in possession or constructive possession as vendee
14 under a contract of sale of the fee simple interest, or have made an
15 entry on government land but have not yet received a patent therefor and
16 (ii) such tract of land includes all such contiguous land owned or
17 controlled by each petitioner; (b) that the conditions of subdivision (1)
18 (a) or (1)(b) of this section have been met; and (c) that such petition
19 is approved by a majority of the members of the school board of the
20 district to which such land is sought to be attached.

21 (3) The petition shall be verified by the oath of each petitioner.
22 Notice of the filing of the petition and of the hearing on such petition
23 before the board constituted as prescribed in subsection (1) or (4) of
24 this section shall be given at least ten days prior to the date of such
25 hearing by one publication in a legal newspaper of general circulation in
26 each district and by posting a notice on the outer door of the
27 schoolhouse in each district affected thereby, and such notice shall
28 designate the territory to be transferred. Following the filing of a
29 petition pursuant to this section, such board shall hold a public hearing
30 on the petition and shall approve or disapprove the petition on or before
31 July 15 following the filing of the petition based on a determination of

1 whether the petitioner has complied with all requirements of this
2 section. If such board approves the petition, such board shall change the
3 boundaries of the school districts so as to set off the land described in
4 the petition and attach it to such district pursuant to the petition with
5 an effective date of August 15 following the filing of the petition,
6 which actions shall cause such transfer to be in effect for levies set
7 for the year in which such transfer takes effect.

8 (4) Petitions requesting transfers of property across county lines
9 shall be addressed jointly to the county clerks of the counties
10 concerned, and the petitions shall be acted upon by the county assessors,
11 county clerks, and county treasurers of the counties involved as one
12 board, with the county clerk of the county from which the land is sought
13 to be transferred acting as chairperson of the board.

14 (5) Appeals may be taken from the action of such board or, when such
15 board fails to act on the petition, on or before August 1 following the
16 filing of the petition, to the district court of the county in which the
17 land is located on or before August 10 following the filing of the
18 petition, in the same manner as appeals are now taken from the action of
19 the county board in the allowance or disallowance of claims against the
20 county. If an appeal is taken from the action of the board approving the
21 petition or failing to act on the petition, the transfer shall occur
22 effective August 15 following the filing of the petition, which actions
23 shall cause such transfer to be in effect for levies set for the year in
24 which such transfer takes effect, unless action by the district court
25 prevents such transfer.

26 (6) This section does not apply to any school district located on an
27 Indian reservation and substantially or totally financed by the federal
28 government.

29 ~~(7) For school districts that have approved a budget for school~~
30 ~~fiscal year 2007-08 that will cause the combined levies, except levies~~
31 ~~for bonded indebtedness approved by the voters of the school district and~~

1 ~~levies for the refinancing of such bonded indebtedness, to exceed the~~
2 ~~greater of (a) one dollar and twenty cents per one hundred dollars of~~
3 ~~taxable valuation of property subject to the levy or (b) the maximum levy~~
4 ~~authorized by a vote pursuant to section 77-3444, the school boards of~~
5 ~~such school districts may adopt a binding resolution stating that the~~
6 ~~combined levies, except levies for bonded indebtedness approved by the~~
7 ~~voters of the school district and levies for the refinancing of such~~
8 ~~bonded indebtedness, for school fiscal year 2008-09 shall not exceed the~~
9 ~~greater of (i) one dollar and twenty cents per one hundred dollars of~~
10 ~~taxable valuation of property subject to the levy or (ii) the maximum~~
11 ~~levy authorized by a vote pursuant to section 77-3444. On or before May~~
12 ~~9, 2008, such binding resolutions shall be filed with the Auditor of~~
13 ~~Public Accounts and the county assessors, county clerks, and county~~
14 ~~treasurers for all counties in which the school district has territory.~~
15 ~~If such binding resolution is filed on or before May 9, 2008, land shall~~
16 ~~not be set off and attached to another district pursuant to subdivision~~
17 ~~(2)(b) of this section in 2008.~~

18 ~~(7) (8)~~ Nothing in this section shall be construed to detach
19 obligations for voter-approved bonds from any tract of land.

20 Sec. 6. Section 79-4,108, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 79-4,108 (1) Unified system means two or more Class II or III school
23 districts participating in an interlocal agreement under the Interlocal
24 Cooperation Act with approval from the State Committee for the
25 Reorganization of School Districts. The interlocal agreement may include
26 Class I districts if the entire valuation is included in the unified
27 system. The interlocal agreement shall provide:

28 (a) For a minimum term of three school years;

29 (b) That all property tax and state aid resources shall be shared by
30 the unified system;

31 (c) That a board composed of school board members, with at least one

1 school board member from each district, shall determine the general fund
2 levy, ~~within the limitations placed on school districts and multiple-~~
3 ~~district school systems pursuant to section 77-3442,~~ to be applied in all
4 participating districts and shall determine the distribution of property
5 tax and state aid resources within the unified system. ~~For purposes of~~
6 ~~section 77-3442, the multiple-district school system shall include all of~~
7 ~~the Class I, II, and III districts participating in the unified system~~
8 ~~and the Class I districts or portions thereof affiliated with any of the~~
9 ~~participating Class II and III districts;~~

10 (d) That certificated staff will be employees of the unified system.
11 For any certificated staff employed by the unified system, tenure and
12 seniority as of the effective date of the interlocal agreement shall be
13 transferred to the unified system and tenure and seniority provisions
14 shall continue in the unified system except as provided in sections
15 79-850 to 79-858. If a district withdraws from the unified system or if
16 the interlocal agreement expires and is not renewed, certificated staff
17 employed by a participating district immediately prior to the unification
18 shall be reemployed by the original district and tenure and seniority as
19 of the effective date of the withdrawal or expiration shall be
20 transferred to the original district. The certificated staff hired by the
21 unified system but not employed by a participating district immediately
22 prior to the unification shall be subject to the reduction-in-force
23 policy of the unified system;

24 (e) That the participating districts shall pay obligations of the
25 unified system pursuant to sections 79-850 to 79-858 on a pro rata basis
26 based on the adjusted valuations if a district withdraws from the unified
27 system or if the interlocal agreement expires and is not renewed; and

28 (f) The permissible method or methods for accomplishing the partial
29 or complete termination of the interlocal agreement and for disposing of
30 assets and liabilities upon such partial or complete termination.

31 Additional provisions in the interlocal agreement shall be

1 determined by the participating districts and shall encourage cooperation
2 within the unified system.

3 (2) Application for unification shall be made to the state
4 committee. The application shall contain a copy of the interlocal
5 agreement signed by the president of each participating school board. The
6 state committee shall approve or disapprove applications for unification
7 within forty days after receipt of the application. If the interlocal
8 agreement complies with subsection (1) of this section and all school
9 boards of the participating districts have approved the interlocal
10 agreement, the state committee shall approve the application. Unification
11 agreements shall be effective on June 1 following approval from the state
12 committee for status as a unified system or on the date specified in the
13 interlocal agreement, except that the date shall be on or after June 1
14 and on or before September 1 for a specified year. The board established
15 in the interlocal agreement may begin meeting any time after the
16 application has been approved by the state committee.

17 (3) Upon granting the application for unification, the State
18 Department of Education shall recognize the unified system as a single
19 Class II or III district for state aid, budgeting, accreditation,
20 enrollment of students, state programs, and reporting. Except as
21 otherwise required by the department, the unified system shall submit a
22 single report document for each of the reports required of school
23 districts pursuant to Chapter 79 and shall submit a single budget
24 document pursuant to the Nebraska Budget Act and sections 13-518 to
25 13-522. The class of district shall be the same as the majority of
26 participating districts, excluding Class I districts. If there are an
27 equal number of Class II and Class III districts in the unified system,
28 the unified system shall be recognized by the department as a Class III
29 district.

30 (4) The school districts participating in a unified system shall
31 retain their separate identities for all purposes except those specified

1 in this section, and participation in a unified system shall not be
2 considered a reorganization.

3 Sec. 7. Section 79-528, Revised Statutes Cumulative Supplement,
4 2016, is amended to read:

5 79-528 (1)(a) On or before July 20 in all school districts, the
6 superintendent shall file with the State Department of Education a report
7 showing the number of children from five through eighteen years of age
8 belonging to the school district according to the census taken as
9 provided in sections 79-524 and 79-578. On or before August 31, the
10 department shall issue to each learning community coordinating council a
11 report showing the number of children from five through eighteen years of
12 age belonging to the learning community based on the member school
13 districts according to the school district reports filed with the
14 department.

15 (b) Each Class I school district which is part of a Class VI school
16 district offering instruction (i) in grades kindergarten through five
17 shall report children from five through ten years of age, (ii) in grades
18 kindergarten through six shall report children from five through eleven
19 years of age, and (iii) in grades kindergarten through eight shall report
20 children from five through thirteen years of age.

21 (c) Each Class VI school district offering instruction (i) in grades
22 six through twelve shall report children who are eleven through eighteen
23 years of age, (ii) in grades seven through twelve shall report children
24 who are twelve through eighteen years of age, and (iii) in grades nine
25 through twelve children who are fourteen through eighteen years of age.

26 (d) Each Class I district which has affiliated in whole or in part
27 shall report children from five through thirteen years of age.

28 (e) Each Class II, III, IV, or V district shall report children who
29 are fourteen through eighteen years of age residing in Class I districts
30 or portions thereof which have affiliated with such district.

31 (f) The board of any district neglecting to take and report the

1 enumeration shall be liable to the school district for all school money
2 which such district may lose by such neglect.

3 (2) On or before June 30 the superintendent of each school district
4 shall file with the Commissioner of Education a report described as an
5 end-of-the-school-year annual statistical summary showing (a) the number
6 of children attending school during the year under five years of age, (b)
7 the length of time the school has been taught during the year by a
8 qualified teacher, (c) the length of time taught by each substitute
9 teacher, and (d) such other information as the Commissioner of Education
10 directs. On or before July 31, the commissioner shall issue to each
11 learning community coordinating council an end-of-the-school-year annual
12 statistical summary for the learning community based on the member school
13 districts according to the school district reports filed with the
14 commissioner.

15 (3)(a) On or before November 1 the superintendent of each school
16 district shall submit to the Commissioner of Education a report described
17 as the annual financial report showing (i) the amount of money received
18 from all sources during the year and the amount of money expended by the
19 school district during the year, (ii) the amount of bonded indebtedness,
20 (iii) such other information as shall be necessary to fulfill the
21 requirements of the Tax Equity and Educational Opportunities Support Act
22 and section 79-1114, and (iv) such other information as the Commissioner
23 of Education directs.

24 (b) On or before December 15, the commissioner shall issue to each
25 learning community coordinating council an annual financial report for
26 the learning community based on the member school districts according to
27 the annual financial reports filed with the commissioner, showing (i) the
28 aggregate amount of money received from all sources during the year for
29 all member school districts and the aggregate amount of money expended by
30 member school districts during the year, (ii) the aggregate amount of
31 bonded indebtedness for all member school districts, (iii) such other

1 aggregate information as shall be necessary to fulfill the requirements
2 of the Tax Equity and Educational Opportunities Support Act and section
3 79-1114 for all member school districts, and (iv) such other aggregate
4 information as the Commissioner of Education directs for all member
5 school districts.

6 (4)(a) On or before October 15 of each year, the superintendent of
7 each school district shall file with the commissioner the fall school
8 district membership report, which report shall include the number of
9 children from birth through twenty years of age enrolled in the district
10 on the last Friday in September of a given school year. The report shall
11 enumerate (i) students by grade level, (ii) school district levies and
12 total assessed valuation for the current fiscal year, (iii) students
13 enrolled in the district as option students, resident students enrolled
14 in another district as option students, students enrolled in the district
15 as open enrollment students, and resident students enrolled in another
16 district as open enrollment students, and (iv) such other information as
17 the Commissioner of Education directs.

18 ~~(b) On or before October 15 of each year prior to 2017, each~~
19 ~~learning community coordinating council shall issue to the department a~~
20 ~~report which enumerates the learning community levies pursuant to~~
21 ~~subdivision (2)(b) of section 77-3442 and total assessed valuation for~~
22 ~~the current fiscal year.~~

23 (b) ~~(c)~~ On or before November 15 of each year, the department shall
24 issue to each learning community coordinating council the fall learning
25 community membership report, which report shall include the aggregate
26 number of children from birth through twenty years of age enrolled in the
27 member school districts on the last Friday in September of a given school
28 year for all member school districts. The report shall enumerate (i) the
29 aggregate students by grade level for all member school districts, (ii)
30 school district levies and total assessed valuation for the current
31 fiscal year, (iii) students enrolled in the district as option students,

1 resident students enrolled in another district as option students,
2 students enrolled in the district as open enrollment students, and
3 resident students enrolled in another district as open enrollment
4 students, and (iv) such other information as the Commissioner of
5 Education directs for all member school districts.

6 (c) ~~(d)~~ When any school district fails to submit its fall membership
7 report by November 1, the commissioner shall, after notice to the
8 district and an opportunity to be heard, direct that any state aid
9 granted pursuant to the Tax Equity and Educational Opportunities Support
10 Act be withheld until such time as the report is received by the
11 department. In addition, the commissioner shall direct the county
12 treasurer to withhold all school money belonging to the school district
13 until such time as the commissioner notifies the county treasurer of
14 receipt of such report. The county treasurer shall withhold such money.

15 Sec. 8. Section 79-8,142, Revised Statutes Supplement, 2017, is
16 amended to read:

17 79-8,142 (1) A school district may agree to pay incentives to a
18 certificated employee in exchange for a voluntary termination of
19 employment.

20 (2) For purposes of this section, incentives paid in exchange for a
21 voluntary termination of employment include any amount paid, except
22 pursuant to the Retirement Incentive Plan or Staff Development Assistance
23 agreement required under sections 79-854 to 79-856 for school districts
24 involved in a unification or reorganization, to or on behalf of any
25 certificated staff member in exchange for a voluntary termination of
26 employment, including, but not limited to, early retirement inducements
27 and costs to the school district for insurance coverage for such
28 certificated staff member or any member of such certificated staff
29 member's family.

30 (3) Incentives paid to a certificated teacher in exchange for a
31 voluntary termination of employment shall be a qualified voluntary

1 termination incentive for a certificated teacher for purposes of section
2 ~~sections 77-3442 and~~ 79-1028.01 if:

3 (a) All current and future incentives paid by the school district to
4 such certificated teacher for such voluntary termination of employment do
5 not exceed thirty-five thousand dollars in total and such school district
6 has not and shall not pay any other incentives to such certificated
7 teacher for any voluntary termination of employment;

8 (b) All current and future incentives for such voluntary termination
9 of employment are paid within five years after such voluntary termination
10 of employment or prior to such certificated teacher becoming eligible for
11 medicare, whichever occurs first;

12 (c) Such school district has, to the satisfaction of the State Board
13 of Education, demonstrated that the payment of such incentives in
14 exchange for a voluntary termination of employment will result in a net
15 savings in salary and benefit costs to the school district over a five-
16 year period; and

17 (d) Such incentives to be paid in exchange for a voluntary
18 termination of employment were not included in any collective-bargaining
19 agreement.

20 (4) Each school district shall report all incentives paid in
21 exchange for voluntary terminations of employment on the annual financial
22 report in the manner specified by the department.

23 (5) The State Board of Education may adopt and promulgate rules and
24 regulations to carry out the purposes of this section.

25 Sec. 9. Section 79-1003, Revised Statutes Supplement, 2017, is
26 amended to read:

27 79-1003 For purposes of the Tax Equity and Educational Opportunities
28 Support Act:

29 (1) Adjusted general fund operating expenditures means (a) for
30 school fiscal years 2013-14 through 2015-16, the difference of the
31 general fund operating expenditures as calculated pursuant to subdivision

1 (23) of this section increased by the cost growth factor calculated
2 pursuant to section 79-1007.10, minus the transportation allowance,
3 special receipts allowance, poverty allowance, limited English
4 proficiency allowance, distance education and telecommunications
5 allowance, elementary site allowance, summer school allowance,
6 instructional time allowance, teacher education allowance, and focus
7 school and program allowance, (b) for school fiscal years 2016-17 through
8 2018-19, the difference of the general fund operating expenditures as
9 calculated pursuant to subdivision (23) of this section increased by the
10 cost growth factor calculated pursuant to section 79-1007.10, minus the
11 transportation allowance, special receipts allowance, poverty allowance,
12 limited English proficiency allowance, distance education and
13 telecommunications allowance, elementary site allowance, summer school
14 allowance, and focus school and program allowance, and (c) for school
15 fiscal year 2019-20 and each school fiscal year thereafter, the
16 difference of the general fund operating expenditures as calculated
17 pursuant to subdivision (23) of this section increased by the cost growth
18 factor calculated pursuant to section 79-1007.10, minus the
19 transportation allowance, special receipts allowance, poverty allowance,
20 limited English proficiency allowance, distance education and
21 telecommunications allowance, elementary site allowance, summer school
22 allowance, community achievement plan allowance, and focus school and
23 program allowance;

24 (2) Adjusted valuation means the assessed valuation of taxable
25 property of each local system in the state, adjusted pursuant to the
26 adjustment factors described in section 79-1016. Adjusted valuation means
27 the adjusted valuation for the property tax year ending during the school
28 fiscal year immediately preceding the school fiscal year in which the aid
29 based upon that value is to be paid. For purposes of determining the
30 local effort rate yield pursuant to section 79-1015.01, adjusted
31 valuation does not include the value of any property which a court, by a

1 final judgment from which no appeal is taken, has declared to be
2 nontaxable or exempt from taxation;

3 (3) Allocated income tax funds means the amount of assistance paid
4 to a local system pursuant to section 79-1005.01 ~~as adjusted, for school~~
5 ~~fiscal years prior to school fiscal year 2017-18, by the minimum levy~~
6 ~~adjustment pursuant to section 79-1008.02;~~

7 (4) Average daily membership means the average daily membership for
8 grades kindergarten through twelve attributable to the local system, as
9 provided in each district's annual statistical summary, and includes the
10 proportionate share of students enrolled in a public school instructional
11 program on less than a full-time basis;

12 (5) Base fiscal year means the first school fiscal year following
13 the school fiscal year in which the reorganization or unification
14 occurred;

15 (6) Board means the school board of each school district;

16 (7) Categorical funds means funds limited to a specific purpose by
17 federal or state law, including, but not limited to, Title I funds, Title
18 VI funds, federal vocational education funds, federal school lunch funds,
19 Indian education funds, Head Start funds, and funds from the Education
20 Innovation Fund;

21 (8) Consolidate means to voluntarily reduce the number of school
22 districts providing education to a grade group and does not include
23 dissolution pursuant to section 79-498;

24 (9) Converted contract means an expired contract that was in effect
25 for at least fifteen school years beginning prior to school year 2012-13
26 for the education of students in a nonresident district in exchange for
27 tuition from the resident district when the expiration of such contract
28 results in the nonresident district educating students, who would have
29 been covered by the contract if the contract were still in effect, as
30 option students pursuant to the enrollment option program established in
31 section 79-234;

1 (10) Converted contract option student means a student who will be
2 an option student pursuant to the enrollment option program established
3 in section 79-234 for the school fiscal year for which aid is being
4 calculated and who would have been covered by a converted contract if the
5 contract were still in effect and such school fiscal year is the first
6 school fiscal year for which such contract is not in effect;

7 (11) Department means the State Department of Education;

8 (12) District means any Class I, II, III, IV, V, or VI school
9 district or unified system as defined in section 79-4,108;

10 (13) Ensuing school fiscal year means the school fiscal year
11 following the current school fiscal year;

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

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

19 (16) Fiscal year means the state fiscal year which is the period
20 from July 1 to the following June 30;

21 (17) Formula students means:

22 (a) For state aid certified pursuant to section 79-1022, the sum of
23 the product of fall membership from the school fiscal year immediately
24 preceding the school fiscal year in which the aid is to be paid
25 multiplied by the average ratio of average daily membership to fall
26 membership for the second school fiscal year immediately preceding the
27 school fiscal year in which the aid is to be paid and the prior two
28 school fiscal years plus sixty percent of the qualified early childhood
29 education fall membership plus tuitioned students from the school fiscal
30 year immediately preceding the school fiscal year in which aid is to be
31 paid minus the product of the number of students enrolled in kindergarten

1 that is not full-day kindergarten from the fall membership multiplied by
2 0.5; and

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

10 (18) Free lunch and free milk calculated students means, using the
11 most recent data available on November 1 of the school fiscal year
12 immediately preceding the school fiscal year in which aid is to be paid,

13 (a) for schools that did not provide free meals to all students pursuant
14 to the community eligibility provision, students who individually
15 qualified for free lunches or free milk pursuant to the federal Richard
16 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
17 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
18 and sections existed on January 1, 2015, and rules and regulations
19 adopted thereunder, plus (b) for schools that provided free meals to all
20 students pursuant to the community eligibility provision, (i) for school
21 fiscal year 2016-17, the product of the students who attended such school
22 multiplied by the identified student percentage calculated pursuant to
23 such federal provision or (ii) for school fiscal year 2017-18 and each
24 school fiscal year thereafter, the greater of the number of students in
25 such school who individually qualified for free lunch or free milk using
26 the most recent school fiscal year for which the school did not provide
27 free meals to all students pursuant to the community eligibility
28 provision or one hundred ten percent of the product of the students who
29 qualified for free meals at such school pursuant to the community
30 eligibility provision multiplied by the identified student percentage
31 calculated pursuant to such federal provision, except that the free lunch

1 and free milk students calculated for any school pursuant to subdivision
2 (18)(b)(ii) of this section shall not exceed one hundred percent of the
3 students qualified for free meals at such school pursuant to the
4 community eligibility provision;

5 (19) Free lunch and free milk student means, for school fiscal years
6 prior to school fiscal year 2016-17, a student who qualified for free
7 lunches or free milk from the most recent data available on November 1 of
8 the school fiscal year immediately preceding the school fiscal year in
9 which aid is to be paid;

10 (20) Full-day kindergarten means kindergarten offered by a district
11 for at least one thousand thirty-two instructional hours;

12 (21) General fund budget of expenditures means the total budget of
13 disbursements and transfers for general fund purposes as certified in the
14 budget statement adopted pursuant to the Nebraska Budget Act, except that
15 for purposes of the limitation imposed in section 79-1023 ~~and the~~
16 ~~calculation pursuant to subdivision (2) of section 79-1027.01~~, the
17 general fund budget of expenditures does not include any special grant
18 funds, exclusive of local matching funds, received by a district;

19 (22) General fund expenditures means all expenditures from the
20 general fund;

21 (23) General fund operating expenditures means for state aid
22 calculated for school fiscal years 2012-13 and each school fiscal year
23 thereafter, as reported on the annual financial report for the second
24 school fiscal year immediately preceding the school fiscal year in which
25 aid is to be paid, the total general fund expenditures minus (a) the
26 amount of all receipts to the general fund, to the extent that such
27 receipts are not included in local system formula resources, from early
28 childhood education tuition, summer school tuition, educational entities
29 as defined in section 79-1201.01 for providing distance education courses
30 through the Educational Service Unit Coordinating Council to such
31 educational entities, private foundations, individuals, associations,

1 charitable organizations, the textbook loan program authorized by section
2 79-734, federal impact aid, and, for aid to be distributed for school
3 fiscal years prior to 2019-20, levy override elections pursuant to
4 section 77-3444 as such section existed immediately prior to the
5 effective date of this act, (b) 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, (c) the amount of any transfers from the
11 general fund to any bond fund and transfers from other funds into the
12 general fund, (d) any legal expenses in excess of fifteen-hundredths of
13 one percent of the formula need for the school fiscal year in which the
14 expenses occurred, (e)(i) for state aid calculated for school fiscal
15 years prior to school fiscal year 2018-19, expenditures to pay for sums
16 agreed to be paid by a school district to certificated employees in
17 exchange for a voluntary termination occurring prior to July 1, 2009,
18 occurring on or after the last day of the 2010-11 school year and prior
19 to the first day of the 2013-14 school year, or, to the extent that a
20 district has demonstrated to the State Board of Education pursuant to
21 section 79-1028.01 that the agreement will result in a net savings in
22 salary and benefit costs to the school district over a five-year period,
23 occurring on or after the first day of the 2013-14 school year or (ii)
24 for state aid calculated for school fiscal year 2018-19 and each school
25 fiscal year thereafter, expenditures to pay for incentives agreed to be
26 paid by a school district to certificated employees in exchange for a
27 voluntary termination of employment for which the State Board of
28 Education approved an exclusion pursuant to subdivisions (1)(h), (i),
29 (j), or (k) of section 79-1028.01, (f)(i) expenditures to pay for
30 employer contributions pursuant to subsection (2) of section 79-958 to
31 the School Employees Retirement System of the State of Nebraska to the

1 extent that such expenditures exceed the employer contributions under
2 such subsection that would have been made at a contribution rate of seven
3 and thirty-five hundredths percent or (ii) expenditures to pay for school
4 district contributions pursuant to subdivision (1)(c)(i) of section
5 79-9,113 to the retirement system established pursuant to the Class V
6 School Employees Retirement Act to the extent that such expenditures
7 exceed the school district contributions under such subdivision that
8 would have been made at a contribution rate of seven and thirty-seven
9 hundredths percent, and (g) any amounts paid by the district for lobbyist
10 fees and expenses reported to the Clerk of the Legislature pursuant to
11 section 49-1483.

12 For purposes of this subdivision (23) of this section, receipts from
13 levy override elections shall equal ninety-nine percent of the difference
14 of the total general fund levy minus a levy of one dollar and five cents
15 per one hundred dollars of taxable valuation multiplied by the assessed
16 valuation for school districts that have voted pursuant to section
17 77-3444 to override the maximum levy provided pursuant to section 77-3442
18 as such section existed immediately prior to the effective date of this
19 act;

20 (24) High school district means a school district providing
21 instruction in at least grades nine through twelve;

22 (25) Income tax liability means the amount of the reported income
23 tax liability for resident individuals pursuant to the Nebraska Revenue
24 Act of 1967 less all nonrefundable credits earned and refunds made;

25 (26) Income tax receipts means the amount of income tax collected
26 pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable
27 credits earned and refunds made;

28 (27) Limited English proficiency students means the number of
29 students with limited English proficiency in a district from the most
30 recent data available on November 1 of the school fiscal year preceding
31 the school fiscal year in which aid is to be paid plus the difference of

1 such students with limited English proficiency minus the average number
2 of limited English proficiency students for such district, prior to such
3 addition, for the three immediately preceding school fiscal years if such
4 difference is greater than zero;

5 (28) Local system means a learning community for purposes of
6 calculation of state aid for each school fiscal year prior to school
7 fiscal year 2017-18, a unified system, a Class VI district and the
8 associated Class I districts, or a Class II, III, IV, or V district and
9 any affiliated Class I districts or portions of Class I districts. The
10 membership, expenditures, and resources of Class I districts that are
11 affiliated with multiple high school districts will be attributed to
12 local systems based on the percent of the Class I valuation that is
13 affiliated with each high school district;

14 (29) Low-income child means (a) for school fiscal years prior to
15 2016-17, a child under nineteen years of age living in a household having
16 an annual adjusted gross income for the second calendar year preceding
17 the beginning of the school fiscal year for which aid is being calculated
18 equal to or less than the maximum household income that would allow a
19 student from a family of four people to be a free lunch and free milk
20 student during the school fiscal year immediately preceding the school
21 fiscal year for which aid is being calculated and (b) for school fiscal
22 year 2016-17 and each school fiscal year thereafter, a child under
23 nineteen years of age living in a household having an annual adjusted
24 gross income for the second calendar year preceding the beginning of the
25 school fiscal year for which aid is being calculated equal to or less
26 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
27 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
28 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
29 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
30 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
31 existed on January 1, 2015, for a household of that size that would have

1 allowed the child to meet the income qualifications for free meals during
2 the school fiscal year immediately preceding the school fiscal year for
3 which aid is being calculated;

4 (30) Low-income students means the number of low-income children
5 within the district multiplied by the ratio of the formula students in
6 the district divided by the total children under nineteen years of age
7 residing in the district as derived from income tax information;

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

14 (32) Poverty students means (a) for school fiscal years prior to
15 2016-17, the number of low-income students or the number of students who
16 are free lunch and free milk students in a district plus the difference
17 of the number of low-income students or the number of students who are
18 free lunch and free milk students in a district, whichever is greater,
19 minus the average number of poverty students for such district, prior to
20 such addition, for the three immediately preceding school fiscal years if
21 such difference is greater than zero and (b) for school fiscal year
22 2016-17 and each school fiscal year thereafter, the unadjusted poverty
23 students plus the difference of such unadjusted poverty students minus
24 the average number of poverty students for such district, prior to such
25 addition, for the three immediately preceding school fiscal years if such
26 difference is greater than zero;

27 (33) Qualified early childhood education average daily membership
28 means the product of the average daily membership for school fiscal year
29 2006-07 and each school fiscal year thereafter of students who will be
30 eligible to attend kindergarten the following school year and are
31 enrolled in an early childhood education program approved by the

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

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

23 (35) Regular route transportation means the transportation of
24 students on regularly scheduled daily routes to and from the attendance
25 center;

26 (36) Reorganized district means any district involved in a
27 consolidation and currently educating students following consolidation;

28 (37) School year or school fiscal year means the fiscal year of a
29 school district as defined in section 79-1091;

30 (38) Sparse local system means a local system that is not a very
31 sparse local system but which meets the following criteria:

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

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

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

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

17 (39) Special education means specially designed kindergarten through
18 grade twelve instruction pursuant to section 79-1125, and includes
19 special education transportation;

20 (40) Special grant funds means the budgeted receipts for grants,
21 including, but not limited to, categorical funds, reimbursements for
22 wards of the court, short-term borrowings including, but not limited to,
23 registered warrants and tax anticipation notes, interfund loans,
24 insurance settlements, and reimbursements to county government for
25 previous overpayment. The state board shall approve a listing of grants
26 that qualify as special grant funds;

27 (41) State aid means the amount of assistance paid to a district
28 pursuant to the Tax Equity and Educational Opportunities Support Act;

29 (42) State board means the State Board of Education;

30 (43) State support means all funds provided to districts by the
31 State of Nebraska for the general fund support of elementary and

1 secondary education;

2 (44) Statewide average basic funding per formula student means the
3 statewide total basic funding for all districts divided by the statewide
4 total formula students for all districts;

5 (45) Statewide average general fund operating expenditures per
6 formula student means the statewide total general fund operating
7 expenditures for all districts divided by the statewide total formula
8 students for all districts;

9 (46) Teacher has the definition found in section 79-101;

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

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

25 (49) Tuitioned students means students in kindergarten through grade
26 twelve of the district whose tuition is paid by the district to some
27 other district or education agency;

28 (50) Unadjusted poverty students means, for school fiscal year
29 2016-17 and each school fiscal year thereafter, the greater of the number
30 of low-income students or the free lunch and free milk calculated
31 students in a district; and

1 (51) Very sparse local system means a local system that has:

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

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

13 Sec. 10. Section 79-1005.01, Revised Statutes Cumulative Supplement,
14 2016, is amended to read:

15 79-1005.01 (1) Not later than November 15 of each year, the Tax
16 Commissioner shall certify to the department for the preceding tax year
17 the income tax liability of resident individuals for each local system.

18 ~~(2) For school fiscal years prior to 2017-18, one hundred two~~
19 ~~million two hundred eighty-nine thousand eight hundred seventeen dollars~~
20 ~~which is equal to the amount appropriated to the School District Income~~
21 ~~Tax Fund for distribution in school fiscal year 1992-93 shall be~~
22 ~~disbursed as option payments as determined under section 79-1009 and as~~
23 ~~allocated income tax funds as determined in this section and sections~~
24 ~~79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01, except as provided in~~
25 ~~section 79-1008.02 for school fiscal years prior to school fiscal year~~
26 ~~2017-18. For school fiscal years prior to school fiscal year 2017-18,~~
27 ~~funds not distributed as allocated income tax funds due to minimum levy~~
28 ~~adjustments shall not increase the amount available to local systems for~~
29 ~~distribution as allocated income tax funds.~~

30 ~~(3) Using the data certified by the Tax Commissioner pursuant to~~
31 ~~subsection (1) of this section, the department shall calculate the~~

1 ~~allocation percentage and each local system's allocated income tax funds.~~
2 ~~The allocation percentage shall be the amount stated in subsection (2) of~~
3 ~~this section minus the total amount paid for option students pursuant to~~
4 ~~section 79-1009, with the difference divided by the aggregate statewide~~
5 ~~income tax liability of all resident individuals certified pursuant to~~
6 ~~subsection (1) of this section. Each local system's allocated income tax~~
7 ~~funds shall be calculated by multiplying the allocation percentage times~~
8 ~~the local system's income tax liability certified pursuant to subsection~~
9 ~~(1) of this section.~~

10 (2) (4) For school fiscal year 2017-18 and each school fiscal year
11 thereafter, each local system's allocated income tax funds shall be
12 calculated by multiplying the local system's income tax liability
13 certified pursuant to subsection (1) of this section by two and twenty-
14 three hundredths percent.

15 Sec. 11. Section 79-1007.18, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 79-1007.18 (1) ~~For school fiscal years prior to school fiscal year~~
18 ~~2017-18:~~

19 (a) ~~The department shall calculate an averaging adjustment for~~
20 ~~districts if the basic funding per formula student is less than the~~
21 ~~averaging adjustment threshold and the general fund levy for the school~~
22 ~~fiscal year immediately preceding the school fiscal year for which aid is~~
23 ~~being calculated was at least one dollar per one hundred dollars of~~
24 ~~taxable valuation. For the calculation of aid for school fiscal years~~
25 ~~prior to school fiscal year 2018-19, the general fund levy for school~~
26 ~~districts that are members of a learning community for purposes of this~~
27 ~~section includes both the common general fund levy and the school~~
28 ~~district general fund levy authorized pursuant to subdivisions (2)(b) and~~
29 ~~(2)(c) of section 77-3442. The averaging adjustment shall equal the~~
30 ~~district's formula students multiplied by the percentage specified in~~
31 ~~this subsection for such district of the difference between the averaging~~

1 ~~adjustment threshold minus such district's basic funding per formula~~
2 ~~student;~~

3 ~~(b) The averaging adjustment threshold shall equal the aggregate~~
4 ~~basic funding for all districts with nine hundred or more formula~~
5 ~~students divided by the aggregate formula students for all districts with~~
6 ~~nine hundred or more formula students for the school fiscal year for~~
7 ~~which aid is being calculated; and~~

8 ~~(c) The percentage to be used in the calculation of an averaging~~
9 ~~adjustment shall be based on the general fund levy for the school fiscal~~
10 ~~year immediately preceding the school fiscal year for which aid is being~~
11 ~~calculated and shall be as follows:~~

12 ~~(i) If such levy was at least one dollar per one hundred dollars of~~
13 ~~taxable valuation but less than one dollar and one cent per one hundred~~
14 ~~dollars of taxable valuation, the percentage shall be fifty percent;~~

15 ~~(ii) If such levy was at least one dollar and one cent per one~~
16 ~~hundred dollars of taxable valuation but less than one dollar and two~~
17 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~
18 ~~be sixty percent;~~

19 ~~(iii) If such levy was at least one dollar and two cents per one~~
20 ~~hundred dollars of taxable valuation but less than one dollar and three~~
21 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~
22 ~~be seventy percent;~~

23 ~~(iv) If such levy was at least one dollar and three cents per one~~
24 ~~hundred dollars of taxable valuation but less than one dollar and four~~
25 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~
26 ~~be eighty percent; and~~

27 ~~(v) If such levy was at least one dollar and four cents per one~~
28 ~~hundred dollars of taxable valuation, the percentage shall be ninety~~
29 ~~percent.~~

30 ~~(2) For school fiscal year 2017-18 and each school fiscal year~~
31 ~~thereafter, the department shall calculate an averaging adjustment for~~

1 districts with at least nine hundred formula students if the basic
2 funding per formula student is less than the averaging adjustment
3 threshold. The averaging adjustment shall equal the district's formula
4 students multiplied by ninety percent of the difference of the averaging
5 adjustment threshold minus such district's basic funding per formula
6 student. The averaging adjustment threshold shall equal the aggregate
7 basic funding for all districts with nine hundred or more formula
8 students divided by the aggregate formula students for all districts with
9 nine hundred or more formula students for the school fiscal year for
10 which aid is being calculated.

11 Sec. 12. Section 79-1008.01, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 79-1008.01 Except as provided in ~~section 79-1008.02 for school~~
14 ~~fiscal years prior to school fiscal year 2017-18 and~~ section 79-1009,
15 each local system shall receive equalization aid in the amount that the
16 total formula need of each local system, as determined pursuant to
17 sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its total
18 formula resources as determined pursuant to sections 79-1015.01 to
19 79-1018.01.

20 Sec. 13. Section 79-1015.01, Revised Statutes Supplement, 2017, is
21 amended to read:

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

24 (2) For each school fiscal year except school fiscal years 2017-18
25 and 2018-19: (a) For state aid certified pursuant to section 79-1022, the
26 local effort rate shall equal a rate of one dollar per one hundred
27 dollars of adjusted valuation ~~be the maximum levy, for the school fiscal~~
28 ~~year for which aid is being certified, authorized pursuant to subdivision~~
29 ~~(2)(a) of section 77-3442 less five cents;~~ (b) for the final calculation
30 of state aid pursuant to section 79-1065, the local effort rate shall be
31 the rate which, when multiplied by the total adjusted valuation of all

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

9 (3) For school fiscal years 2017-18 and 2018-19: (a) For state aid
10 certified pursuant to section 79-1022, the local effort rate shall be the
11 maximum levy, for the school fiscal year for which aid is being
12 certified, authorized pursuant to subdivision (2)(a) of section 77-3442
13 as such section existed immediately prior to the effective date of this
14 act less two and ninety-seven hundredths cents; (b) for the final
15 calculation of state aid pursuant to section 79-1065, the local effort
16 rate shall be the rate which, when multiplied by the total adjusted
17 valuation of all taxable property in local systems receiving equalization
18 aid pursuant to the Tax Equity and Educational Opportunities Support Act,
19 will produce the amount needed to support the total formula need of such
20 local systems when added to state aid appropriated by the Legislature and
21 other actual receipts of local systems described in section 79-1018.01;
22 and (c) the local effort rate yield for such school fiscal years shall be
23 determined by multiplying each local system's total adjusted valuation by
24 the local effort rate.

25 Sec. 14. Section 79-1017.01, Revised Statutes Supplement, 2017, is
26 amended to read:

27 79-1017.01 ~~(1) For state aid calculated for school fiscal years~~
28 ~~2014-15 and 2015-16, local system formula resources includes other actual~~
29 ~~receipts determined pursuant to section 79-1018.01, net option funding~~
30 ~~determined pursuant to section 79-1009, teacher education aid determined~~
31 ~~pursuant to section 79-1007.25, instructional time aid determined~~

1 ~~pursuant to subsection (2) of section 79-1007.23, allocated income tax~~
2 ~~funds determined pursuant to section 79-1005.01, and minimum levy~~
3 ~~adjustments determined pursuant to section 79-1008.02 and is reduced by~~
4 ~~amounts paid by the district in the most recently available complete data~~
5 ~~year as property tax refunds pursuant to or in the manner prescribed by~~
6 ~~section 77-1736.06.~~

7 (2) For state aid calculated for school fiscal year 2016-17 and each
8 school fiscal year thereafter, local system formula resources includes
9 other actual receipts determined pursuant to section 79-1018.01, net
10 option funding determined pursuant to section 79-1009, allocated income
11 tax funds determined pursuant to section 79-1005.01, and community
12 achievement plan aid determined pursuant to section 79-1005, ~~and minimum~~
13 ~~levy adjustments determined pursuant to section 79-1008.02 for school~~
14 ~~fiscal years prior to school fiscal year 2017-18, and is reduced by~~
15 amounts paid by the district in the most recently available complete data
16 year as property tax refunds pursuant to or in the manner prescribed by
17 section 77-1736.06.

18 Sec. 15. Section 79-1029, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 79-1029 A Class II, III, IV, V, or VI district may exceed the budget
21 authority for the general fund budget of expenditures prescribed in
22 section 79-1023 by an amount approved by a majority of legal voters
23 voting on the issue at a primary, general, or special election called for
24 such purpose upon the recommendation of the board or upon the receipt by
25 the county clerk or election commissioner of a petition requesting an
26 election, signed by at least five percent of the legal voters of the
27 district. The recommendation of the board or the petition of the legal
28 voters shall include the amount by which the board would increase its
29 general fund budget of expenditures for the ensuing school year over and
30 above the budget authority for the general fund budget of expenditures
31 prescribed in section 79-1023. The county clerk or election commissioner

1 shall place the question on the primary or general election ballot or
2 call for a special election on the issue after the receipt of such board
3 recommendation or legal voter petition. The election shall be held
4 pursuant to the Election Act ~~or section 77-3444~~, and all costs for a
5 special election shall be paid by the district. ~~A vote to exceed the~~
6 ~~budget authority for the general fund budget of expenditures prescribed~~
7 ~~in section 79-1023 may be approved on the same question as a vote to~~
8 ~~exceed the levy limits provided in section 77-3444.~~

9 Sec. 16. Section 79-1041, Revised Statutes Cumulative Supplement,
10 2016, is amended to read:

11 79-1041 ~~Each county treasurer of a county with territory in a~~
12 ~~learning community shall distribute any funds collected by such county~~
13 ~~treasurer from the common general fund levy of such learning community to~~
14 ~~each member school district pursuant to section 79-1073 at least once~~
15 ~~each month.~~

16 Each county treasurer shall, upon request of a majority of the
17 members of the school board or board of education in any school district,
18 at least once each month distribute to the district any funds collected
19 by such county treasurer for school purposes.

20 Sec. 17. Section 79-1078, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 79-1078 The general fund property tax requirement of the Class VI
23 school district and each Class I school district or portion thereof in a
24 Class VI school system shall be certified to the county assessor for
25 computation of a Class VI school system tax levy ~~which shall not exceed~~
26 ~~the limit in section 77-3442~~. The proceeds of such levy, upon collection
27 by the county, shall be distributed to the districts in the Class VI
28 school system in amounts which are in proportion to the amounts of the
29 general fund property tax requirement certified by such districts to the
30 county assessor. Such levy shall be computed as follows: The sum of the
31 property tax requirements necessary to fund the general fund property tax

1 requirement of the Class VI school system shall be divided by the
2 assessed valuation, in hundreds, of the system. If only a portion of a
3 Class I district is part of the Class VI district, such Class I
4 district's general fund property tax requirement shall be apportioned to
5 respective portions of such Class I district for purposes of this
6 computation based on each portion's assessed taxable valuation in
7 relation to the total assessed valuation of the entire Class I district.

8 Sec. 18. Section 79-1081, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-1081 The tax for bond interest for a Class IV school district
11 shall in no one year exceed such amount as will, with the balance on hand
12 in such fund, be sufficient to pay the bond interest as it becomes due.
13 The tax for the bond sinking fund shall not exceed a sum sufficient to
14 pay the principal of such bonds as it becomes due or to pay each year
15 such number of the bonds as will retire them all at or before their
16 maturity. The amount of tax levied for the retirement plan fund and for
17 general school purposes shall be without restriction, except that the
18 aggregate school tax levy for all purposes shall not in any one year
19 exceed such rate as shall be necessary to provide the sums reported in
20 the estimate returned in accordance with section 79-1085. ~~The amount of~~
21 ~~tax levied for the building and equipment fund shall not in any one year~~
22 ~~exceed fourteen cents on each one hundred dollars within the limits~~
23 ~~provided in section 77-3442.~~

24 Sec. 19. Section 79-2104, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 79-2104 A learning community coordinating council shall have the
27 authority to:

28 ~~(1) For fiscal years prior to fiscal year 2017-18, levy a common~~
29 ~~levy for the general funds of member school districts pursuant to~~
30 ~~sections 77-3442 and 79-1073;~~

31 (1) ~~(2)~~ Levy for elementary learning center facility leases, for

1 remodeling of leased elementary learning center facilities, and for up to
2 fifty percent of the estimated cost for focus school or program capital
3 projects approved by the learning community coordinating council pursuant
4 to subdivision (2)(a) ~~(2)(f)~~ of section 77-3442 and section 79-2111;

5 (2) ~~(3)~~ Levy for early childhood education programs for children in
6 poverty, for elementary learning center employees, for contracts with
7 other entities or individuals who are not employees of the learning
8 community for elementary learning center programs and services, and for
9 pilot projects pursuant to subdivision (2)(b) ~~(2)(g)~~ of section 77-3442,
10 except that not more than ten percent of such levy may be used for
11 elementary learning center employees;

12 (3) ~~(4)~~ Develop, submit, administer, and evaluate community
13 achievement plans in collaboration with the advisory committee,
14 educational service units serving member school districts, member school
15 districts, and the student achievement coordinator or other department
16 staff designated by the Commissioner of Education;

17 (4) ~~(5)~~ Collect, analyze, and report data and information,
18 including, but not limited to, information provided by a school district
19 pursuant to subsection (5) of section 79-201;

20 (5) ~~(6)~~ Approve focus schools and focus programs to be operated by
21 member school districts;

22 (6) ~~(7)~~ Adopt, approve, and implement a diversity plan pursuant to
23 sections 79-2110 and 79-2118;

24 ~~(8) Through school year 2016-17, administer the open enrollment~~
25 ~~provisions in section 79-2110 for the learning community as part of a~~
26 ~~diversity plan developed by the council to provide educational~~
27 ~~opportunities which will result in increased diversity in schools across~~
28 ~~the learning community;~~

29 (7) ~~(9)~~ Annually conduct school fairs to provide students and
30 parents the opportunity to explore the educational opportunities
31 available at each school in the learning community and develop other

1 methods for encouraging access to such information and promotional
2 materials;

3 (8) ~~(10)~~ Develop procedures for determining best practices for
4 addressing student achievement barriers and for disseminating such
5 practices within the learning community and to other school districts;

6 (9) ~~(11)~~ Establish and administer elementary learning centers
7 through achievement subcouncils pursuant to sections 79-2112 to 79-2114;

8 (10) ~~(12)~~ Administer the learning community funds distributed to the
9 learning community pursuant to section 79-2111;

10 (11) ~~(13)~~ Approve or disapprove poverty plans and limited English
11 proficiency plans for member school districts through achievement
12 subcouncils established under section 79-2117;

13 (12) ~~(14)~~ Establish a procedure for receiving community input and
14 complaints regarding the learning community;

15 (13) ~~(15)~~ Establish a procedure to assist parents, citizens, and
16 member school districts in accessing an approved center pursuant to the
17 Dispute Resolution Act to resolve disputes involving member school
18 districts or the learning community. Such procedure may include payment
19 by the learning community for some mediation services;

20 (14) ~~(16)~~ Establish and administer pilot projects related to
21 enhancing the academic achievement of elementary students, particularly
22 students who face challenges in the educational environment due to
23 factors such as poverty, limited English skills, and mobility;

24 (15) ~~(17)~~ Provide funding to public or private entities engaged in
25 the juvenile justice system providing prefiling and diversion programming
26 designed to reduce excessive absenteeism and unnecessary involvement with
27 the juvenile justice system; and

28 (16) ~~(18)~~ Hold public hearings at its discretion in response to
29 issues raised by residents regarding the learning community, a member
30 school district, and academic achievement.

31 Sec. 20. Section 79-2111, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 79-2111 (1) A learning community may levy a maximum levy pursuant to
3 subdivision (2)(a) ~~(2)(f)~~ of section 77-3442 for elementary learning
4 center facility leases, for remodeling of leased elementary learning
5 center facilities, and for up to fifty percent of the estimated costs for
6 focus school or program capital projects approved pursuant to this
7 section. The proceeds from such levy shall be used for elementary
8 learning center facility leases, for remodeling of leased elementary
9 learning center facilities, and to reduce the bonded indebtedness
10 required for approved projects by up to fifty percent of the estimated
11 cost of the approved project. The funds used for reductions of bonded
12 indebtedness shall be transferred to the school district for which the
13 project was approved and shall be deposited in such school district's
14 special building fund for use on such project.

15 (2) The learning community may approve pursuant to this section
16 funding for capital projects which will include the purchase,
17 construction, or remodeling of facilities for a focus school or program
18 designed to meet the requirements of section 79-769. Such approval shall
19 include an estimated cost for the project and shall state the amount that
20 will be provided by the learning community for such project.

21 (3) If, within the ten years following receipt of the funding for a
22 capital project pursuant to this section, a school district receiving
23 such funding uses the facility purchased, constructed, or remodeled with
24 such funding for purposes other than those stated to qualify for the
25 funds, the school district shall repay such funds to the learning
26 community with interest at the rate prescribed in section 45-104.02
27 accruing from the date the funds were transferred to the school
28 district's building fund as of the last date the facility was used for
29 such purpose as determined by the learning community coordinating council
30 or the date that the learning community coordinating council determines
31 that the facility will not be used for such purpose or that such facility

1 will not be purchased, constructed, or remodeled for such purpose.
2 Interest shall continue to accrue on outstanding balances until the
3 repayment has been completed. The remaining terms of repayment shall be
4 determined by the learning community coordinating council. The learning
5 community coordinating council may waive such repayment if the facility
6 is used for a different focus school or program for a period of time that
7 will result in the use of the facility for qualifying purposes for a
8 total of at least ten years.

9 Sec. 21. Section 79-2404, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 79-2404 If the school board of any school district or the board of
12 any educational service unit fails to timely file a copy of an approved
13 contract, or contract amendment, for superintendent services or
14 educational service unit administrator services with the State Department
15 of Education as required in section 79-2403, the Commissioner of
16 Education, after notice to the board president and either the
17 superintendent or educational service unit administrator and an
18 opportunity to be heard, shall direct that any state aid granted pursuant
19 to the Tax Equity and Educational Opportunities Support Act to the school
20 district or core services and technology infrastructure funds granted
21 pursuant to section 79-1241.03 to the educational service unit be
22 withheld until such time as the contract or amendment is received by the
23 department. In addition, the commissioner shall direct each county
24 treasurer of a county with territory in the school district or
25 educational service unit to withhold all money belonging to the school
26 district or educational service unit until such time as the commissioner
27 notifies such county treasurer of receipt of such contract or amendment.
28 Each such county treasurer shall withhold such money. ~~For school~~
29 ~~districts that are members of learning communities, a determination of~~
30 ~~school money belonging to the school district shall be based on the~~
31 ~~proportionate share of property tax receipts allocated to the school~~

1 ~~district pursuant to section 79-1073 in addition to the other property~~
2 ~~tax receipts belonging to the school district.~~ If the board does not
3 comply with this section prior to October 1 following the school fiscal
4 year for which the state aid or core services and technology
5 infrastructure funding was calculated, the funds shall revert to the
6 General Fund. The amount of any reverted funds shall be included in data
7 provided to the Governor, the Appropriations Committee of the
8 Legislature, and the Education Committee of the Legislature in accordance
9 with section 79-1031.

10 Sec. 22. Original sections 77-3444, 79-458, 79-4,108, 79-1029,
11 79-1078, 79-1081, and 79-2404, Reissue Revised Statutes of Nebraska,
12 sections 70-651.04, 77-1736.06, 79-528, 79-1005.01, 79-1007.18,
13 79-1008.01, 79-1041, 79-2104, and 79-2111, Revised Statutes Cumulative
14 Supplement, 2016, and sections 77-3442, 79-8,142, 79-1003, 79-1015.01,
15 and 79-1017.01, Revised Statutes Supplement, 2017, are repealed.

16 Sec. 23. The following sections are outright repealed: Sections
17 79-1027.01 and 79-1082, Reissue Revised Statutes of Nebraska, and
18 sections 79-1008.02, 79-1073, and 79-10,126.01, Revised Statutes
19 Cumulative Supplement, 2016.