

AMENDMENTS TO LB289

Introduced by Linehan, 39.

1 1. Strike the original sections and insert the following new
2 sections:

3 Section 1. Section 77-201, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 77-201 (1) Except as provided in subsections (2) through (4) of this
6 section, all real property in this state, not expressly exempt therefrom,
7 shall be subject to taxation and shall be valued (a) prior to January 1,
8 2020, at its actual value and (b) on and after January 1, 2020, at ninety
9 percent of its actual value.

10 (2) Agricultural land and horticultural land as defined in section
11 77-1359 shall constitute a separate and distinct class of property for
12 purposes of property taxation, shall be subject to taxation, unless
13 expressly exempt from taxation, and shall be valued (a) prior to January
14 1, 2020, at seventy-five percent of its actual value and (b) on and after
15 January 1, 2020, at sixty-five percent of its actual value.

16 (3) Agricultural land and horticultural land actively devoted to
17 agricultural or horticultural purposes which has value for purposes other
18 than agricultural or horticultural uses and which meets the
19 qualifications for special valuation under section 77-1344 shall
20 constitute a separate and distinct class of property for purposes of
21 property taxation, shall be subject to taxation, and shall be valued for
22 taxation (a) prior to January 1, 2020, at seventy-five percent of its
23 special valuation value as defined in section 77-1343 and (b) on and
24 after January 1, 2020, at sixty-five percent of its special valuation as
25 defined in section 77-1343.

26 (4) Historically significant real property which meets the
27 qualifications for historic rehabilitation valuation under sections

1 77-1385 to 77-1394 shall be valued for taxation as provided in such
2 sections.

3 (5) Tangible personal property, not including motor vehicles,
4 trailers, and semitrailers registered for operation on the highways of
5 this state, shall constitute a separate and distinct class of property
6 for purposes of property taxation, shall be subject to taxation, unless
7 expressly exempt from taxation, and shall be valued at its net book
8 value. Tangible personal property transferred as a gift or devise or as
9 part of a transaction which is not a purchase shall be subject to
10 taxation based upon the date the property was acquired by the previous
11 owner and at the previous owner's Nebraska adjusted basis. Tangible
12 personal property acquired as replacement property for converted property
13 shall be subject to taxation based upon the date the converted property
14 was acquired and at the Nebraska adjusted basis of the converted property
15 unless insurance proceeds are payable by reason of the conversion. For
16 purposes of this subsection, (a) converted property means tangible
17 personal property which is compulsorily or involuntarily converted as a
18 result of its destruction in whole or in part, theft, seizure,
19 requisition, or condemnation, or the threat or imminence thereof, and no
20 gain or loss is recognized for federal or state income tax purposes by
21 the holder of the property as a result of the conversion and (b)
22 replacement property means tangible personal property acquired within two
23 years after the close of the calendar year in which tangible personal
24 property was converted and which is, except for date of construction or
25 manufacture, substantially the same as the converted property.

26 Sec. 2. Section 77-202, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 77-202 (1) The following property shall be exempt from property
29 taxes:

30 (a) Property of the state and its governmental subdivisions to the
31 extent used or being developed for use by the state or governmental

1 subdivision for a public purpose. For purposes of this subdivision:

2 (i) Property of the state and its governmental subdivisions means

3 (A) property held in fee title by the state or a governmental subdivision

4 or (B) property beneficially owned by the state or a governmental

5 subdivision in that it is used for a public purpose and is being acquired

6 under a lease-purchase agreement, financing lease, or other instrument

7 which provides for transfer of legal title to the property to the state

8 or a governmental subdivision upon payment of all amounts due thereunder.

9 If the property to be beneficially owned by a governmental subdivision

10 has a total acquisition cost that exceeds the threshold amount or will be

11 used as the site of a public building with a total estimated construction

12 cost that exceeds the threshold amount, then such property shall qualify

13 for an exemption under this section only if the question of acquiring

14 such property or constructing such public building has been submitted at

15 a primary, general, or special election held within the governmental

16 subdivision and has been approved by the voters of the governmental

17 subdivision. For purposes of this subdivision, threshold amount means the

18 greater of fifty thousand dollars or six-tenths of one percent of the

19 total actual value of real and personal property of the governmental

20 subdivision that will beneficially own the property as of the end of the

21 governmental subdivision's prior fiscal year; and

22 (ii) Public purpose means use of the property (A) to provide public

23 services with or without cost to the recipient, including the general

24 operation of government, public education, public safety, transportation,

25 public works, civil and criminal justice, public health and welfare,

26 developments by a public housing authority, parks, culture, recreation,

27 community development, and cemetery purposes, or (B) to carry out the

28 duties and responsibilities conferred by law with or without

29 consideration. Public purpose does not include leasing of property to a

30 private party unless the lease of the property is at fair market value

31 for a public purpose. Leases of property by a public housing authority to

1 low-income individuals as a place of residence are for the authority's
2 public purpose;

3 (b) Unleased property of the state or its governmental subdivisions
4 which is not being used or developed for use for a public purpose but
5 upon which a payment in lieu of taxes is paid for public safety, rescue,
6 and emergency services and road or street construction or maintenance
7 services to all governmental units providing such services to the
8 property. Except as provided in Article VIII, section 11, of the
9 Constitution of Nebraska, the payment in lieu of taxes shall be based on
10 the proportionate share of the cost of providing public safety, rescue,
11 or emergency services and road or street construction or maintenance
12 services unless a general policy is adopted by the governing body of the
13 governmental subdivision providing such services which provides for a
14 different method of determining the amount of the payment in lieu of
15 taxes. The governing body may adopt a general policy by ordinance or
16 resolution for determining the amount of payment in lieu of taxes by
17 majority vote after a hearing on the ordinance or resolution. Such
18 ordinance or resolution shall nevertheless result in an equitable
19 contribution for the cost of providing such services to the exempt
20 property;

21 (c) Property owned by and used exclusively for agricultural and
22 horticultural societies;

23 (d) Property owned by educational, religious, charitable, or
24 cemetery organizations, or any organization for the exclusive benefit of
25 any such educational, religious, charitable, or cemetery organization,
26 and used exclusively for educational, religious, charitable, or cemetery
27 purposes, when such property is not (i) owned or used for financial gain
28 or profit to either the owner or user, (ii) used for the sale of
29 alcoholic liquors for more than twenty hours per week, or (iii) owned or
30 used by an organization which discriminates in membership or employment
31 based on race, color, or national origin. For purposes of this

1 subdivision, educational organization means (A) an institution operated
2 exclusively for the purpose of offering regular courses with systematic
3 instruction in academic, vocational, or technical subjects or assisting
4 students through services relating to the origination, processing, or
5 guarantying of federally reinsured student loans for higher education or
6 (B) a museum or historical society operated exclusively for the benefit
7 and education of the public. For purposes of this subdivision, charitable
8 organization includes an organization operated exclusively for the
9 purpose of the mental, social, or physical benefit of the public or an
10 indefinite number of persons and a fraternal benefit society organized
11 and licensed under sections 44-1072 to 44-10,109; and

12 (e) Household goods and personal effects not owned or used for
13 financial gain or profit to either the owner or user.

14 (2) The increased value of land by reason of shade and ornamental
15 trees planted along the highway shall not be taken into account in the
16 valuation of land.

17 (3) Tangible personal property which is not depreciable tangible
18 personal property as defined in section 77-119 shall be exempt from
19 property tax.

20 (4) Motor vehicles, trailers, and semitrailers required to be
21 registered for operation on the highways of this state shall be exempt
22 from payment of property taxes.

23 (5) Business and agricultural inventory shall be exempt from the
24 personal property tax. For purposes of this subsection, business
25 inventory includes personal property owned for purposes of leasing or
26 renting such property to others for financial gain only if the personal
27 property is of a type which in the ordinary course of business is leased
28 or rented thirty days or less and may be returned at the option of the
29 lessee or renter at any time and the personal property is of a type which
30 would be considered household goods or personal effects if owned by an
31 individual. All other personal property owned for purposes of leasing or

1 renting such property to others for financial gain shall not be
2 considered business inventory.

3 (6) Any personal property exempt pursuant to subsection (2) of
4 section 77-4105 or section 77-5209.02 shall be exempt from the personal
5 property tax.

6 (7) Livestock shall be exempt from the personal property tax.

7 (8) Any personal property exempt pursuant to the Nebraska Advantage
8 Act shall be exempt from the personal property tax.

9 (9) Any depreciable tangible personal property used directly in the
10 generation of electricity using wind as the fuel source shall be exempt
11 from the property tax levied on depreciable tangible personal property.
12 Any depreciable tangible personal property used directly in the
13 generation of electricity using solar, biomass, or landfill gas as the
14 fuel source shall be exempt from the property tax levied on depreciable
15 tangible personal property if such depreciable tangible personal property
16 was installed on or after January 1, 2016, and has a nameplate capacity
17 of one hundred kilowatts or more. Depreciable tangible personal property
18 used directly in the generation of electricity using wind, solar,
19 biomass, or landfill gas as the fuel source includes, but is not limited
20 to, wind turbines, rotors and blades, towers, solar panels, trackers,
21 generating equipment, transmission components, substations, supporting
22 structures or racks, inverters, and other system components such as
23 wiring, control systems, switchgears, and generator step-up transformers.

24 (10) Any tangible personal property that is acquired by a person
25 operating a data center located in this state, that is assembled,
26 engineered, processed, fabricated, manufactured into, attached to, or
27 incorporated into other tangible personal property, both in component
28 form or that of an assembled product, for the purpose of subsequent use
29 at a physical location outside this state by the person operating a data
30 center shall be exempt from the personal property tax. Such exemption
31 extends to keeping, retaining, or exercising any right or power over

1 tangible personal property in this state for the purpose of subsequently
2 transporting it outside this state for use thereafter outside this state.
3 For purposes of this subsection, data center means computers, supporting
4 equipment, and other organized assembly of hardware or software that are
5 designed to centralize the storage, management, or dissemination of data
6 and information, environmentally controlled structures or facilities or
7 interrelated structures or facilities that provide the infrastructure for
8 housing the equipment, such as raised flooring, electricity supply,
9 communication and data lines, Internet access, cooling, security, and
10 fire suppression, and any building housing the foregoing.

11 (11) For tax years prior to tax year 2020, each person who owns
12 property required to be reported to the county assessor under section
13 77-1201, ~~there~~ shall be allowed an exemption amount as provided in the
14 Personal Property Tax Relief Act. For tax years prior to tax year 2020,
15 each person who owns property required to be valued by the state as
16 provided in section 77-601, 77-682, 77-801, or 77-1248, ~~there~~ shall be
17 allowed a compensating exemption factor as provided in the Personal
18 Property Tax Relief Act.

19 Sec. 3. Section 77-693, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 77-693 (1) The Property Tax Administrator in determining the taxable
22 value of railroads and car lines shall determine the following ratios
23 involving railroad and car line property and commercial and industrial
24 property:

25 (a) The ratio of the taxable value of all commercial and industrial
26 personal property in the state actually subjected to property tax divided
27 by the market value of all commercial and industrial personal property in
28 the state;

29 (b) The ratio of the taxable value of all commercial and industrial
30 real property in the state actually subjected to property tax divided by
31 the market value of all commercial and industrial real property in the

1 state;

2 (c) The ratio of the taxable value of railroad personal property to
3 the market value of railroad personal property. The numerator of the
4 ratio shall be the taxable value of railroad personal property. The
5 denominator of the ratio shall be the railroad system value allocated to
6 Nebraska and multiplied by a factor representing the net book value of
7 rail transportation personal property divided by the net book value of
8 total rail transportation property;

9 (d) The ratio of the taxable value of railroad real property to the
10 market value of railroad real property. The numerator of the ratio shall
11 be the taxable value of railroad real property. The denominator of the
12 ratio shall be the railroad system value allocated to Nebraska and
13 multiplied by a factor representing the net book value of rail
14 transportation real property divided by the net book value of total rail
15 transportation property; and

16 (e) Similar calculations shall be made for car line taxable
17 properties.

18 (2) If the ratio of the taxable value of railroad and car line
19 personal or real property exceeds the ratio of the comparable taxable
20 commercial and industrial property by more than five percent, the
21 Property Tax Administrator may adjust the value of such railroad and car
22 line property to the percentage of the comparable taxable commercial and
23 industrial property pursuant to federal statute or Nebraska federal court
24 decisions applicable thereto.

25 (3) For purposes of this section, commercial and industrial property
26 shall mean all real and personal property which is devoted to commercial
27 or industrial use other than rail transportation property and land used
28 primarily for agricultural purposes.

29 (4) For tax years prior to tax year 2020, after After the adjustment
30 made pursuant to subsections (1) and (2) of this section, the Property
31 Tax Administrator shall multiply the value of the tangible personal

1 property of each railroad and car line by the compensating exemption
2 factor calculated in section 77-1238.

3 Sec. 4. Section 77-801, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 77-801 (1) All public service entities shall, on or before April 15
6 of each year, furnish a statement specifying such information as may be
7 required by the Property Tax Administrator on forms prescribed by the Tax
8 Commissioner to determine and distribute the entity's total taxable value
9 including the franchise value. All information reported by the public
10 service entities, not available from any other public source, and any
11 memorandum thereof shall be confidential and available to taxing
12 officials only. For good cause shown, the Property Tax Administrator may
13 allow an extension of time in which to file such statement. Such
14 extension shall not exceed fifteen days after April 15.

15 (2) The returns of public service entities shall not be held to be
16 conclusive as to the taxable value of the property, but the Property Tax
17 Administrator shall, from all the information which he or she is able to
18 obtain, find the taxable value of all such property, including tangible
19 property and franchises, and shall assess such property on the same basis
20 as other property is required to be assessed.

21 (3) The county assessor shall assess all nonoperating property of
22 any public service entity. A public service entity operating within the
23 State of Nebraska shall, on or before January 1 of each year, report to
24 the county assessor of each county in which it has situs all nonoperating
25 property belonging to such entity which is not subject to assessment and
26 assessed by the Property Tax Administrator under section 77-802.

27 (4) For tax years prior to tax year 2020, the The Property Tax
28 Administrator shall multiply the value of the tangible personal property
29 of each public service entity by the compensating exemption factor
30 calculated in section 77-1238.

31 Sec. 5. Section 77-1238, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-1238 (1) For tax years prior to tax year 2020, every Every person
3 who is required to list his or her taxable tangible personal property as
4 defined in section 77-105, as required under section 77-1229, shall
5 receive an exemption from taxation for the first ten thousand dollars of
6 valuation of his or her tangible personal property in each tax district
7 as defined in section 77-127 in which a personal property return is
8 required to be filed. Failure to report tangible personal property on the
9 personal property return required by section 77-1229 shall result in a
10 forfeiture of the exemption for any tangible personal property not timely
11 reported for that year.

12 (2) For tax years prior to tax year 2020, the The Property Tax
13 Administrator shall reduce the value of the tangible personal property
14 owned by each railroad, car line company, public service entity, and air
15 carrier by a compensating exemption factor to reflect the exemption
16 allowed in subsection (1) of this section for all other personal property
17 taxpayers. The compensating exemption factor is calculated by multiplying
18 the value of the tangible personal property of the railroad, car line
19 company, public service entity, or air carrier by a fraction, the
20 numerator of which is the total amount of locally assessed tangible
21 personal property that is actually subjected to property tax after the
22 exemption allowed in subsection (1) of this section, and the denominator
23 of which is the net book value of locally assessed tangible personal
24 property prior to the exemptions allowed in subsection (1) of this
25 section.

26 Sec. 6. Section 77-1239, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 77-1239 (1) For tax years prior to tax year 2020, reimbursement
29 ~~Reimbursement~~ to taxing subdivisions for tax revenue that will be lost
30 because of the personal property tax exemptions allowed in subsection (1)
31 of section 77-1238 shall be as provided in this subsection. The county

1 assessor and county treasurer shall, on or before November 30 of each
2 year, certify to the Tax Commissioner, on forms prescribed by the Tax
3 Commissioner, the total tax revenue that will be lost to all taxing
4 subdivisions within his or her county from taxes levied and assessed in
5 that year because of the personal property tax exemptions allowed in
6 subsection (1) of section 77-1238. The county assessor and county
7 treasurer may amend the certification to show any change or correction in
8 the total tax revenue that will be lost until May 30 of the next
9 succeeding year. The Tax Commissioner shall, on or before January 1 next
10 following the certification, notify the Director of Administrative
11 Services of the amount so certified to be reimbursed by the state.
12 Reimbursement of the tax revenue lost shall be made to each county
13 according to the certification and shall be distributed in two
14 approximately equal installments on the last business day of February and
15 the last business day of June. The State Treasurer shall, on the business
16 day preceding the last business day of February and the last business day
17 of June, notify the Director of Administrative Services of the amount of
18 funds available in the General Fund to pay the reimbursement. The
19 Director of Administrative Services shall, on the last business day of
20 February and the last business day of June, draw warrants against funds
21 appropriated. Out of the amount received, the county treasurer shall
22 distribute to each of the taxing subdivisions within his or her county
23 the full tax revenue lost by each subdivision, except that one percent of
24 such amount shall be deposited in the county general fund.

25 (2) For tax years prior to tax year 2020, reimbursement
26 ~~Reimbursement~~ to taxing subdivisions for tax revenue that will be lost
27 because of the compensating exemption factor in subsection (2) of section
28 77-1238 shall be as provided in this subsection. The Property Tax
29 Administrator shall establish the average tax rate that will be used for
30 purposes of reimbursing taxing subdivisions pursuant to this subsection.
31 The average tax rate shall be equal to the total property taxes levied in

1 the state divided by the total taxable value of all taxable property in
2 the state as certified pursuant to section 77-1613.01. The Tax
3 Commissioner shall certify, on or before January 30 of each year, to the
4 Director of Administrative Services the total valuation that will be lost
5 to all taxing subdivisions within each county because of the compensating
6 exemption factor in subsection (2) of section 77-1238. Such amount,
7 multiplied by the average tax rate calculated pursuant to this
8 subsection, shall be the tax revenue to be reimbursed to the taxing
9 subdivisions by the state. Reimbursement of the tax revenue lost for
10 public service entities shall be made to each county according to the
11 certification and shall be distributed among the taxing subdivisions
12 within each county in the same proportion as all public service entity
13 taxes levied by the taxing subdivisions. Reimbursement of the tax revenue
14 lost for railroads shall be made to each county according to the
15 certification and shall be distributed among the taxing subdivisions
16 within each county in the same proportion as all railroad taxes levied by
17 taxing subdivisions. Reimbursement of the tax revenue lost for car line
18 companies shall be distributed in the same manner as the taxes collected
19 pursuant to section 77-684. Reimbursement of the tax revenue lost for air
20 carriers shall be distributed in the same manner as the taxes collected
21 pursuant to section 77-1250.

22 (3) Each taxing subdivision shall, in preparing its annual or
23 biennial budget, take into account the amounts to be received under this
24 section.

25 Sec. 7. Section 77-1248, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 77-1248 (1) The Property Tax Administrator shall ascertain from the
28 reports made and from any other information obtained by him or her the
29 taxable value of the flight equipment of air carriers and the proportion
30 allocated to this state for the purposes of taxation as provided in
31 section 77-1245.

1 (2)(a) In determining the taxable value of the flight equipment of
2 air carriers pursuant to subsection (1) of this section, the Property Tax
3 Administrator shall determine the following ratios:

4 (i) The ratio of the taxable value of all commercial and industrial
5 depreciable tangible personal property in the state actually subjected to
6 property tax to the market value of all commercial and industrial
7 depreciable tangible personal property in the state; and

8 (ii) The ratio of the taxable value of flight equipment of air
9 carriers to the market value of flight equipment of air carriers.

10 (b) If the ratio of the taxable value of flight equipment of air
11 carriers exceeds the ratio of the taxable value of commercial and
12 industrial depreciable tangible personal property by more than five
13 percent, the Property Tax Administrator may adjust the value of such
14 flight equipment of air carriers to the percentage of the taxable
15 commercial and industrial depreciable tangible personal property pursuant
16 to federal law applicable to air carrier transportation property or
17 Nebraska federal court decisions applicable thereto.

18 (c) For purposes of this subsection, commercial and industrial
19 depreciable tangible personal property means all personal property which
20 is devoted to commercial or industrial use other than flight equipment of
21 air carriers.

22 (3) For tax years prior to tax year 2020, the The Property Tax
23 Administrator shall multiply the valuation of each air carrier by the
24 compensating exemption factor calculated in section 77-1238.

25 Sec. 8. Section 77-1514, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 77-1514 (1) The county assessor shall prepare an abstract of the
28 property assessment rolls of locally assessed real property of his or her
29 county on forms prescribed and furnished by the Tax Commissioner. The
30 county assessor shall file the abstract with the Property Tax
31 Administrator on or before March 19, except beginning January 1, 2014, in

1 any county with a population of at least one hundred fifty thousand
2 inhabitants according to the most recent federal decennial census, the
3 real property abstract shall be filed on or before March 25. The abstract
4 shall show the taxable value of real property in the county as determined
5 by the county assessor and any other information as required by the
6 Property Tax Administrator. The Property Tax Administrator, upon written
7 request from the county assessor, may for good cause shown extend the
8 final filing due date for the abstract and the statutory deadlines
9 provided in section 77-5027. The Property Tax Administrator may extend
10 the statutory deadline in section 77-5028 for a county if the deadline is
11 extended for that county. Beginning January 1, 2014, in any county with a
12 population of at least one hundred fifty thousand inhabitants according
13 to the most recent federal decennial census, the county assessor shall
14 request an extension of the final filing due date by March 22.

15 (2) For tax years prior to tax year 2020, ~~the~~ The county assessor
16 shall prepare an abstract of the property assessment rolls of locally
17 assessed personal property of his or her county on forms prescribed and
18 furnished by the Tax Commissioner. The county assessor shall
19 electronically file the abstract with the Property Tax Administrator on
20 or before July 20.

21 Sec. 9. Section 77-2602, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 77-2602 (1) Every stamping agent engaged in distributing or selling
24 cigarettes at wholesale in this state shall pay to the Tax Commissioner
25 of this state a special privilege tax. This shall be in addition to all
26 other taxes. It shall be paid prior to or at the time of the sale, gift,
27 or delivery to the retail dealer in the several amounts as follows: On
28 each package of cigarettes containing not more than twenty cigarettes,
29 one dollar ~~sixty-four cents~~ per package; and on packages containing more
30 than twenty cigarettes, the same tax as provided on packages containing
31 not more than twenty cigarettes for the first twenty cigarettes in each

1 package and a tax of one-twentieth of the tax on the first twenty
2 cigarettes on each cigarette in excess of twenty cigarettes in each
3 package.

4 (2) Beginning October 1, 2004, the State Treasurer shall place the
5 equivalent of forty-nine cents of such tax in the General Fund. The State
6 Treasurer shall reduce the amount placed in the General Fund under this
7 subsection by the amount prescribed in subdivision (3)(d) of this
8 section. For purposes of this section, the equivalent of a specified
9 number of cents of the tax shall mean that portion of the proceeds of the
10 tax equal to the specified number divided by the tax rate per package of
11 cigarettes containing not more than twenty cigarettes.

12 (3) The State Treasurer shall distribute the remaining proceeds of
13 such tax in the following order:

14 (a) First, beginning July 1, 1980, the State Treasurer shall place
15 the equivalent of one cent of such tax in the Nebraska Outdoor Recreation
16 Development Cash Fund. For fiscal year distributions occurring after
17 FY1998-99, the distribution under this subdivision shall not be less than
18 the amount distributed under this subdivision for FY1997-98. Any money
19 needed to increase the amount distributed under this subdivision to the
20 FY1997-98 amount shall reduce the distribution to the General Fund;

21 (b) Second, beginning July 1, 1993, the State Treasurer shall place
22 the equivalent of three cents of such tax in the Health and Human
23 Services Cash Fund to carry out sections 81-637 to 81-640. For fiscal
24 year distributions occurring after FY1998-99, the distribution under this
25 subdivision shall not be less than the amount distributed under this
26 subdivision for FY1997-98. Any money needed to increase the amount
27 distributed under this subdivision to the FY1997-98 amount shall reduce
28 the distribution to the General Fund;

29 (c) Third, beginning October 1, 2002, and continuing until all the
30 purposes of the Deferred Building Renewal Act have been fulfilled, the
31 State Treasurer shall place the equivalent of seven cents of such tax in

1 the Building Renewal Allocation Fund. The distribution under this
2 subdivision shall not be less than the amount distributed under this
3 subdivision for FY1997-98. Any money needed to increase the amount
4 distributed under this subdivision to the FY1997-98 amount shall reduce
5 the distribution to the General Fund;

6 (d) Fourth, until July 1, 2009, the State Treasurer shall place in
7 the Municipal Infrastructure Redevelopment Fund the sum of five hundred
8 twenty thousand dollars each fiscal year to carry out the Municipal
9 Infrastructure Redevelopment Fund Act. The Legislature shall appropriate
10 the sum of five hundred twenty thousand dollars each year for fiscal year
11 2003-04 through fiscal year 2008-09;

12 (e) Fifth, beginning July 1, 2001, and continuing until June 30,
13 2008, the State Treasurer shall place the equivalent of two cents of such
14 tax in the Information Technology Infrastructure Fund. The distribution
15 under this subdivision shall not be less than two million fifty thousand
16 dollars. Any money needed to increase the amount distributed under this
17 subdivision to two million fifty thousand dollars shall reduce the
18 distribution to the General Fund;

19 (f) Sixth, beginning July 1, 2001, and continuing until June 30,
20 2016, the State Treasurer shall place one million dollars each fiscal
21 year in the City of the Primary Class Development Fund. If necessary, the
22 State Treasurer shall reduce the distribution of tax proceeds to the
23 General Fund pursuant to subsection (2) of this section by such amount
24 required to fulfill the one million dollars to be distributed pursuant to
25 this subdivision;

26 (g) Seventh, beginning July 1, 2001, and continuing until June 30,
27 2016, the State Treasurer shall place one million five hundred thousand
28 dollars each fiscal year in the City of the Metropolitan Class
29 Development Fund. If necessary, the State Treasurer shall reduce the
30 distribution of tax proceeds to the General Fund pursuant to subsection
31 (2) of this section by such amount required to fulfill the one million

1 five hundred thousand dollars to be distributed pursuant to this
2 subdivision;

3 (h) Eighth, beginning July 1, 2008, and continuing until June 30,
4 2009, the State Treasurer shall place the equivalent of two million fifty
5 thousand dollars of such tax in the Nebraska Public Safety Communication
6 System Cash Fund. Beginning July 1, 2009, and continuing until June 30,
7 2016, the State Treasurer shall place the equivalent of two million five
8 hundred seventy thousand dollars of such tax in the Nebraska Public
9 Safety Communication System Cash Fund. Beginning July 1, 2016, and every
10 fiscal year thereafter, the State Treasurer shall place the equivalent of
11 three million eight hundred twenty thousand dollars of such tax in the
12 Nebraska Public Safety Communication System Cash Fund. If necessary, the
13 State Treasurer shall reduce the distribution of tax proceeds to the
14 General Fund pursuant to subsection (2) of this section by such amount
15 required to fulfill the distribution pursuant to this subdivision;~~and~~

16 (i) Ninth, beginning July 1, 2016, and every fiscal year thereafter,
17 the State Treasurer shall place the equivalent of one million two hundred
18 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.
19 If necessary, the State Treasurer shall reduce the distribution of tax
20 proceeds to the General Fund pursuant to subsection (2) of this section
21 by such amount required to fulfill the distribution pursuant to this
22 subdivision; and -

23 (j) Tenth, beginning July 1, 2019, the State Treasurer shall place
24 the equivalent of thirty-six cents of such tax in the Property Tax Credit
25 Cash Fund.

26 (4) If, after distributing the proceeds of such tax pursuant to
27 subsections (2) and (3) of this section, any proceeds of such tax remain,
28 the State Treasurer shall place such remainder in the Nebraska Capital
29 Construction Fund.

30 (5) The Legislature hereby finds and determines that the projects
31 funded from the Municipal Infrastructure Redevelopment Fund and the

1 Building Renewal Allocation Fund are of critical importance to the State
2 of Nebraska. It is the intent of the Legislature that the allocations and
3 appropriations made by the Legislature to such funds or, in the case of
4 allocations for the Municipal Infrastructure Redevelopment Fund, to the
5 particular municipality's account not be reduced until all contracts and
6 securities relating to the construction and financing of the projects or
7 portions of the projects funded from such funds or accounts of such funds
8 are completed or paid or, in the case of the Municipal Infrastructure
9 Redevelopment Fund, the earlier of such date or July 1, 2009, and that
10 until such time any reductions in the cigarette tax rate made by the
11 Legislature shall be simultaneously accompanied by equivalent reductions
12 in the amount dedicated to the General Fund from cigarette tax revenue.
13 Any provision made by the Legislature for distribution of the proceeds of
14 the cigarette tax for projects or programs other than those to (a) the
15 General Fund, (b) the Nebraska Outdoor Recreation Development Cash Fund,
16 (c) the Health and Human Services Cash Fund, (d) the Municipal
17 Infrastructure Redevelopment Fund, (e) the Building Renewal Allocation
18 Fund, (f) the Information Technology Infrastructure Fund, (g) the City of
19 the Primary Class Development Fund, (h) the City of the Metropolitan
20 Class Development Fund, (i) the Nebraska Public Safety Communication
21 System Cash Fund, ~~and~~ (j) the Nebraska Health Care Cash Fund, and (k) the
22 Property Tax Credit Cash Fund shall not be made a higher priority than or
23 an equal priority to any of the programs or projects specified in
24 subdivisions (a) through (k) ~~(j)~~ of this subsection.

25 Sec. 10. Section 77-2701.02, Reissue Revised Statutes of Nebraska,
26 is amended to read:

27 77-2701.02 Pursuant to section 77-2715.01:

28 (1) Until July 1, 1998, the rate of the sales tax levied pursuant to
29 section 77-2703 shall be five percent;

30 (2) Commencing July 1, 1998, and until July 1, 1999, the rate of the
31 sales tax levied pursuant to section 77-2703 shall be four and one-half

1 percent;

2 (3) Commencing July 1, 1999, and until the start of the first
3 calendar quarter after July 20, 2002, the rate of the sales tax levied
4 pursuant to section 77-2703 shall be five percent;~~and~~

5 (4) Commencing on the start of the first calendar quarter after July
6 20, 2002, and until July 1, 2019, the rate of the sales tax levied
7 pursuant to section 77-2703 shall be five and one-half percent; and -

8 (5) Commencing July 1, 2019, the rate of the sales tax levied
9 pursuant to section 77-2703 shall be six and one-quarter percent.

10 Sec. 11. Section 77-2701.16, Reissue Revised Statutes of Nebraska,
11 is amended to read:

12 77-2701.16 (1) Gross receipts means the total amount of the sale or
13 lease or rental price, as the case may be, of the retail sales of
14 retailers.

15 (2) Gross receipts of every person engaged as a public utility
16 specified in this subsection, as a community antenna television service
17 operator, or as a satellite service operator or any person involved in
18 connecting and installing services defined in subdivision (2)(a), (b), or
19 (d) of this section means:

20 (a)(i) In the furnishing of telephone communication service, other
21 than mobile telecommunications service as described in section
22 77-2703.04, the gross income received from furnishing ancillary services,
23 except for conference bridging services, and intrastate
24 telecommunications services, except for value-added, nonvoice data
25 service.

26 (ii) In the furnishing of mobile telecommunications service as
27 described in section 77-2703.04, the gross income received from
28 furnishing mobile telecommunications service that originates and
29 terminates in the same state to a customer with a place of primary use in
30 Nebraska;

31 (b) In the furnishing of telegraph service, the gross income

1 received from the furnishing of intrastate telegraph services;

2 (c)(i) In the furnishing of gas, sewer, water, and electricity
3 service, other than electricity service to a customer-generator as
4 defined in section 70-2002, the gross income received from the furnishing
5 of such services upon billings or statements rendered to consumers for
6 such utility services.

7 (ii) In the furnishing of electricity service to a customer-
8 generator as defined in section 70-2002, the net energy use upon billings
9 or statements rendered to customer-generators for such electricity
10 service;

11 (d) In the furnishing of community antenna television service or
12 satellite service, the gross income received from the furnishing of such
13 community antenna television service as regulated under sections 18-2201
14 to 18-2205 or 23-383 to 23-388 or satellite service; and

15 (e) The gross income received from the provision, installation,
16 construction, servicing, or removal of property used in conjunction with
17 the furnishing, installing, or connecting of any public utility services
18 specified in subdivision (2)(a) or (b) of this section or community
19 antenna television service or satellite service specified in subdivision
20 (2)(d) of this section, except when acting as a subcontractor for a
21 public utility, this subdivision does not apply to the gross income
22 received by a contractor electing to be treated as a consumer of building
23 materials under subdivision (2) or (3) of section 77-2701.10 for any such
24 services performed on the customer's side of the utility demarcation
25 point.

26 (3) Gross receipts of every person engaged in selling, leasing, or
27 otherwise providing intellectual or entertainment property means:

28 (a) In the furnishing of computer software, the gross income
29 received, including the charges for coding, punching, or otherwise
30 producing any computer software and the charges for the tapes, disks,
31 punched cards, or other properties furnished by the seller; and

1 (b) In the furnishing of videotapes, movie film, satellite
2 programming, satellite programming service, and satellite television
3 signal descrambling or decoding devices, the gross income received from
4 the license, franchise, or other method establishing the charge.

5 (4) Gross receipts for providing a service means:

6 (a) The gross income received for building cleaning and maintenance,
7 pest control, and security;

8 (b) The gross income received for motor vehicle washing, waxing,
9 towing, and painting;

10 (c) The gross income received for computer software training;

11 (d) The gross income received for installing and applying tangible
12 personal property if the sale of the property is subject to tax. If any
13 or all of the charge for installation is free to the customer and is paid
14 by a third-party service provider to the installer, any tax due on that
15 part of the activation commission, finder's fee, installation charge, or
16 similar payment made by the third-party service provider shall be paid
17 and remitted by the third-party service provider;

18 (e) The gross income received for services of recreational vehicle
19 parks;

20 (f) The gross income received for labor for repair or maintenance
21 services performed with regard to tangible personal property the sale of
22 which would be subject to sales and use taxes, excluding motor vehicles,
23 except as otherwise provided in section 77-2704.26 or 77-2704.50;

24 (g) The gross income received for animal specialty services except
25 (i) veterinary services performed on livestock as defined in section
26 54-183, (ii) specialty services performed on livestock as defined in
27 section 54-183, and (iii) animal grooming performed by a licensed
28 veterinarian or a licensed veterinary technician in conjunction with
29 medical treatment;~~and~~

30 (h) The gross income received for detective services; ~~-~~

31 (i) The gross income received for local or long-distance trucking of

1 used household, used institutional, or used commercial furniture and
2 equipment;

3 (j) The gross income received for plumbing, heating, and air
4 conditioning services; and

5 (k) The gross income received for storage services. For purposes of
6 this subdivision, storage services means the leasing of mini-warehouses
7 and self-storage units.

8 (5) Gross receipts includes the sale of admissions. When an
9 admission to an activity or a membership constituting an admission is
10 combined with the solicitation of a contribution, the portion or the
11 amount charged representing the fair market price of the admission shall
12 be considered a retail sale subject to the tax imposed by section
13 77-2703. The organization conducting the activity shall determine the
14 amount properly attributable to the purchase of the privilege, benefit,
15 or other consideration in advance, and such amount shall be clearly
16 indicated on any ticket, receipt, or other evidence issued in connection
17 with the payment.

18 (6) Gross receipts includes the sale of live plants incorporated
19 into real estate except when such incorporation is incidental to the
20 transfer of an improvement upon real estate or the real estate.

21 (7) Gross receipts includes the sale of any building materials
22 annexed to real estate by a person electing to be taxed as a retailer
23 pursuant to subdivision (1) of section 77-2701.10.

24 (8) Gross receipts includes the sale of and recharge of prepaid
25 calling service and prepaid wireless calling service.

26 (9) Gross receipts includes the retail sale of digital audio works,
27 digital audiovisual works, digital codes, and digital books delivered
28 electronically if the products are taxable when delivered on tangible
29 storage media. A sale includes the transfer of a permanent right of use,
30 the transfer of a right of use that terminates on some condition, and the
31 transfer of a right of use conditioned upon the receipt of continued

1 payments.

2 (10) Gross receipts does not include:

3 (a) The amount of any rebate granted by a motor vehicle or motorboat
4 manufacturer or dealer at the time of sale of the motor vehicle or
5 motorboat, which rebate functions as a discount from the sales price of
6 the motor vehicle or motorboat; or

7 (b) The price of property or services returned or rejected by
8 customers when the full sales price is refunded either in cash or credit.

9 Sec. 12. Section 77-2704.24, Reissue Revised Statutes of Nebraska,
10 is amended to read:

11 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross
12 receipts from the sale, lease, or rental of and the storage, use, or
13 other consumption in this state of food or food ingredients except for
14 prepared food and food sold through vending machines.

15 (2) For purposes of this section:

16 (a) Alcoholic beverages means beverages that are suitable for human
17 consumption and contain one-half of one percent or more of alcohol by
18 volume;

19 (b) Bottled water means water that is placed in a safety sealed
20 container or package for human consumption. Bottled water is calorie free
21 and does not contain sweeteners or other additives except that it may
22 contain: (i) Antimicrobial agents; (ii) fluoride; (iii) carbonation; (iv)
23 vitamins, minerals, and electrolytes; (v) oxygen; (vi) preservatives; and
24 (vii) only those flavors, extracts, or essences derived from a spice or
25 fruit. Bottled water includes water that is delivered to the buyer in a
26 reusable container that is not sold with the water;

27 (c) Candy means a preparation of sugar, honey, or other natural or
28 artificial sweeteners in combination with chocolate, fruits, nuts, or
29 other ingredients or flavorings in the form of bars, drops, or pieces.
30 Candy shall not include any preparation containing flour and shall
31 require no refrigeration;

1 (d) ~~(b)~~ Dietary supplement means any product, other than tobacco,
2 intended to supplement the diet that contains one or more of the
3 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an
4 herb or other botanical, (iv) an amino acid, (v) a dietary substance for
5 use by humans to supplement the diet by increasing the total dietary
6 intake, or (vi) a concentrate, metabolite, constituent, extract, or
7 combination of any ingredients described in subdivisions ~~(2)(d)(i)~~ ~~(2)(b)~~
8 ~~(i)~~ through (v) of this section; that is intended for ingestion in
9 tablet, capsule, powder, softgel, gelcap, or liquid form or, if not
10 intended for ingestion in such a form, is not presented as conventional
11 food and is not represented for use as a sole item of a meal or of the
12 diet; and that is required to be labeled as a dietary supplement,
13 identifiable by the supplemental facts box found on the label and as
14 required pursuant to 21 C.F.R. 101.36, as such regulation existed on
15 January 1, 2003;

16 (e) ~~(e)~~ Food and food ingredients means substances, whether in
17 liquid, concentrated, solid, frozen, dried, or dehydrated form, that are
18 sold for ingestion or chewing by humans and are consumed for their taste
19 or nutritional value. Food and food ingredients does not include
20 alcoholic beverages, dietary supplements, ~~or~~ tobacco, bottled water,
21 candy, or soft drinks;

22 (f) ~~(d)~~ Food sold through vending machines means food that is
23 dispensed from a machine or other mechanical device that accepts payment;

24 (g) ~~(e)~~ Prepared food means:

25 (i) Food sold with eating utensils provided by the seller, including
26 plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate
27 does not include a container or packaging used to transport the food; or

28 (ii) Two or more food ingredients mixed or combined by the seller
29 for sale as a single item and food sold in a heated state or heated by
30 the seller, except:

31 (A) Food that is only cut, repackaged, or pasteurized by the seller;

1 (B) Eggs, fish, meat, poultry, and foods containing these raw animal
2 foods requiring cooking by the consumer as recommended by the federal
3 Food and Drug Administration in chapter 3, part 401.11 of its Food Code,
4 as it existed on January 1, 2003, so as to prevent food borne illnesses;

5 (C) Food sold by a seller whose proper primary North American
6 Industry Classification System classification is manufacturing in sector
7 311, except subsector 3118, bakeries;

8 (D) Food sold in an unheated state by weight or volume as a single
9 item;

10 (E) Bakery items, including bread, rolls, buns, biscuits, bagels,
11 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,
12 muffins, bars, cookies, and tortillas; and

13 (F) Food that ordinarily requires additional cooking to finish the
14 product to its desired final condition; ~~and~~

15 (h) Soft drinks means nonalcoholic beverages that contain natural or
16 artificial sweeteners. Soft drinks do not include beverages that contain
17 milk or milk products, soy, rice or similar milk substitutes, or greater
18 than fifty percent of vegetable or fruit juice by volume; and

19 (i) ~~(f)~~ Tobacco means cigarettes, cigars, chewing or pipe tobacco,
20 or any other item that contains tobacco.

21 (3) The Governor may stay the collection of sales and use taxes on
22 bottled water for a period of sixty days in any area of the state
23 affected by a disaster, emergency, or civil defense emergency as such
24 terms are defined in section 81-829.39.

25 Sec. 13. Section 77-27,132, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 77-27,132 (1) There is hereby created a fund to be designated the
28 Revenue Distribution Fund which shall be set apart and maintained by the
29 Tax Commissioner. Revenue not required to be credited to the General Fund
30 or any other specified fund may be credited to the Revenue Distribution
31 Fund. Credits and refunds of such revenue shall be paid from the Revenue

1 Distribution Fund. The balance of the amount credited, after credits and
2 refunds, shall be allocated as provided by the statutes creating such
3 revenue.

4 (2) The Tax Commissioner shall pay to a depository bank designated
5 by the State Treasurer all amounts collected under the Nebraska Revenue
6 Act of 1967. The Tax Commissioner shall present to the State Treasurer
7 bank receipts showing amounts so deposited in the bank, and of the
8 amounts so deposited the State Treasurer shall:

9 (a) For transactions occurring on or after October 1, 2014, and
10 before October 1, 2022, credit to the Game and Parks Commission Capital
11 Maintenance Fund all of the proceeds of the sales and use taxes imposed
12 pursuant to section 77-2703 on the sale or lease of motorboats as defined
13 in section 37-1204, personal watercraft as defined in section 37-1204.01,
14 all-terrain vehicles as defined in section 60-103, and utility-type
15 vehicles as defined in section 60-135.01;

16 (b) Credit to the Highway Trust Fund all of the proceeds of the
17 sales and use taxes derived from the sale or lease for periods of more
18 than thirty-one days of motor vehicles, trailers, and semitrailers,
19 except that:

20 (i) Prior to July 1, 2019, the proceeds equal to any sales tax rate
21 provided for in section 77-2701.02 that is in excess of five percent
22 derived from the sale or lease for periods of more than thirty-one days
23 of motor vehicles, trailers, and semitrailers shall be credited to the
24 Highway Allocation Fund; and

25 (ii) On and after July 1, 2019, the proceeds equal to any sales tax
26 rate provided for in section 77-2701.02 that is in excess of five and
27 three-quarters percent derived from the sale or lease for periods of more
28 than thirty-one days of motor vehicles, trailers, and semitrailers shall
29 be credited to the Highway Allocation Fund;

30 (c) For transactions occurring on or after July 1, 2013, and before
31 July 1, 2033, of the proceeds of the sales and use taxes derived from

1 transactions other than those listed in subdivisions (2)(a) and (b) of
2 this section from a sales tax rate of one-quarter of one percent, credit
3 monthly eighty-five percent to the State Highway Capital Improvement Fund
4 and fifteen percent to the Highway Allocation Fund;~~and~~

5 (d) Of the proceeds of the sales and use taxes derived from
6 transactions other than those listed in subdivisions (2)(a) and (b) of
7 this section, credit to the Property Tax Credit Cash Fund the amount
8 certified under section 77-27,237, if any such certification is made;
9 and -

10 (e) Credit to the Property Tax Credit Cash Fund an amount equal to
11 the increase in state sales and use tax revenue received as a result of
12 the increase in the sales and use tax rate in section 77-2701.02 from
13 five and one-half percent to six and one-quarter percent. The amount to
14 be credited under this subdivision shall be determined annually by the
15 Tax Commissioner.

16 The balance of all amounts collected under the Nebraska Revenue Act
17 of 1967 shall be credited to the General Fund.

18 Sec. 14. Section 77-3442, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 77-3442 (1) Property tax levies for the support of local governments
21 for fiscal years beginning on or after July 1, 1998, shall be limited to
22 the amounts set forth in this section except as provided in section
23 77-3444.

24 (2)(a) Except as provided in subdivisions (2)(b), ~~and~~ (2)(e), and
25 (2)(h) of this section:

26 (i) For fiscal years prior to fiscal year 2019-20, school districts
27 and multiple-district school systems may levy a maximum levy of one
28 dollar and five cents per one hundred dollars of taxable valuation of
29 property subject to the levy; and -

30 (ii) For school fiscal year 2019-20 and each school fiscal year
31 thereafter, school districts and multiple-district school systems may

1 levy a maximum levy equal to five cents per one hundred dollars of
2 taxable valuation of property subject to the levy plus a levy rate which,
3 when applied to taxable valuation of property subject to the levy,
4 generates an amount equal to the local formula contribution for such
5 fiscal year calculated pursuant to section 79-1015.01.

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

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

20 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)
21 of this section are (i) amounts levied to pay for current and future sums
22 agreed to be paid by a school district to certificated employees in
23 exchange for a voluntary termination of employment occurring prior to
24 September 1, 2017, (ii) amounts levied by a school district otherwise at
25 the maximum levy pursuant to subdivision (2)(a) of this section to pay
26 for current and future qualified voluntary termination incentives for
27 certificated teachers pursuant to subsection (3) of section 79-8,142 that
28 are not otherwise included in an exclusion pursuant to subdivision (2)(d)
29 of this section, (iii) amounts levied by a school district otherwise at
30 the maximum levy pursuant to subdivision (2)(a) of this section to pay
31 for seventy-five percent of the current and future sums agreed to be paid

1 to certificated employees in exchange for a voluntary termination of
2 employment occurring between September 1, 2017, and August 31, 2018, as a
3 result of a collective-bargaining agreement in force and effect on
4 September 1, 2017, that are not otherwise included in an exclusion
5 pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a
6 school district otherwise at the maximum levy pursuant to subdivision (2)
7 (a) of this section to pay for fifty percent of the current and future
8 sums agreed to be paid to certificated employees in exchange for a
9 voluntary termination of employment occurring between September 1, 2018,
10 and August 31, 2019, as a result of a collective-bargaining agreement in
11 force and effect on September 1, 2017, that are not otherwise included in
12 an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts
13 levied by a school district otherwise at the maximum levy pursuant to
14 subdivision (2)(a) of this section to pay for twenty-five percent of the
15 current and future sums agreed to be paid to certificated employees in
16 exchange for a voluntary termination of employment occurring between
17 September 1, 2019, and August 31, 2020, as a result of a collective-
18 bargaining agreement in force and effect on September 1, 2017, that are
19 not otherwise included in an exclusion pursuant to subdivision (2)(d) of
20 this section, (vi) amounts levied in compliance with sections 79-10,110
21 and 79-10,110.02, and (vii) amounts levied to pay for special building
22 funds and sinking funds established for projects commenced prior to the
23 operative date of this section April 1, 1996, for construction,
24 expansion, or alteration of school district buildings up to the amount
25 that would be generated by a levy rate equal to the levy rate for such
26 project for the 2018-19 fiscal year. For purposes of this subsection,
27 commenced means any action taken by the school board on the record which
28 commits the board to expend district funds in planning, constructing, or
29 carrying out the project.

30 (e) Federal aid school districts may exceed the maximum levy
31 prescribed by subdivision (2)(a) or (2)(c) of this section only to the

1 extent necessary to qualify to receive federal aid pursuant to 20 U.S.C.
2 7701 et seq., as such sections existed on January 1, 2019 ~~Title VIII of~~
3 ~~Public Law 103-382, as such title existed on September 1, 2001.~~ For
4 purposes of this subdivision, federal aid school district means any
5 school district which receives ten percent or more of the revenue for its
6 general fund budget from federal government sources pursuant to 20 U.S.C.
7 7701 et seq., as such sections existed on January 1, 2019 ~~Title VIII of~~
8 ~~Public Law 103-382, as such title existed on September 1, 2001.~~

9 (f) For each fiscal year, learning communities may levy a maximum
10 levy of one-half cent on each one hundred dollars of taxable property
11 subject to the levy for elementary learning center facility leases, for
12 remodeling of leased elementary learning center facilities, and for up to
13 fifty percent of the estimated cost for focus school or program capital
14 projects approved by the learning community coordinating council pursuant
15 to section 79-2111.

16 (g) For each fiscal year, learning communities may levy a maximum
17 levy of one and one-half cents on each one hundred dollars of taxable
18 property subject to the levy for early childhood education programs for
19 children in poverty, for elementary learning center employees, for
20 contracts with other entities or individuals who are not employees of the
21 learning community for elementary learning center programs and services,
22 and for pilot projects, except that no more than ten percent of such levy
23 may be used for elementary learning center employees.

24 (h) For each fiscal year, a Class V school district may, in addition
25 to any other levies authorized pursuant to this section, levy a maximum
26 of six cents per one hundred dollars of taxable valuation of property
27 subject to the levy to assist in meeting the contribution obligation
28 pursuant to subdivision (1)(d)(ii) of section 79-9,113 of such school
29 district to a retirement system of such school district established under
30 the Class V School Employees Retirement Act. All proceeds received by a
31 school district from any levy authorized pursuant to this subdivision

1 shall be transferred by the school district on a monthly basis to such
2 retirement system. Such proceeds shall only be used to assist in meeting
3 the contribution obligation and shall not be used for any other purpose.
4 No levy shall be authorized pursuant to this subdivision if the funded
5 ratio of the actuarial value of assets and the funded ratio of the market
6 value of assets for such retirement plan are both equal to or greater
7 than eighty percent for three consecutive plan years after the operative
8 date of this section as reported in the retirement system's annual
9 valuation report prepared by the actuary retained by the board of
10 trustees of such retirement system as provided in section 79-984.

11 (3) For each fiscal year, community college areas may levy the
12 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in
13 accordance with the provisions of such subdivisions. A community college
14 area may exceed the levy provided in subdivision (2)(b) of section
15 85-1517 by the amount necessary to retire general obligation bonds
16 assumed by the community college area or issued pursuant to section
17 85-1515 according to the terms of such bonds or for any obligation
18 pursuant to section 85-1535 entered into prior to January 1, 1997.

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

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

31 (c) In addition, natural resources districts located in a river

1 basin, subbasin, or reach that has been determined to be fully
2 appropriated pursuant to section 46-714 or designated as overappropriated
3 pursuant to section 46-713 by the Department of Natural Resources shall
4 also have the power and authority to levy a tax equal to the dollar
5 amount by which their restricted funds budgeted to administer and
6 implement ground water management activities and integrated management
7 activities under the Nebraska Ground Water Management and Protection Act
8 exceed their restricted funds budgeted to administer and implement ground
9 water management activities and integrated management activities for
10 FY2005-06, not to exceed three cents on each one hundred dollars of
11 taxable valuation on all of the taxable property within the district for
12 fiscal year 2006-07 and each fiscal year thereafter through fiscal year
13 2017-18.

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

18 (6)(a) Incorporated cities and villages which are not within the
19 boundaries of a municipal county may levy a maximum levy of forty-five
20 cents per one hundred dollars of taxable valuation of property subject to
21 the levy plus an additional five cents per one hundred dollars of taxable
22 valuation to provide financing for the municipality's share of revenue
23 required under an agreement or agreements executed pursuant to the
24 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum
25 levy shall include amounts levied to pay for sums to support a library
26 pursuant to section 51-201, museum pursuant to section 51-501, visiting
27 community nurse, home health nurse, or home health agency pursuant to
28 section 71-1637, or statue, memorial, or monument pursuant to section
29 80-202.

30 (b) Incorporated cities and villages which are within the boundaries
31 of a municipal county may levy a maximum levy of ninety cents per one

1 hundred dollars of taxable valuation of property subject to the levy. The
2 maximum levy shall include amounts paid to a municipal county for county
3 services, amounts levied to pay for sums to support a library pursuant to
4 section 51-201, a museum pursuant to section 51-501, a visiting community
5 nurse, home health nurse, or home health agency pursuant to section
6 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

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

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

1 of section 77-3443 some or all of the county's five cents per one hundred
2 dollars of valuation authorized for support of an agreement or agreements
3 to be levied by the political subdivision for the purpose of supporting
4 that political subdivision's share of revenue required under an agreement
5 or agreements executed pursuant to the Interlocal Cooperation Act or the
6 Joint Public Agency Act. If an allocation by a county would cause another
7 county to exceed its levy authority under this section, the second county
8 may exceed the levy authority in order to levy the amount allocated.

9 (9) Municipal counties may levy or authorize a maximum levy of one
10 dollar per one hundred dollars of taxable valuation of property subject
11 to the levy. The municipal county may allocate levy authority to any
12 political subdivision or entity subject to allocation under section
13 77-3443.

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

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

1 secured by a levy on property except as provided in section 44-4317 for
2 bonded indebtedness issued by educational service units and school
3 districts, and (d) for payments by a public airport to retire interest-
4 free loans from the Division of Aeronautics of the Department of
5 Transportation in lieu of bonded indebtedness at a lower cost to the
6 public airport are not included in the levy limits established by this
7 section.

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

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

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

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

1 Sec. 15. Section 77-3446, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-3446 Base limitation means the budget limitation rate applicable
4 to school districts and the limitation on growth of restricted funds
5 applicable to other political subdivisions prior to any increases in the
6 rate as a result of special actions taken by a supermajority of any
7 governing board or of any exception allowed by law. The base limitation
8 is two and one-half percent until adjusted, except that the base
9 limitation for school districts for school fiscal years 2017-18 and
10 2018-19 is one and one-half percent and the base limitation for school
11 districts for school fiscal year 2019-20 and each school fiscal year
12 thereafter is the inflation rate for such school fiscal year as certified
13 by the Tax Commissioner pursuant to section 32 of this act, including any
14 adjustment pursuant to subsection (3) or (4) of such section. The base
15 limitation may be adjusted annually by the Legislature to reflect changes
16 in the prices of services and products used by school districts and
17 political subdivisions.

18 Sec. 16. Section 77-4209, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 77-4209 Sections 77-4209 to 77-4212 and sections 17 and 18 of this
21 act shall be known and may be cited as the Property Tax Credit Act.

22 Sec. 17. (1) On or before July 19, 2019, and on or before January
23 30 of each year thereafter, the Department of Revenue shall determine the
24 minimum amount necessary to be appropriated to the Property Tax Credit
25 Cash Fund to carry out the requirements of the Property Tax Credit Act
26 for the ensuing fiscal year and shall certify the amounts to the
27 Governor, the Appropriations Committee of the Legislature, the Revenue
28 Committee of the Legislature, and the Education Committee of the
29 Legislature. Each certification submitted to the committees of the
30 Legislature shall be submitted electronically.

31 (2) The amount certified pursuant to subsection (1) of this section

1 as the minimum amount necessary to be appropriated to the Property Tax
2 Credit Cash Fund shall equal the greater of the sum of the amounts
3 certified to the Department of Revenue by the State Department of
4 Education to be transferred to the Tax Equity and Educational
5 Opportunities Fund pursuant to section 18 of this act or two hundred
6 seventy-five million dollars.

7 (3) The Appropriations Committee of the Legislature shall annually
8 include at least the minimum amount necessary to be appropriated to the
9 Property Tax Credit Cash Fund as certified pursuant to subsection (1) of
10 this section in its recommendations to the Legislature to carry out the
11 requirements of the Property Tax Credit Act.

12 Sec. 18. (1) On or before July 15, 2019, and on or before January
13 15 of each tax year thereafter, the State Department of Education shall
14 certify to the State Treasurer and the Department of Revenue an estimate
15 of the statewide increase in state aid to be paid to local systems as
16 defined in section 79-1003 pursuant to the Tax Equity and Educational
17 Opportunities Support Act for the immediately following school fiscal
18 year resulting from (a) changes to the method for calculating the local
19 formula contribution for each local system pursuant to section 79-1015.01
20 between the 2018-19 school fiscal year and the school fiscal year for
21 which such certification is being made and (b) the inclusion of
22 foundation aid pursuant to section 27 of this act in the calculation of
23 state aid.

24 (2) For fiscal year 2019-20 and each fiscal year thereafter, the
25 State Treasurer shall transfer an amount equal to the statewide increase
26 in state aid certified pursuant to subsection (1) of this section from
27 the Property Tax Credit Cash Fund to the Tax Equity and Educational
28 Opportunities Fund to pay such increase in state aid to local systems.

29 Sec. 19. Section 77-4212, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 77-4212 (1) For tax year 2007, the amount of relief granted under

1 ~~the Property Tax Credit Act shall be one hundred five million dollars.~~
2 ~~For tax year 2008, the amount of relief granted under the act shall be~~
3 ~~one hundred fifteen million dollars. It is the intent of the Legislature~~
4 ~~to fund the Property Tax Credit Act for tax years after tax year 2008~~
5 ~~using available revenue.~~ For tax years year 2017 through 2018, the amount
6 of relief granted under the act shall be two hundred twenty-four million
7 dollars. For tax year 2019 and each tax year thereafter, the amount of
8 relief granted through property tax credits under this section shall be
9 the amount available in the Property Tax Credit Cash Fund after
10 transferring funds to the Tax Equity and Educational Opportunities Fund
11 pursuant to section 18 of this act. The relief pursuant to this section
12 shall be in the form of a property tax credit which appears on the
13 property tax statement.

14 (2)(a) For tax years prior to tax year 2017, to determine the amount
15 of the property tax credit, the county treasurer shall multiply the
16 amount disbursed to the county under subdivision (4)(a) of this section
17 by the ratio of the real property valuation of the parcel to the total
18 real property valuation in the county. The amount determined shall be the
19 property tax credit for the property.

20 (b) Beginning with tax year 2017, to determine the amount of the
21 property tax credit, the county treasurer shall multiply the amount
22 disbursed to the county under subdivision (4)(b) of this section by the
23 ratio of the credit allocation valuation of the parcel to the total
24 credit allocation valuation in the county. The amount determined shall be
25 the property tax credit for the property.

26 (3) If the real property owner qualifies for a homestead exemption
27 under sections 77-3501 to 77-3529, the owner shall also be qualified for
28 the relief provided in the act to the extent of any remaining liability
29 after calculation of the relief provided by the homestead exemption. If
30 the credit results in a property tax liability on the homestead that is
31 less than zero, the amount of the credit which cannot be used by the

1 taxpayer shall be returned to the State Treasurer by July 1 of the year
2 the amount disbursed to the county was disbursed. The State Treasurer
3 shall immediately credit any funds returned under this subsection to the
4 Property Tax Credit Cash Fund. Upon the return of any funds under this
5 subsection, the county treasurer shall electronically file a report with
6 the Property Tax Administrator, on a form prescribed by the Tax
7 Commissioner, indicating the amount of funds distributed to each taxing
8 unit in the county in the year the funds were returned, any collection
9 fee retained by the county in such year, and the amount of unused credits
10 returned.

11 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
12 each county shall be equal to the amount available for disbursement
13 determined under subsection (1) of this section multiplied by the ratio
14 of the real property valuation in the county to the real property
15 valuation in the state. By September 15, the Property Tax Administrator
16 shall determine the amount to be disbursed under this subdivision to each
17 county and certify such amounts to the State Treasurer and to each
18 county. The disbursements to the counties shall occur in two equal
19 payments, the first on or before January 31 and the second on or before
20 April 1. After retaining one percent of the receipts for costs, the
21 county treasurer shall allocate the remaining receipts to each taxing
22 unit levying taxes on taxable property in the tax district in which the
23 real property is located in the same proportion that the levy of such
24 taxing unit bears to the total levy on taxable property of all the taxing
25 units in the tax district in which the real property is located.

26 (b) Beginning with tax year 2017, the amount disbursed to each
27 county shall be equal to the amount available for disbursement determined
28 under subsection (1) of this section multiplied by the ratio of the
29 credit allocation valuation in the county to the credit allocation
30 valuation in the state. By September 15, the Property Tax Administrator
31 shall determine the amount to be disbursed under this subdivision to each

1 county and certify such amounts to the State Treasurer and to each
2 county. The disbursements to the counties shall occur in two equal
3 payments, the first on or before January 31 and the second on or before
4 April 1. After retaining one percent of the receipts for costs, the
5 county treasurer shall allocate the remaining receipts to each taxing
6 unit based on its share of the credits granted to all taxpayers in the
7 taxing unit.

8 (5) For purposes of this section, credit allocation valuation means
9 the taxable value for all real property except agricultural land and
10 horticultural land, one hundred twenty percent of taxable value for
11 agricultural land and horticultural land that is not subject to special
12 valuation, and one hundred twenty percent of taxable value for
13 agricultural land and horticultural land that is subject to special
14 valuation.

15 ~~(6) The State Treasurer shall transfer from the General Fund to the~~
16 ~~Property Tax Credit Cash Fund one hundred five million dollars by August~~
17 ~~1, 2007, and one hundred fifteen million dollars by August 1, 2008.~~

18 ~~(7) The Legislature shall have the power to transfer funds from the~~
19 ~~Property Tax Credit Cash Fund to the General Fund.~~

20 Sec. 20. Section 77-5023, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 77-5023 (1) Pursuant to section 77-5022, the commission shall have
23 the power to increase or decrease the value of a class or subclass of
24 real property in any county or taxing authority or of real property
25 valued by the state so that all classes or subclasses of real property in
26 all counties fall within an acceptable range.

27 (2) An acceptable range is the percentage of variation from a
28 standard for valuation as measured by an established indicator of central
29 tendency of assessment. Acceptable ranges are: (a) For agricultural land
30 and horticultural land as defined in section 77-1359, (i) prior to
31 January 1, 2020, sixty-nine to seventy-five percent of actual value and

1 (ii) on and after January 1, 2020, fifty-nine to sixty-five percent of
2 actual value; (b) for lands receiving special valuation, (i) prior to
3 January 1, 2020, sixty-nine to seventy-five percent of special valuation
4 as defined in section 77-1343 and (ii) on and after January 1, 2020,
5 fifty-nine to sixty-five percent of special valuation as defined in
6 section 77-1343; and (c) for all other real property, (i) prior to
7 January 1, 2020, ninety-two to one hundred percent of actual value and
8 (ii) on and after January 1, 2020, eighty-two to ninety percent of actual
9 value.

10 (3) Any increase or decrease shall cause the level of value
11 determined by the commission to be at the midpoint of the applicable
12 acceptable range.

13 (4) Any decrease or increase to a subclass of property shall also
14 cause the level of value determined by the commission for the class from
15 which the subclass is drawn to be within the applicable acceptable range.

16 (5) Whether or not the level of value determined by the commission
17 falls within an acceptable range or at the midpoint of an acceptable
18 range may be determined to a reasonable degree of certainty relying upon
19 generally accepted mass appraisal techniques.

20 Sec. 21. Section 79-978.01, Revised Statutes Cumulative Supplement,
21 2018, is amended to read:

22 79-978.01 Sections 79-978 to 79-9,118 and section 22 of this act
23 shall be known and may be cited as the Class V School Employees
24 Retirement Act.

25 Sec. 22. On or before December 31, 2019, and on or before each
26 December 31 thereafter, the board of education shall provide written
27 notice to the board of trustees of the rate of any levy the board of
28 education levied for the current tax year pursuant to subdivision (2)(h)
29 of section 77-3442 and an estimate of the proceeds from any such levy
30 that will be transferred to the system by the school district pursuant to
31 subdivision (1)(d) of section 79-9,113. The board of trustees shall

1 provide such information to the actuary for preparation of the annual
2 valuation report.

3 Sec. 23. Section 79-9,113, Revised Statutes Cumulative Supplement,
4 2018, is amended to read:

5 79-9,113 (1)(a) If, at any future time, a majority of the eligible
6 members of the retirement system votes to be included under an agreement
7 providing old age and survivors insurance under the Social Security Act
8 of the United States, the contributions to be made by the member and the
9 school district for membership service, from and after the effective date
10 of the agreement with respect to services performed subsequent to
11 December 31, 1954, shall each be reduced from five to three percent but
12 not less than three percent of the member's salary per annum, and the
13 credits for membership service under this system, as provided in section
14 79-999, shall thereafter be reduced from one and one-half percent to
15 nine-tenths of one percent and not less than nine-tenths of one percent
16 of salary or wage earned by the member during each fiscal year, and from
17 one and sixty-five hundredths percent to one percent and not less than
18 one percent of salary or wage earned by the member during each fiscal
19 year and from two percent to one and two-tenths percent of salary or wage
20 earned by the member during each fiscal year, and from two and four-
21 tenths percent to one and forty-four hundredths percent of salary or wage
22 earned by the member during each fiscal year, except that after September
23 1, 1963, and prior to September 1, 1969, all employees of the school
24 district shall contribute an amount equal to the membership contribution
25 which shall be two and three-fourths percent of salary covered by old age
26 and survivors insurance, and five percent above that amount. Commencing
27 September 1, 1969, all employees of the school district shall contribute
28 an amount equal to the membership contribution which shall be two and
29 three-fourths percent of the first seven thousand eight hundred dollars
30 of salary or wages earned each fiscal year and five percent of salary or
31 wages earned above that amount in the same fiscal year. Commencing

1 September 1, 1976, all employees of the school district shall contribute
2 an amount equal to the membership contribution which shall be two and
3 nine-tenths percent of the first seven thousand eight hundred dollars of
4 salary or wages earned each fiscal year and five and twenty-five
5 hundredths percent of salary or wages earned above that amount in the
6 same fiscal year. Commencing on September 1, 1982, all employees of the
7 school district shall contribute an amount equal to the membership
8 contribution which shall be four and nine-tenths percent of the
9 compensation earned in each fiscal year. Commencing September 1, 1989,
10 all employees of the school district shall contribute an amount equal to
11 the membership contribution which shall be five and eight-tenths percent
12 of the compensation earned in each fiscal year. Commencing September 1,
13 1995, all employees of the school district shall contribute an amount
14 equal to the membership contribution which shall be six and three-tenths
15 percent of the compensation earned in each fiscal year. Commencing
16 September 1, 2007, all employees of the school district shall contribute
17 an amount equal to the membership contribution which shall be seven and
18 three-tenths percent of the compensation paid in each fiscal year.
19 Commencing September 1, 2009, all employees of the school district shall
20 contribute an amount equal to the membership contribution which shall be
21 eight and three-tenths percent of the compensation paid in each fiscal
22 year. Commencing September 1, 2011, all employees of the school district
23 shall contribute an amount equal to the membership contribution which
24 shall be nine and three-tenths percent of the compensation paid in each
25 fiscal year. Commencing September 1, 2013, all employees of the school
26 district shall contribute an amount equal to the membership contribution
27 which shall be nine and seventy-eight hundredths percent of the
28 compensation paid in each fiscal year.

29 (b) The contributions by the school district in any fiscal year
30 beginning on or after September 1, 1999, shall be the greater of (i) one
31 hundred percent of the contributions by the employees for such fiscal

1 year or (ii) such amount as may be necessary to maintain the solvency of
2 the system, as determined annually by the board of education upon
3 recommendation of the actuary and the board of trustees.

4 (c) The contributions by the school district in any fiscal year
5 beginning on or after September 1, 2007, and prior to September 1, 2018,
6 shall be the greater of (i) one hundred one percent of the contributions
7 by the employees for such fiscal year or (ii) such amount as may be
8 necessary to maintain the solvency of the system, as determined annually
9 by the board of education upon recommendation of the actuary retained by
10 the board of trustees and after considering any amounts that will be, or
11 are expected to be, transferred to the system pursuant to subdivision (1)
12 (b) of section 79-966. The amount necessary to maintain the solvency of
13 the system as determined in subdivision (ii) of this subdivision (c)
14 shall be transmitted by the school district to the account of the
15 retirement system no later than August 31, 2018. The school district
16 contributions specified in subdivision (i) of this subdivision (c) shall
17 be made monthly and shall be immediately transmitted to the account of
18 the retirement system.

19 (d) The contributions by the school district in any fiscal year
20 beginning on or after September 1, 2018, and each September 1 thereafter,
21 shall be the greater of (i) one hundred one percent of the contributions
22 by the employees for such fiscal year or (ii) such amount as may be
23 necessary to maintain the solvency of the system, as determined annually
24 by the board of education upon recommendation of the actuary retained by
25 the board of trustees and after considering any amounts that will be, or
26 are expected to be, transferred to the system pursuant to subdivision (1)
27 (b) of section 79-966 and any amounts that are transferred to the system
28 from the proceeds of a levy established by a Class V school district
29 pursuant to subdivision (2)(h) of section 77-3442. The amount necessary
30 to maintain the solvency of the system as determined in subdivision (ii)
31 of this subdivision (d) shall be transmitted by the school district to

1 the account of the retirement system no later than August 31, 2019, and
2 each August 31 thereafter, except any amounts transferred from the
3 proceeds of a levy established pursuant to subdivision (2)(h) of section
4 77-3442 shall be transmitted monthly as received by the school district.
5 The school district contributions specified in subdivision (i) of this
6 subdivision (d) shall be made monthly and shall be immediately
7 transmitted to the account of the retirement system.

8 (e) Nothing in this section prohibits the school district from
9 making other contributions in addition to the contributions required
10 pursuant to this section.

11 (f) The employee's contribution shall be made in the form of a
12 monthly deduction from compensation as provided in subsection (2) of this
13 section and shall be immediately transmitted to the account of the
14 retirement system. Every employee who is a member of the system shall be
15 deemed to consent and agree to such deductions and shall receipt in full
16 for compensation, and payment to such employee of compensation less such
17 deduction shall constitute a full and complete discharge of all claims
18 and demands whatsoever for services rendered by such employee during the
19 period covered by such payment except as to benefits provided under the
20 Class V School Employees Retirement Act.

21 (g) After September 1, 1963, and prior to September 1, 1969, all
22 employees shall be credited with a membership service annuity which shall
23 be nine-tenths of one percent of salary or wage covered by old age and
24 survivors insurance and one and one-half percent of salary or wages above
25 that amount, except that those employees who retire on or after August
26 31, 1969, shall be credited with a membership service annuity which shall
27 be one percent of salary or wages covered by old age and survivors
28 insurance and one and sixty-five hundredths percent of salary or wages
29 above that amount for service performed after September 1, 1963, and
30 prior to September 1, 1969. Commencing September 1, 1969, all employees
31 shall be credited with a membership service annuity which shall be one

1 percent of the first seven thousand eight hundred dollars of salary or
2 wages earned by the employee during each fiscal year and one and sixty-
3 five hundredths percent of salary or wages earned above that amount in
4 the same fiscal year, except that all employees retiring on or after
5 August 31, 1976, shall be credited with a membership service annuity
6 which shall be one and forty-four hundredths percent of the first seven
7 thousand eight hundred dollars of salary or wages earned by the employee
8 during such fiscal year and two and four-tenths percent of salary or
9 wages earned above that amount in the same fiscal year, and the
10 retirement annuities of employees who have not retired prior to September
11 1, 1963, and who elected under the provisions of section 79-988 as such
12 section existed immediately prior to February 20, 1982, not to become
13 members of the system shall not be less than they would have been had
14 they remained under any preexisting system to date of retirement.

15 (h) Members of this system having the service qualifications of
16 members of the School Employees Retirement System of the State of
17 Nebraska, as provided by section 79-926, who are members of the
18 retirement system established pursuant to the Class V School Employees
19 Retirement Act prior to July 1, 2016, shall receive the state service
20 annuity provided by sections 79-933 to 79-935 and 79-951.

21 (2) The school district shall pick up the employee contributions
22 required by this section for all compensation paid on or after January 1,
23 1985, and the contributions so picked up shall be treated as employer
24 contributions in determining federal tax treatment under the Internal
25 Revenue Code, except that the school district shall continue to withhold
26 federal income taxes based upon these contributions until the Internal
27 Revenue Service or the federal courts rule that, pursuant to section
28 414(h) of the Internal Revenue Code, these contributions shall not be
29 included as gross income of the employee until such time as they are
30 distributed or made available. The school district shall pay these
31 employee contributions from the same source of funds which is used in

1 paying earnings to the employee. The school district shall pick up these
2 contributions by a salary deduction either through a reduction in the
3 cash salary of the employee or a combination of a reduction in salary and
4 offset against a future salary increase. Beginning September 1, 1995, the
5 school district shall also pick up any contributions required by sections
6 79-990, 79-991, and 79-992 which are made under an irrevocable payroll
7 deduction authorization between the member and the school district, and
8 the contributions so picked up shall be treated as employer contributions
9 in determining federal tax treatment under the Internal Revenue Code,
10 except that the school district shall continue to withhold federal and
11 state income taxes based upon these contributions until the Internal
12 Revenue Service rules that, pursuant to section 414(h) of the Internal
13 Revenue Code, these contributions shall not be included as gross income
14 of the employee until such time as they are distributed from the system.
15 Employee contributions picked up shall be treated for all purposes of the
16 Class V School Employees Retirement Act in the same manner and to the
17 extent as employee contributions made prior to the date picked up.

18 Sec. 24. Section 79-1001, Revised Statutes Cumulative Supplement,
19 2018, is amended to read:

20 79-1001 Sections 79-1001 to 79-1033 and sections 27 and 32 of this
21 act shall be known and may be cited as the Tax Equity and Educational
22 Opportunities Support Act.

23 Sec. 25. Section 79-1003, Revised Statutes Cumulative Supplement,
24 2018, is amended to read:

25 79-1003 For purposes of the Tax Equity and Educational Opportunities
26 Support Act:

27 (1) Adjusted general fund operating expenditures means (a) for
28 school fiscal years 2013-14 through 2015-16, the difference of the
29 general fund operating expenditures as calculated pursuant to subdivision
30 (24) ~~(23)~~ of this section increased by the cost growth factor calculated
31 pursuant to section 79-1007.10, minus the transportation allowance,

1 special receipts allowance, poverty allowance, limited English
2 proficiency allowance, distance education and telecommunications
3 allowance, elementary site allowance, summer school allowance,
4 instructional time allowance, teacher education allowance, and focus
5 school and program allowance, (b) for school fiscal years 2016-17 through
6 2018-19, the difference of the general fund operating expenditures as
7 calculated pursuant to subdivision (24) ~~(23)~~ of this section increased by
8 the cost growth factor calculated pursuant to section 79-1007.10, minus
9 the transportation allowance, special receipts allowance, poverty
10 allowance, limited English proficiency allowance, distance education and
11 telecommunications allowance, elementary site allowance, summer school
12 allowance, and focus school and program allowance, and (c) for school
13 fiscal year 2019-20 and each school fiscal year thereafter, the
14 difference of the general fund operating expenditures as calculated
15 pursuant to subdivision (24) ~~(23)~~ of this section increased by the cost
16 growth factor calculated pursuant to section 79-1007.10, minus the
17 transportation allowance, special receipts allowance, poverty allowance,
18 limited English proficiency allowance, distance education and
19 telecommunications allowance, elementary site allowance, summer school
20 allowance, community achievement plan allowance, and focus school and
21 program allowance;

22 (2) Adjusted valuation means the assessed valuation of taxable
23 property of each local system in the state, adjusted pursuant to the
24 adjustment factors described in section 79-1016. Adjusted valuation means
25 the adjusted valuation for the property tax year ending during the school
26 fiscal year immediately preceding the school fiscal year in which the aid
27 based upon that value is to be paid. For purposes of determining the
28 local formula contribution ~~effort-rate-yield~~ pursuant to section
29 79-1015.01, adjusted valuation does not include the value of any property
30 which a court, by a final judgment from which no appeal is taken, has
31 declared to be nontaxable or exempt from taxation;

1 (3) Allocated income tax funds means the amount of assistance paid
2 to a local system pursuant to section 79-1005.01 ~~as adjusted,~~ for school
3 fiscal years prior to school fiscal year 2019-20 ~~2017-18,~~ ~~by the minimum~~
4 ~~levy adjustment pursuant to section 79-1008.02;~~

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

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

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

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

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

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

30 (10) Converted contract option student means a student who will be
31 an option student pursuant to the enrollment option program established

1 in section 79-234 for the school fiscal year for which aid is being
2 calculated and who would have been covered by a converted contract if the
3 contract were still in effect and such school fiscal year is the first
4 school fiscal year for which such contract is not in effect;

5 (11) Cost index means the Consumer Price Index for All Urban
6 Consumers: U.S. city average, not seasonally adjusted, as prepared by the
7 United States Department of Labor, Bureau of Labor Statistics, and
8 released in October of each year;

9 (12) ~~(11)~~ Department means the State Department of Education;

10 (13) ~~(12)~~ District means any school district or unified system as
11 defined in section 79-4,108;

12 (14) ~~(13)~~ Ensuing school fiscal year means the school fiscal year
13 following the current school fiscal year;

14 (15) ~~(14)~~ Equalization aid means the amount of assistance calculated
15 to be paid to a local system pursuant to sections 79-1007.11 to
16 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

21 (17) ~~(16)~~ Fiscal year means the state fiscal year which is the
22 period from July 1 to the following June 30;

23 (18) ~~(17)~~ Formula students means:

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

1 year immediately preceding the school fiscal year in which aid is to be
2 paid minus the product of the number of students enrolled in kindergarten
3 that is not full-day kindergarten from the fall membership multiplied by
4 0.5; and

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

12 (19) ~~(18)~~ Free lunch and free milk calculated students means, using
13 the most recent data available on November 1 of the school fiscal year
14 immediately preceding the school fiscal year in which aid is to be paid,

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

1 eligibility provision multiplied by the identified student percentage
2 calculated pursuant to such federal provision, except that the free lunch
3 and free milk students calculated for any school pursuant to subdivision
4 (19)(b)(ii) ~~(18)(b)(ii)~~ of this section shall not exceed one hundred
5 percent of the students qualified for free meals at such school pursuant
6 to the community eligibility provision;

7 (20) ~~(19)~~ Free lunch and free milk student means, for school fiscal
8 years prior to school fiscal year 2016-17, a student who qualified for
9 free lunches or free milk from the most recent data available on November
10 1 of the school fiscal year immediately preceding the school fiscal year
11 in which aid is to be paid;

12 (21) ~~(20)~~ Full-day kindergarten means kindergarten offered by a
13 district for at least one thousand thirty-two instructional hours;

14 (22) ~~(21)~~ General fund budget of expenditures means the total budget
15 of disbursements and transfers for general fund purposes as certified in
16 the budget statement adopted pursuant to the Nebraska Budget Act, except
17 that for purposes of the limitation imposed in section 79-1023, the
18 general fund budget of expenditures does not include any special grant
19 funds, exclusive of local matching funds, received by a district;

20 (23) ~~(22)~~ General fund expenditures means all expenditures from the
21 general fund;

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

1 educational entities, private foundations, individuals, associations,
2 charitable organizations, the textbook loan program authorized by section
3 79-734, federal impact aid, and levy override elections pursuant to
4 section 77-3444, (b) the amount of expenditures for categorical funds,
5 tuition paid, transportation fees paid to other districts, adult
6 education, community services, redemption of the principal portion of
7 general fund debt service, retirement incentive plans authorized by
8 section 79-855, and staff development assistance authorized by section
9 79-856, (c) the amount of any transfers from the general fund to any bond
10 fund and transfers from other funds into the general fund, (d) any legal
11 expenses in excess of fifteen-hundredths of one percent of the formula
12 need for the school fiscal year in which the expenses occurred, (e)(i)
13 for state aid calculated for school fiscal years prior to school fiscal
14 year 2018-19, expenditures to pay for sums agreed to be paid by a school
15 district to certificated employees in exchange for a voluntary
16 termination occurring prior to July 1, 2009, occurring on or after the
17 last day of the 2010-11 school year and prior to the first day of the
18 2013-14 school year, or, to the extent that a district has demonstrated
19 to the State Board of Education pursuant to section 79-1028.01 that the
20 agreement will result in a net savings in salary and benefit costs to the
21 school district over a five-year period, occurring on or after the first
22 day of the 2013-14 school year or (ii) for state aid calculated for
23 school fiscal year 2018-19 and each school fiscal year thereafter,
24 expenditures to pay for incentives agreed to be paid by a school district
25 to certificated employees in exchange for a voluntary termination of
26 employment for which the State Board of Education approved an exclusion
27 pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,
28 (f)(i) expenditures to pay for employer contributions pursuant to
29 subsection (2) of section 79-958 to the School Employees Retirement
30 System of the State of Nebraska to the extent that such expenditures
31 exceed the employer contributions under such subsection that would have

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

10 For purposes of this subdivision (24) ~~(23)~~ of this section, receipts
11 from levy override elections shall equal ninety-nine percent of the
12 difference of the total general fund levy minus the maximum levy
13 permitted under subdivision (2)(a) of section 77-3442 for such local
14 system a levy of one dollar and five cents per one hundred dollars of
15 taxable valuation multiplied by the assessed valuation for school
16 districts that have voted pursuant to section 77-3444 to override the
17 maximum levy provided pursuant to section 77-3442;

18 (25) ~~(24)~~ Income tax liability means the amount of the reported
19 income tax liability for resident individuals pursuant to the Nebraska
20 Revenue Act of 1967 less all nonrefundable credits earned and refunds
21 made;

22 (26) ~~(25)~~ Income tax receipts means the amount of income tax
23 collected pursuant to the Nebraska Revenue Act of 1967 less all
24 nonrefundable credits earned and refunds made;

25 (27) Inflation rate means the inflation rate certified by the Tax
26 Commissioner pursuant to section 32 of this act for each school fiscal
27 year, including any adjustments pursuant to subsection (3) or (4) of such
28 section;

29 (28) ~~(26)~~ Limited English proficiency students means the number of
30 students with limited English proficiency in a district from the most
31 recent data available on November 1 of the school fiscal year preceding

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

6 (29) Local formula contribution means the amount included in formula
7 resources pursuant to section 79-1015.01;

8 (30) Local formula contribution inflation rate means the local
9 formula contribution inflation rate certified by the Tax Commissioner
10 pursuant to section 32 of this act as determined pursuant to subsection
11 (5) of such section for each school fiscal year;

12 (31) ~~(27)~~ Local system means a unified system or a school district;

13 (32) ~~(28)~~ Low-income child means (a) for school fiscal years prior
14 to 2016-17, a child under nineteen years of age living in a household
15 having an annual adjusted gross income for the second calendar year
16 preceding the beginning of the school fiscal year for which aid is being
17 calculated equal to or less than the maximum household income that would
18 allow a student from a family of four people to be a free lunch and free
19 milk student during the school fiscal year immediately preceding the
20 school fiscal year for which aid is being calculated and (b) for school
21 fiscal year 2016-17 and each school fiscal year thereafter, a child under
22 nineteen years of age living in a household having an annual adjusted
23 gross income for the second calendar year preceding the beginning of the
24 school fiscal year for which aid is being calculated equal to or less
25 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
26 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
27 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
28 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
29 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
30 existed on January 1, 2015, for a household of that size that would have
31 allowed the child to meet the income qualifications for free meals during

1 the school fiscal year immediately preceding the school fiscal year for
2 which aid is being calculated;

3 (33) ~~(29)~~ Low-income students means the number of low-income
4 children within the district multiplied by the ratio of the formula
5 students in the district divided by the total children under nineteen
6 years of age residing in the district as derived from income tax
7 information;

8 (34) ~~(30)~~ 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 (35) ~~(31)~~ Poverty students means (a) for school fiscal years prior
15 to 2016-17, the number of low-income students or the number of students
16 who are free lunch and free milk students in a district plus the
17 difference of the number of low-income students or the number of students
18 who are free lunch and free milk students in a district, whichever is
19 greater, minus the average number of poverty students for such district,
20 prior to such addition, for the three immediately preceding school fiscal
21 years if such difference is greater than zero and (b) for school fiscal
22 year 2016-17 and each school fiscal year thereafter, the unadjusted
23 poverty students plus the difference of such unadjusted poverty students
24 minus the average number of poverty students for such district, prior to
25 such addition, for the three immediately preceding school fiscal years if
26 such difference is greater than zero;

27 (36) ~~(32)~~ Qualified early childhood education average daily
28 membership means the product of the average daily membership for school
29 fiscal year 2006-07 and each school fiscal year thereafter of students
30 who will be eligible to attend kindergarten the following school year and
31 are 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 (37) ~~(33)~~ Qualified early childhood education fall membership means
11 the product of membership on October 1 of each school year of students
12 who will be eligible to attend kindergarten the following school year and
13 are enrolled in an early childhood education program approved by the
14 department pursuant to section 79-1103 for such school district for such
15 school year multiplied by the ratio of the planned instructional hours of
16 the program divided by one thousand thirty-two if: (a) The program is
17 receiving a grant pursuant to such section for the third year; (b) the
18 program has already received grants pursuant to such section for three
19 years; or (c) the program has been approved pursuant to subsection (5) of
20 section 79-1103 for such school year and the two preceding school years,
21 including any such students in portions of any of such programs receiving
22 an expansion grant;

23 (38) ~~(34)~~ Regular route transportation means the transportation of
24 students on regularly scheduled daily routes to and from the attendance
25 center;

26 (39) ~~(35)~~ Reorganized district means any district involved in a
27 consolidation and currently educating students following consolidation;

28 (40) ~~(36)~~ School year or school fiscal year means the fiscal year of
29 a school district as defined in section 79-1091;

30 (41) ~~(37)~~ Sparse local system means a local system that is not a
31 very 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 (42) ~~(38)~~ Special education means specially designed kindergarten
18 through grade twelve instruction pursuant to section 79-1125, and
19 includes special education transportation;

20 (43) ~~(39)~~ Special grant funds means the budgeted receipts for
21 grants, including, but not limited to, categorical funds, reimbursements
22 for wards of the court, short-term borrowings including, but not limited
23 to, 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 (44) ~~(40)~~ State aid means the amount of assistance paid to a
28 district pursuant to the Tax Equity and Educational Opportunities Support
29 Act;

30 (45) ~~(41)~~ State board means the State Board of Education;

31 (46) ~~(42)~~ State support means all funds provided to districts by the

1 State of Nebraska for the general fund support of elementary and
2 secondary education;

3 (47) ~~(43)~~ Statewide average basic funding per formula student means
4 the statewide total basic funding for all districts divided by the
5 statewide total formula students for all districts;

6 (48) ~~(44)~~ Statewide average general fund operating expenditures per
7 formula student means the statewide total general fund operating
8 expenditures for all districts divided by the statewide total formula
9 students for all districts;

10 (49) ~~(45)~~ Teacher has the definition found in section 79-101;

11 (50) ~~(46)~~ Temporary aid adjustment factor means (a) for school
12 fiscal years before school fiscal year 2007-08, one and one-fourth
13 percent of the sum of the local system's transportation allowance, the
14 local system's special receipts allowance, and the product of the local
15 system's adjusted formula students multiplied by the average formula cost
16 per student in the local system's cost grouping and (b) for school fiscal
17 year 2007-08, one and one-fourth percent of the sum of the local system's
18 transportation allowance, special receipts allowance, and distance
19 education and telecommunications allowance and the product of the local
20 system's adjusted formula students multiplied by the average formula cost
21 per student in the local system's cost grouping;

22 (51) ~~(47)~~ Tuition receipts from converted contracts means tuition
23 receipts received by a district from another district in the most
24 recently available complete data year pursuant to a converted contract
25 prior to the expiration of the contract;

26 (52) ~~(48)~~ Tuitioned students means students in kindergarten through
27 grade twelve of the district whose tuition is paid by the district to
28 some other district or education agency;

29 (53) ~~(49)~~ Unadjusted poverty students means, for school fiscal year
30 2016-17 and each school fiscal year thereafter, the greater of the number
31 of low-income students or the free lunch and free milk calculated

1 students in a district; and

2 ~~(54)~~ ~~(50)~~ Very sparse local system means a local system that has:

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

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

14 Sec. 26. Section 79-1005.01, Revised Statutes Cumulative Supplement,
15 2018, is amended to read:

16 79-1005.01 (1) Not later than November 15 of each year through 2018,
17 the Tax Commissioner shall certify to the department for the preceding
18 tax year the income tax liability of resident individuals for each local
19 system.

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

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

12 ~~(2) (4) For school fiscal years year 2017-18 and 2018-19 and each~~
13 ~~school fiscal year thereafter, each local system's allocated income tax~~
14 ~~funds shall be calculated by multiplying the local system's income tax~~
15 ~~liability certified pursuant to subsection (1) of this section by two and~~
16 ~~twenty-three hundredths percent.~~

17 Sec. 27. (1) For school fiscal year 2019-20 and each school fiscal
18 year thereafter, the department shall calculate the foundation aid to be
19 paid to each local system.

20 (2) On or before June 17, 2019, on or before November 15, 2019, and
21 on or before each November 15 thereafter, for the calculation of aid for
22 the immediately following school fiscal year, the Tax Commissioner shall
23 certify to the department the total state revenue contribution for
24 purposes of this section, which shall equal twenty-five percent of:

25 (a) The aggregate income tax liability under the Nebraska Revenue
26 Act of 1967 for all taxpayers for the most recently completed tax year;
27 plus

28 (b) The aggregate state sales tax collections under the Nebraska
29 Revenue Act of 1967 for the most recently completed calendar year.

30 (3) The state revenue contribution per student shall equal the total
31 state revenue contribution certified pursuant to subsection (2) of this

1 section divided by (a) for the certification of state aid pursuant to
2 section 79-1022, the statewide fall membership or (b) for the final
3 calculation of state aid pursuant to section 79-1065, the statewide
4 average daily membership.

5 (4) The foundation aid per student for each local system shall equal
6 the greater of:

7 (a) The state revenue contribution per student calculated pursuant
8 to subsection (3) of this section; or

9 (b) Twenty-five percent of the basic funding per formula student
10 calculated for such local system up to a maximum of one hundred fifty
11 percent of the state revenue contribution per student calculated pursuant
12 to subsection (3) of this section.

13 (5) The foundation aid to be paid to each local system shall equal
14 the foundation aid per student calculated pursuant to subsection (4) of
15 this section multiplied by (a) for the certification of state aid
16 pursuant to section 79-1022, the fall membership for such local system or
17 (b) for the final calculation of state aid pursuant to section 79-1065,
18 the average daily membership for such local system.

19 Sec. 28. Section 79-1007.11, Revised Statutes Cumulative Supplement,
20 2018, is amended to read:

21 ~~79-1007.11 (1) Except as otherwise provided in this section, for~~
22 ~~school fiscal years 2013-14 through 2015-16, each school district's~~
23 ~~formula need shall equal the difference of the sum of the school~~
24 ~~district's basic funding, poverty allowance, limited English proficiency~~
25 ~~allowance, focus school and program allowance, summer school allowance,~~
26 ~~special receipts allowance, transportation allowance, elementary site~~
27 ~~allowance, instructional time allowance, teacher education allowance,~~
28 ~~distance education and telecommunications allowance, averaging~~
29 ~~adjustment, new learning community transportation adjustment, student~~
30 ~~growth adjustment, any positive student growth adjustment correction, and~~
31 ~~new school adjustment, minus the sum of the limited English proficiency~~

1 ~~allowance correction, poverty allowance correction, and any negative~~
2 ~~student growth adjustment correction.~~

3 ~~(2) Except as otherwise provided in this section, for school fiscal~~
4 ~~year 2016-17, each school district's formula need shall equal the~~
5 ~~difference of the sum of the school district's basic funding, poverty~~
6 ~~allowance, limited English proficiency allowance, focus school and~~
7 ~~program allowance, summer school allowance, special receipts allowance,~~
8 ~~transportation allowance, elementary site allowance, distance education~~
9 ~~and telecommunications allowance, averaging adjustment, new learning~~
10 ~~community transportation adjustment, student growth adjustment, any~~
11 ~~positive student growth adjustment correction, and new school adjustment,~~
12 ~~minus the sum of the limited English proficiency allowance correction,~~
13 ~~poverty allowance correction, and any negative student growth adjustment~~
14 ~~correction.~~

15 ~~(1) (3)~~ Except as otherwise provided in this section, for school
16 fiscal years 2017-18 and 2018-19, each school district's formula need
17 shall equal the difference of the sum of the school district's basic
18 funding, poverty allowance, poverty allowance adjustment, limited English
19 proficiency allowance, focus school and program allowance, summer school
20 allowance, special receipts allowance, transportation allowance,
21 elementary site allowance, distance education and telecommunications
22 allowance, averaging adjustment, new community achievement plan
23 adjustment, student growth adjustment, any positive student growth
24 adjustment correction, and new school adjustment minus the sum of the
25 limited English proficiency allowance correction, poverty allowance
26 correction, and any negative student growth adjustment correction.

27 ~~(2) (4)~~ Except as otherwise provided in this section, for school
28 fiscal year 2019-20 and each school fiscal year thereafter, each school
29 district's formula need shall equal the difference of the sum of the
30 school district's basic funding, poverty allowance, limited English
31 proficiency allowance, focus school and program allowance, summer school

1 allowance, special receipts allowance, transportation allowance,
2 elementary site allowance, distance education and telecommunications
3 allowance, community achievement plan allowance, averaging adjustment,
4 new community achievement plan adjustment, student growth adjustment, any
5 positive student growth adjustment correction, and new school adjustment
6 minus the sum of the limited English proficiency allowance correction,
7 poverty allowance correction, and any negative student growth adjustment
8 correction.

9 (3) Except as otherwise provided in this section, for school fiscal
10 year 2020-21 and each school fiscal year thereafter, each school
11 district's formula need shall equal the difference of the sum of the
12 school district's basic funding, poverty allowance, limited English
13 proficiency allowance, focus school and program allowance, summer school
14 allowance, special receipts allowance, transportation allowance,
15 elementary site allowance, distance education and telecommunications
16 allowance, community achievement plan allowance, new community
17 achievement plan adjustment, student growth adjustment, any positive
18 student growth adjustment correction, and new school adjustment minus the
19 sum of the limited English proficiency allowance correction, poverty
20 allowance correction, and any negative student growth adjustment
21 correction.

22 (4) (5) If the formula need calculated for a school district
23 pursuant to subsections (1) through (3) (4) of this section is less than
24 one hundred percent of the formula need for such district for the school
25 fiscal year immediately preceding the school fiscal year for which aid is
26 being calculated, the formula need for such district shall equal one
27 hundred percent of the formula need for such district for the school
28 fiscal year immediately preceding the school fiscal year for which aid is
29 being calculated.

30 (5) (6) If the formula need calculated for a school district
31 pursuant to subsections (1) through (3) (4) of this section is more than

1 one hundred twelve percent of the formula need for such district for the
2 school fiscal year immediately preceding the school fiscal year for which
3 aid is being calculated, the formula need for such district shall equal
4 one hundred twelve percent of the formula need for such district for the
5 school fiscal year immediately preceding the school fiscal year for which
6 aid is being calculated, except that the formula need shall not be
7 reduced pursuant to this subsection for any district receiving a student
8 growth adjustment for the school fiscal year for which aid is being
9 calculated.

10 (6) ~~(7)~~ For purposes of subsections ~~(4)~~ ~~(5)~~ and ~~(5)~~ ~~(6)~~ of this
11 section, the formula need for the school fiscal year immediately
12 preceding the school fiscal year for which aid is being calculated shall
13 be the formula need used in the final calculation of aid pursuant to
14 section 79-1065 and for districts that were affected by a reorganization
15 with an effective date in the calendar year preceding the calendar year
16 in which aid is certified for the school fiscal year for which aid is
17 being calculated, the formula need for the school fiscal year immediately
18 preceding the school fiscal year for which aid is being calculated shall
19 be attributed to the affected school districts based on information
20 provided to the department by the school districts or proportionally
21 based on the adjusted valuation transferred if sufficient information has
22 not been provided to the department.

23 Sec. 29. Section 79-1007.18, Revised Statutes Cumulative Supplement,
24 2018, is amended to read:

25 79-1007.18 ~~(1) For school fiscal years prior to school fiscal year~~
26 ~~2017-18:~~

27 ~~(a) The department shall calculate an averaging adjustment for~~
28 ~~districts if the basic funding per formula student is less than the~~
29 ~~averaging adjustment threshold and the general fund levy for the school~~
30 ~~fiscal year immediately preceding the school fiscal year for which aid is~~
31 ~~being calculated was at least one dollar per one hundred dollars of~~

1 ~~taxable valuation. For the calculation of aid for school fiscal years~~
2 ~~prior to school fiscal year 2018-19, the general fund levy for school~~
3 ~~districts that are members of a learning community for purposes of this~~
4 ~~section includes both the common general fund levy and the school~~
5 ~~district general fund levy authorized pursuant to subdivisions (2)(b) and~~
6 ~~(2)(c) of section 77-3442. The averaging adjustment shall equal the~~
7 ~~district's formula students multiplied by the percentage specified in~~
8 ~~this subsection for such district of the difference between the averaging~~
9 ~~adjustment threshold minus such district's basic funding per formula~~
10 ~~student;~~

11 ~~(b) The averaging adjustment threshold shall equal the aggregate~~
12 ~~basic funding for all districts with nine hundred or more formula~~
13 ~~students divided by the aggregate formula students for all districts with~~
14 ~~nine hundred or more formula students for the school fiscal year for~~
15 ~~which aid is being calculated; and~~

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

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

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

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

31 ~~(iv) If such levy was at least one dollar and three cents per one~~

1 ~~hundred dollars of taxable valuation but less than one dollar and four~~
2 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~
3 ~~be eighty percent; and~~

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

7 ~~(2) For school fiscal years year 2017-18, 2018-19, and 2019-20 and~~
8 ~~each school fiscal year thereafter, the department shall calculate an~~
9 ~~averaging adjustment for districts with at least nine hundred formula~~
10 ~~students if the basic funding per formula student is less than the~~
11 ~~averaging adjustment threshold. The averaging adjustment shall equal the~~
12 ~~district's formula students multiplied by ninety percent of the~~
13 ~~difference of the averaging adjustment threshold minus such district's~~
14 ~~basic funding per formula student. The averaging adjustment threshold~~
15 ~~shall equal the aggregate basic funding for all districts with nine~~
16 ~~hundred or more formula students divided by the aggregate formula~~
17 ~~students for all districts with nine hundred or more formula students for~~
18 ~~the school fiscal year for which aid is being calculated.~~

19 Sec. 30. Section 79-1008.01, Revised Statutes Cumulative Supplement,
20 2018, is amended to read:

21 79-1008.01 Except as provided in ~~section 79-1008.02 for school~~
22 ~~fiscal years prior to school fiscal year 2017-18 and section 79-1009,~~
23 each local system shall receive equalization aid in the amount that the
24 total formula need of each local system, as determined pursuant to
25 sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its total
26 formula resources as determined pursuant to sections 79-1015.01 to
27 79-1018.01.

28 Sec. 31. Section 79-1009, Revised Statutes Cumulative Supplement,
29 2018, is amended to read:

30 79-1009 (1)(a) A district shall receive net option funding if (i)
31 option students as defined in section 79-233 were actually enrolled in

1 the school year immediately preceding the school year in which the aid is
2 to be paid, (ii) option students as defined in such section will be
3 enrolled in the school year in which the aid is to be paid as converted
4 contract option students, or (iii) for the calculation of aid for school
5 fiscal year 2017-18 for school districts that are members of a learning
6 community, open enrollment students were actually enrolled for school
7 year 2016-17 pursuant to section 79-2110.

8 (b) The determination of the net number of option students shall be
9 based on (i) the number of students enrolled in the district as option
10 students and the number of students residing in the district but enrolled
11 in another district as option students as of the day of the fall
12 membership count pursuant to section 79-528, for the school fiscal year
13 immediately preceding the school fiscal year in which aid is to be paid,
14 (ii) the number of option students that will be enrolled in the district
15 or enrolled in another district as converted contract option students for
16 the fiscal year in which the aid is to be paid, and (iii) for the
17 calculation of aid for school fiscal year 2017-18 for school districts
18 that are members of a learning community, the number of students enrolled
19 in the district as open enrollment students and the number of students
20 residing in the district but enrolled in another district as open
21 enrollment students as of the day of the fall membership count pursuant
22 to section 79-528 for school fiscal year 2016-17.

23 (c) Except as otherwise provided in this subsection, net number of
24 option students means the difference of the number of option students
25 enrolled in the district minus the number of students residing in the
26 district but enrolled in another district as option students. For
27 purposes of the calculation of aid for school fiscal year 2017-18 for
28 school districts that are members of a learning community, net number of
29 option students means the difference of the number of students residing
30 in another school district who are option students or open enrollment
31 students enrolled in the district minus the number of students residing

1 in the district but enrolled in another district as option students or
2 open enrollment students.

3 ~~(2)(a) For all school fiscal years except school fiscal years~~
4 ~~2017-18 and 2018-19, net option funding shall be the product of the net~~
5 ~~number of option students multiplied by the statewide average basic~~
6 ~~funding per formula student.~~

7 (2)(a) (b) For school fiscal years 2017-18 and 2018-19, net option
8 funding shall be the product of the net number of option students
9 multiplied by ninety-five and five-tenths percent of the statewide
10 average basic funding per formula student.

11 (b) For school fiscal year 2019-20, net option funding shall be the
12 product of the net number of option students multiplied by the statewide
13 average basic funding per formula student.

14 (c) For school fiscal year 2020-21 and each school fiscal year
15 thereafter, net option funding shall be the product of the net number of
16 option students multiplied by the statewide average general fund property
17 taxes per formula student. The statewide average general fund property
18 taxes per formula student shall be calculated by dividing (i) ninety-nine
19 percent of the aggregate general fund property tax receipts for all
20 school districts for the most recently available complete data year by
21 (ii) the aggregate formula students for all local systems for the school
22 fiscal year for which aid is being calculated.

23 (3) A district's net option funding shall be zero if the calculation
24 produces a negative result.

25 ~~Payments made under this section for school fiscal years prior to~~
26 ~~school fiscal year 2017-18 shall be made from the funds to be disbursed~~
27 ~~under section 79-1005.01.~~

28 Such payments shall go directly to the option school district but
29 shall count as a formula resource for the local system.

30 Sec. 32. (1) On or before June 17, 2019, on or before November 15,
31 2019, and on or before November 15 of each year thereafter, the Tax

1 Commissioner shall calculate and certify to the department the inflation
2 rate and the local formula contribution inflation rate for the
3 immediately following school fiscal year.

4 (2) Except as otherwise provided in subsection (3) or (4) of this
5 section, the inflation rate for each school fiscal year shall be
6 calculated by (a) subtracting the cost index immediately preceding the
7 most recent cost index from the most recent cost index and (b) dividing
8 the difference by the cost index immediately preceding the most recent
9 cost index. The most recent cost index for each school fiscal year is the
10 most recent cost index available at the time of the certification
11 pursuant to this subsection.

12 (3) If the inflation rate calculated pursuant to subsection (2) of
13 this section is greater than two and one-half percent, the inflation rate
14 shall equal two and one-half percent.

15 (4) If the inflation rate calculated pursuant to subsection (2) of
16 this section is less than zero percent, the inflation rate shall equal
17 zero percent.

18 (5) The local formula contribution inflation rate shall equal the
19 inflation rate calculated pursuant to subsection (2) of this section
20 without any adjustment pursuant to subsection (3) or (4) of this section.

21 Sec. 33. Section 79-1015.01, Revised Statutes Cumulative Supplement,
22 2018, is amended to read:

23 79-1015.01 (1) Local system formula resources for each local system
24 shall include the local formula contribution effort rate yield which
25 shall be computed as prescribed in this section.

26 ~~(2) For each school fiscal year except school fiscal years 2017-18~~
27 ~~and 2018-19: (a) For state aid certified pursuant to section 79-1022, the~~
28 ~~local effort rate shall be the maximum levy, for the school fiscal year~~
29 ~~for which aid is being certified, authorized pursuant to subdivision (2)~~
30 ~~(a) of section 77-3442 less five cents; (b) for the final calculation of~~
31 ~~state aid pursuant to section 79-1065, the local effort rate shall be the~~

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

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

25 (3) For school fiscal year 2019-20, for both state aid certified
26 pursuant to section 79-1022 and for the final calculation of state aid
27 pursuant to section 79-1065, the local formula contribution for each
28 local system shall equal the product of the local system's total adjusted
29 valuation multiplied by a local effort rate of ninety cents per one
30 hundred dollars of adjusted valuation.

31 (4)(a) For school fiscal year 2020-21 and each school fiscal year

1 thereafter, for both state aid certified pursuant to section 79-1022 and
2 for the final calculation of state aid pursuant to section 79-1065, the
3 local formula contribution for each local system shall equal the lesser
4 of the local effort rate yield or the inflation rate yield.

5 (b) The local effort rate yield for each local system shall equal
6 the product of the local system's total adjusted valuation multiplied by
7 a local effort rate of ninety cents per one hundred dollars of adjusted
8 valuation.

9 (c) The inflation rate yield for each local system shall equal the
10 sum of (i) the local formula contribution for such local system for the
11 school fiscal year immediately preceding the school fiscal year for which
12 aid is being calculated adjusted by the local formula contribution
13 inflation rate certified pursuant to section 32 of this act plus (ii) the
14 product of the local system's adjusted valuation for the total real
15 property growth value multiplied by a local effort rate of ninety cents
16 per one hundred dollars of adjusted valuation.

17 Sec. 34. Section 79-1016, Revised Statutes Cumulative Supplement,
18 2018, is amended to read:

19 79-1016 (1) On or before August 20, the county assessor shall
20 certify to the Property Tax Administrator the total taxable value and the
21 total real property growth value by school district in the county for the
22 current assessment year on forms prescribed by the Tax Commissioner. The
23 county assessor may amend the filing for changes made to the taxable
24 valuation of the school district in the county if corrections or errors
25 on the original certification are discovered. Amendments shall be
26 certified to the Property Tax Administrator on or before August 31.

27 (2) On or before October 10, the Property Tax Administrator shall
28 compute and certify to the State Department of Education the adjusted
29 valuation for the current assessment year for each class of property and
30 for the total real property growth value in each school district and each
31 local system. The adjusted valuation of property for each school district

1 and each local system, for purposes of determining state aid pursuant to
2 the Tax Equity and Educational Opportunities Support Act, shall reflect
3 as nearly as possible state aid value as defined in subsection (3) of
4 this section. For the 2019 assessment year and each assessment year
5 thereafter, all adjusted valuations pursuant to this section shall
6 reflect the changes in the definition of state aid value that apply to
7 school fiscal year 2020-21 and each school fiscal year thereafter
8 pursuant to subsection (3) of this section. The Property Tax
9 Administrator shall notify each school district and each local system of
10 its adjusted valuation for the current assessment year by class of
11 property on or before October 10. Establishment of the adjusted valuation
12 shall be based on the taxable value certified by the county assessor for
13 each school district in the county adjusted by the determination of the
14 level of value for each school district from an analysis of the
15 comprehensive assessment ratio study or other studies developed by the
16 Property Tax Administrator, in compliance with professionally accepted
17 mass appraisal techniques, as required by section 77-1327. The Tax
18 Commissioner shall adopt and promulgate rules and regulations setting
19 forth standards for the determination of level of value and for the
20 determination of total real property growth value for state aid purposes.

21 (3) For purposes of this section, state aid value means:

22 (a) For real property other than agricultural and horticultural
23 land, (i) for school fiscal years prior to school fiscal year 2020-21,
24 ninety-six percent of actual value and (ii) for school fiscal year
25 2020-21 and each school fiscal year thereafter, eighty-six percent of
26 actual value;

27 (b) For agricultural and horticultural land, (i) for school fiscal
28 years prior to school fiscal year 2020-21, seventy-two percent of actual
29 value as provided in sections 77-1359 and ~~to~~ 77-1363 and (ii) for school
30 fiscal year 2020-21 and each school fiscal year thereafter, sixty-two
31 percent of actual value as provided in sections 77-1359 and 77-1363; -

1 (c) For agricultural and horticultural land that receives special
2 valuation pursuant to section 77-1344, (i) for school fiscal years prior
3 to school fiscal year 2020-21, seventy-two percent of special valuation
4 as defined in section 77-1343 and (ii) for school fiscal year 2020-21 and
5 each school fiscal year thereafter, sixty-two percent of special
6 valuation as defined in section 77-1343; and

7 (d) ~~(e)~~ For personal property, the net book value as defined in
8 section 77-120.

9 (4) On or before November 10, any local system may file with the Tax
10 Commissioner written objections to any ~~the~~ adjusted valuations prepared
11 by the Property Tax Administrator, stating the reasons why such adjusted
12 valuations are not the valuations required by subsection (3) of this
13 section. The Tax Commissioner shall fix a time for a hearing. Either
14 party shall be permitted to introduce any evidence in reference thereto.
15 On or before January 1, the Tax Commissioner shall enter a written order
16 modifying or declining to modify, in whole or in part, the adjusted
17 valuations and shall certify the order to the State Department of
18 Education. Modification by the Tax Commissioner shall be based upon the
19 evidence introduced at hearing and shall not be limited to the
20 modification requested in the written objections or at hearing. A copy of
21 the written order shall be mailed to the local system within seven days
22 after the date of the order. The written order of the Tax Commissioner
23 may be appealed within thirty days after the date of the order to the Tax
24 Equalization and Review Commission in accordance with section 77-5013.

25 (5) On or before November 10, any local system or county official
26 may file with the Tax Commissioner a written request for a nonappealable
27 correction of an ~~the~~ adjusted valuation due to clerical error as defined
28 in section 77-128 or, for agricultural and horticultural land, assessed
29 value changes by reason of land qualified or disqualified for special use
30 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
31 following January 1, the Tax Commissioner shall approve or deny the

1 request and, if approved, certify the corrected adjusted valuations
2 resulting from such action to the State Department of Education.

3 (6) On or before May 31 of the year following the certification of
4 adjusted valuations ~~valuation~~ pursuant to subsection (2) of this section,
5 any local system or county official may file with the Tax Commissioner a
6 written request for a nonappealable correction of an ~~the~~ adjusted
7 valuation due to changes to the tax list that change the assessed value
8 of taxable property. Upon the filing of the written request, the Tax
9 Commissioner shall require the county assessor to recertify the taxable
10 valuation and total real property growth value by school district in the
11 county on forms prescribed by the Tax Commissioner. The recertified
12 valuations ~~valuation~~ shall be the valuations ~~valuation~~ that were ~~was~~
13 certified on the tax list, pursuant to section 77-1613, increased or
14 decreased by changes to the tax list that change the assessed value of
15 taxable property or the total real property growth value in the school
16 district in the county in the prior assessment year. On or before the
17 following July 31, the Tax Commissioner shall approve or deny the request
18 and, if approved, certify the corrected adjusted valuations resulting
19 from such action to the State Department of Education.

20 (7) No injunction shall be granted restraining the distribution of
21 state aid based upon the adjusted valuations pursuant to this section.

22 (8) A school district whose state aid is to be calculated pursuant
23 to subsection (5) of this section and whose state aid payment is
24 postponed as a result of failure to calculate state aid pursuant to such
25 subsection may apply to the state board for lump-sum payment of such
26 postponed state aid. Such application may be for any amount up to one
27 hundred percent of the postponed state aid. The state board may grant the
28 entire amount applied for or any portion of such amount. The state board
29 shall notify the Director of Administrative Services of the amount of
30 funds to be paid in a lump sum and the reduced amount of the monthly
31 payments. The Director of Administrative Services shall, at the time of

1 the next state aid payment made pursuant to section 79-1022, draw a
2 warrant for the lump-sum amount from appropriated funds and forward such
3 warrant to the district.

4 Sec. 35. Section 79-1017.01, Revised Statutes Cumulative Supplement,
5 2018, is amended to read:

6 79-1017.01 ~~(1) For state aid calculated for school fiscal years~~
7 ~~2014-15 and 2015-16, local system formula resources includes other actual~~
8 ~~receipts determined pursuant to section 79-1018.01, net option funding~~
9 ~~determined pursuant to section 79-1009, teacher education aid determined~~
10 ~~pursuant to section 79-1007.25, instructional time aid determined~~
11 ~~pursuant to subsection (2) of section 79-1007.23, allocated income tax~~
12 ~~funds determined pursuant to section 79-1005.01, and minimum levy~~
13 ~~adjustments determined pursuant to section 79-1008.02 and is reduced by~~
14 ~~amounts paid by the district in the most recently available complete data~~
15 ~~year as property tax refunds pursuant to or in the manner prescribed by~~
16 ~~section 77-1736.06.~~

17 (1) (2) For state aid calculated for school fiscal years prior to
18 school fiscal year 2019-20 year 2016-17 and each school fiscal year
19 thereafter, local system formula resources includes other actual receipts
20 determined pursuant to section 79-1018.01, net option funding determined
21 pursuant to section 79-1009, allocated income tax funds determined
22 pursuant to section 79-1005.01, and community achievement plan aid
23 determined pursuant to section 79-1005, and minimum levy adjustments
24 determined pursuant to section 79-1008.02 for school fiscal years prior
25 to school fiscal year 2017-18, and is reduced by amounts paid by the
26 district in the most recently available complete data year as property
27 tax refunds pursuant to or in the manner prescribed by section
28 77-1736.06.

29 (2) For state aid calculated for school fiscal year 2019-20 and each
30 school fiscal year thereafter, local system formula resources includes
31 other actual receipts determined pursuant to section 79-1018.01, net

1 option funding determined pursuant to section 79-1009, foundation aid
2 determined pursuant to section 27 of this act, and community achievement
3 plan aid determined pursuant to section 79-1005, and is reduced by
4 amounts paid by any school district in the local system in the most
5 recently available complete data year as property tax refunds pursuant to
6 or in the manner prescribed by section 77-1736.06.

7 Sec. 36. Section 79-1022, Revised Statutes Cumulative Supplement,
8 2018, is amended to read:

9 79-1022 (1)(a) (1) ~~On or before July 15, 2019 June 1, 2017,~~ and on
10 or before March 1 of each year thereafter, for each ensuing fiscal year,
11 the department shall determine the amounts to be distributed to each
12 local system and each district for the ensuing school fiscal year
13 pursuant to the Tax Equity and Educational Opportunities Support Act ~~and~~
14 ~~shall certify the amounts to the Director of Administrative Services, the~~
15 ~~Auditor of Public Accounts, each learning community for school fiscal~~
16 ~~years prior to school fiscal year 2017-18, and each district.~~

17 (b) For school fiscal year 2019-20 and each school fiscal year
18 thereafter, except as provided in subdivision (1)(d) of this section, the
19 amount to be distributed to each local system shall equal the sum of the
20 equalization aid determined pursuant to section 79-1008.01, net option
21 funding determined pursuant to section 79-1009, foundation aid determined
22 pursuant to section 27 of this act, and community achievement plan aid
23 determined pursuant to section 79-1005.

24 (c) Except as otherwise provided in this section, the amount to be
25 distributed to each district from the amount ~~calculated~~ certified for a
26 local system pursuant to subdivision (1)(b) of this section shall be
27 proportional based on the formula students attributed to each district in
28 the local system. ~~For school fiscal years prior to school fiscal year~~
29 ~~2017-18, the amount to be distributed to each district that is a member~~
30 ~~of a learning community from the amount certified for the local system~~
31 ~~shall be proportional based on the formula needs calculated for each~~

1 ~~district in the local system.~~

2 (d) For school fiscal year 2019-20 and each school fiscal year
3 thereafter, if the amount to be distributed to any local system or
4 district pursuant to subdivisions (1)(b) or (1)(c) of this section is
5 less than thirty-three and thirty-three hundredths percent of its total
6 formula need, as determined pursuant to sections 79-1007.04 to
7 79-1007.21, the local system or district shall receive the sum of the
8 amount calculated in subdivision (1)(b) or (1)(c) of this section plus
9 guaranteed funding aid. Guaranteed funding aid shall be an amount equal
10 to the difference of thirty-three and thirty-three hundredths percent of
11 a local system or district's total formula need and the amount calculated
12 pursuant to subdivision (1)(b) or (1)(c) of this section.

13 (e) The department shall certify the amounts to be distributed as
14 determined pursuant to this subsection to the Director of Administrative
15 Services, the Auditor of Public Accounts, and each district.

16 (f) On or before July 15, 2019 ~~June 1, 2017~~, and on or before March
17 1 of each year thereafter, for each ensuing fiscal year, the department
18 shall report the necessary funding level for the ensuing school fiscal
19 year to the Governor, the Appropriations Committee of the Legislature,
20 and the Education Committee of the Legislature. The report submitted to
21 the committees of the Legislature shall be submitted electronically.

22 (g) Except as otherwise provided in this subsection, certified state
23 aid amounts, including adjustments pursuant to section 79-1065.02, shall
24 be shown as budgeted non-property-tax receipts and deducted prior to
25 calculating the property tax request in the district's general fund
26 budget statement as provided to the Auditor of Public Accounts pursuant
27 to section 79-1024.

28 (2) Except as provided in this subsection, subsection (8) of section
29 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
30 certified pursuant to subsection (1) of this section shall be distributed
31 in ten as nearly as possible equal payments on the last business day of

1 each month beginning in September of each ensuing school fiscal year and
2 ending in June of the following year, except that when a school district
3 is to receive a monthly payment of less than one thousand dollars, such
4 payment shall be one lump-sum payment on the last business day of
5 December during the ensuing school fiscal year.

6 Sec. 37. Section 79-1022.02, Revised Statutes Cumulative Supplement,
7 2018, is amended to read:

8 79-1022.02 Notwithstanding any other provision of law, any
9 certification of state aid pursuant to section 79-1022, certification of
10 budget authority pursuant to section 79-1023, and certification of
11 applicable allowable reserve percentages pursuant to section 79-1027
12 completed prior to the operative date of this section February 16, 2017,
13 for school fiscal year 2019-20 ~~2017-18~~ is null and void.

14 Sec. 38. Section 79-1023, Revised Statutes Cumulative Supplement,
15 2018, is amended to read:

16 79-1023 (1) On or before July 15, 2019 ~~June 1, 2017,~~ and on or
17 before March 1 of each year thereafter, the department shall determine
18 and certify to each school district budget authority for the general fund
19 budget of expenditures for the ensuing school fiscal year.

20 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
21 81-829.51, each school district shall have budget authority for the
22 general fund budget of expenditures equal to the greater of (a) the
23 general fund budget of expenditures for the immediately preceding school
24 fiscal year minus exclusions pursuant to subsection (1) of section
25 79-1028.01 for such school fiscal year with the difference increased by
26 the basic allowable growth rate for the school fiscal year for which
27 budget authority is being calculated, (b) the general fund budget of
28 expenditures for the immediately preceding school fiscal year minus
29 exclusions pursuant to subsection (1) of section 79-1028.01 for such
30 school fiscal year with the difference increased by an amount equal to
31 any student growth adjustment calculated for the school fiscal year for

1 which budget authority is being calculated, or (c) one hundred ten
2 percent of formula need for the school fiscal year for which budget
3 authority is being calculated minus the special education budget of
4 expenditures as filed on the school district budget statement on or
5 before September 20 for the immediately preceding school fiscal year,
6 which special education budget of expenditures is increased by the basic
7 allowable growth rate for the school fiscal year for which budget
8 authority is being calculated.

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

15 Sec. 39. Section 79-1025, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-1025 The basic allowable growth rate for general fund
18 expenditures and all other purposes under the Tax Equity and Educational
19 Opportunities Support Act other than expenditures for special education
20 and the determination of budget authority pursuant to section 79-1023 for
21 school fiscal year 2019-20 shall be the base limitation established under
22 section 77-3446. The budget authority for special education for all
23 classes of school districts shall be the actual anticipated expenditures
24 for special education subject to the approval of the state board. Such
25 budget authority and funds generated pursuant to such budget authority
26 shall be used only for special education expenditures. The basic
27 allowable growth rate for purposes of the determination of budget
28 authority pursuant to section 79-1023 for school fiscal year 2019-20
29 shall be two and one-half percent.

30 Sec. 40. Section 79-1027, Revised Statutes Cumulative Supplement,
31 2018, is amended to read:

1 79-1027 No district shall adopt a budget, which includes total
2 requirements of depreciation funds, necessary employee benefit fund cash
3 reserves, and necessary general fund cash reserves, exceeding the
4 applicable allowable reserve percentages of total general fund budget of
5 expenditures as specified in the schedule set forth in this section.

6	Average daily	Allowable
7	membership of	reserve
8	district	percentage
9	0 - 471	45
10	471.01 - 3,044	35
11	3,044.01 - 10,000	25
12	10,000.01 and over	20

13 On or before July 15, 2019 ~~June 1, 2017~~, and on or before March 1
14 each year thereafter, the department shall determine and certify each
15 district's applicable allowable reserve percentage for the ensuing school
16 fiscal year.

17 Each district with combined necessary general fund cash reserves,
18 total requirements of depreciation funds, and necessary employee benefit
19 fund cash reserves less than the applicable allowable reserve percentage
20 specified in this section may, notwithstanding the district's applicable
21 allowable growth rate, increase its necessary general fund cash reserves
22 such that the total necessary general fund cash reserves, total
23 requirements of depreciation funds, and necessary employee benefit fund
24 cash reserves do not exceed such applicable allowable reserve percentage.

25 Sec. 41. Section 79-1031.01, Revised Statutes Cumulative Supplement,
26 2018, is amended to read:

27 79-1031.01 The Appropriations Committee of the Legislature shall
28 annually include the amount necessary to fund the state aid that will be
29 certified to school districts on or before July 15, 2019 ~~June 1, 2017~~,
30 and on or before March 1 of each year thereafter for each ensuing school

1 fiscal year in its recommendations to the Legislature to carry out the
2 requirements of the Tax Equity and Educational Opportunities Support Act.

3 Sec. 42. Sections 9, 10, 11, 12, 13, and 44 of this act become
4 operative on July 1, 2019. The other sections of this act become
5 operative on their effective date.

6 Sec. 43. Original sections 77-201, 77-202, 77-693, 77-801, 77-1238,
7 77-1239, 77-1248, 77-1514, 77-3442, 77-3446, 77-4209, 77-4212, 77-5023,
8 and 79-1025, Reissue Revised Statutes of Nebraska, and sections
9 79-978.01, 79-9,113, 79-1001, 79-1003, 79-1005.01, 79-1007.11,
10 79-1007.18, 79-1008.01, 79-1009, 79-1015.01, 79-1016, 79-1017.01,
11 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised Statutes
12 Cumulative Supplement, 2018, are repealed.

13 Sec. 44. Original sections 77-2602, 77-2701.02, 77-2701.16,
14 77-2704.24, and 77-27,132, Reissue Revised Statutes of Nebraska, are
15 repealed.

16 Sec. 45. The following section is outright repealed: Section
17 79-1008.02, Revised Statutes Cumulative Supplement, 2018.

18 Sec. 46. Since an emergency exists, this act takes effect when
19 passed and approved according to law.