

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SPECIAL SESSION

LEGISLATIVE BILL 9

Introduced by Hughes, 24; Brandt, 32; Conrad, 46; Dorn, 30.

Read first time July 25, 2024

Committee: Revenue

1 A BILL FOR AN ACT relating to school funding; to amend sections
2 79-1005.01, 79-1007.11, 79-1007.18, 79-1016, and 81-12,193, Revised
3 Statutes Cumulative Supplement, 2022; sections 77-3442, 77-6703,
4 79-1001, 79-3402, and 79-3406, Revised Statutes Supplement, 2023;
5 and section 79-1021, Revised Statutes Supplement, 2023, as amended
6 by Laws 2024, LB1284, section 12; to change provisions relating to
7 property tax levies for school districts and the Nebraska Property
8 Tax Incentive Act; to add, change, and eliminate certain
9 calculations under the Tax Equity and Educational Opportunities
10 Support Act; to state intent regarding transfers into the Education
11 Future Fund; to authorize school districts to levy taxes under
12 certain circumstances; to change provisions relating to the School
13 District Property Tax Limitation Act and the Nebraska
14 Transformational Project Fund; to harmonize provisions; and to
15 repeal the original sections.
16 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3442, Revised Statutes Supplement, 2023, is
2 amended to read:

3 77-3442 (1) Property tax levies for the support of local governments
4 for fiscal years beginning on or after July 1, 1998, shall be limited to
5 the amounts set forth in this section except as provided in section
6 77-3444.

7 (2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this
8 section, school districts and multiple-district school systems may levy a
9 maximum levy of:

10 (i) Through fiscal year 2024-25, one dollar and five cents per one
11 hundred dollars of taxable valuation of property subject to the levy; -

12 (ii) For fiscal years 2025-26 and 2026-27, sixty-five cents per one
13 hundred dollars of taxable valuation of property subject to the levy;

14 (iii) For fiscal years 2027-28 and 2028-29, fifty-five cents per one
15 hundred dollars of taxable valuation of property subject to the levy;

16 (iv) For fiscal years 2029-30 and 2030-31, forty-five cents per one
17 hundred dollars of taxable valuation of property subject to the levy;

18 (v) For fiscal years 2031-32 and 2032-33, thirty-five cents per one
19 hundred dollars of taxable valuation of property subject to the levy; and

20 (vi) For fiscal year 2033-34 and each fiscal year thereafter,
21 twenty-five cents per one hundred dollars of taxable valuation of
22 property subject to the levy.

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

29 (c) Except as provided in subdivision (2)(e) of this section, for
30 each fiscal year prior to fiscal year 2017-18, school districts that are
31 members of learning communities may levy for purposes of such districts'

1 general fund budget and special building funds a maximum combined levy of
2 the difference of one dollar and five cents on each one hundred dollars
3 of taxable property subject to the levy minus the learning community levy
4 pursuant to subdivision (2)(b) of this section for such learning
5 community.

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

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

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

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

28 (g) For each fiscal year, learning communities may levy a maximum
29 levy of one and one-half cents on each one hundred dollars of taxable
30 property subject to the levy for early childhood education programs for
31 children in poverty, for elementary learning center employees, for

1 contracts with other entities or individuals who are not employees of the
2 learning community for elementary learning center programs and services,
3 and for pilot projects, except that no more than ten percent of such levy
4 may be used for elementary learning center employees.

5 (3) For each fiscal year through fiscal year 2023-24, community
6 college areas may levy the levies provided in subdivisions (2)(a) through
7 (c) of section 85-1517, in accordance with the provisions of such
8 subdivisions. For fiscal year 2024-25 and each fiscal year thereafter,
9 community college areas may levy the levies provided in subdivisions (2)
10 (a) and (b) of section 85-1517, in accordance with the provisions of such
11 subdivisions. A community college area may exceed the levy provided in
12 subdivision (2)(a) of section 85-1517 by the amount necessary to generate
13 sufficient revenue as described in section 85-1543 or 85-2238. A
14 community college area may exceed the levy provided in subdivision (2)(b)
15 of section 85-1517 by the amount necessary to retire general obligation
16 bonds 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) such district had a levy request pursuant to section
21 77-3443 in any of the three previous years and the county board of the
22 county in which the greatest portion of the valuation of such district is
23 located did not authorize any levy authority to such district in such
24 year.

25 (11) A regional metropolitan transit authority may levy a maximum
26 levy of ten cents per one hundred dollars of taxable valuation of
27 property subject to the levy for each fiscal year that commences on the
28 January 1 that follows the effective date of the conversion of the
29 transit authority established under the Transit Authority Law into the
30 regional metropolitan transit authority.

31 (12) Property tax levies (a) for judgments, except judgments or

1 orders from the Commission of Industrial Relations, obtained against a
2 political subdivision which require or obligate a political subdivision
3 to pay such judgment, to the extent such judgment is not paid by
4 liability insurance coverage of a political subdivision, (b) for
5 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)
6 for bonds as defined in section 10-134 approved according to law and
7 secured by a levy on property except as provided in section 44-4317 for
8 bonded indebtedness issued by educational service units and school
9 districts, (d) for payments by a public airport to retire interest-free
10 loans from the Division of Aeronautics of the Department of
11 Transportation in lieu of bonded indebtedness at a lower cost to the
12 public airport, and (e) to pay for cancer benefits provided on or after
13 January 1, 2022, pursuant to the Firefighter Cancer Benefits Act are not
14 included in the levy limits established by this section.

15 (13) The limitations on tax levies provided in this section are to
16 include all other general or special levies provided by law.
17 Notwithstanding other provisions of law, the only exceptions to the
18 limits in this section are those provided by or authorized by sections
19 77-3442 to 77-3444.

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

23 (15) For purposes of sections 77-3442 to 77-3444, political
24 subdivision means a political subdivision of this state and a county
25 agricultural society.

26 (16) For school districts that file a binding resolution on or
27 before May 9, 2008, with the county assessors, county clerks, and county
28 treasurers for all counties in which the school district has territory
29 pursuant to subsection (7) of section 79-458, if the combined levies,
30 except levies for bonded indebtedness approved by the voters of the
31 school district and levies for the refinancing of such bonded

1 indebtedness, are in excess of the greater of (a) one dollar and twenty
2 cents per one hundred dollars of taxable valuation of property subject to
3 the levy or (b) the maximum levy authorized by a vote pursuant to section
4 77-3444, all school district levies, except levies for bonded
5 indebtedness approved by the voters of the school district and levies for
6 the refinancing of such bonded indebtedness, shall be considered
7 unauthorized levies under section 77-1606.

8 Sec. 2. Section 77-6703, Revised Statutes Supplement, 2023, is
9 amended to read:

10 77-6703 (1) For taxable years beginning or deemed to begin on or
11 after January 1, 2020, and before January 1, 2025, under the Internal
12 Revenue Code of 1986, as amended, there shall be allowed to each eligible
13 taxpayer a refundable credit against the income tax imposed by the
14 Nebraska Revenue Act of 1967 or against the franchise tax imposed by
15 sections 77-3801 to 77-3807. The credit shall be equal to the credit
16 percentage for the taxable year, as set by the department under
17 subsection (2) of this section, multiplied by the amount of school
18 district taxes paid by the eligible taxpayer during such taxable year.

19 (2)(a) For taxable years beginning or deemed to begin during
20 calendar year 2020, the department shall set the credit percentage so
21 that the total amount of credits for such taxable years shall be one
22 hundred twenty-five million dollars;

23 (b) For taxable years beginning or deemed to begin during calendar
24 year 2021, the department shall set the credit percentage so that the
25 total amount of credits for such taxable years shall be one hundred
26 twenty-five million dollars plus either (i) the amount calculated for
27 such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or
28 (ii) the amount calculated for such calendar year under subdivision (3)
29 (c)(ii)(B) of section 77-4602, whichever is applicable;

30 (c) For taxable years beginning or deemed to begin during calendar
31 year 2022, the department shall set the credit percentage so that the

1 total amount of credits for such taxable years shall be five hundred
2 forty-eight million dollars;

3 (d) For taxable years beginning or deemed to begin during calendar
4 year 2023, the department shall set the credit percentage so that the
5 total amount of credits for such taxable years shall be five hundred
6 sixty million seven hundred thousand dollars; and

7 (e) For taxable years beginning or deemed to begin during calendar
8 year 2024 through calendar year 2028, the department shall set the credit
9 percentage so that the total amount of credits for such taxable years
10 shall be the maximum amount of credits allowed in the prior year
11 increased by the allowable growth percentage. ;

12 ~~(f) For taxable years beginning or deemed to begin during calendar~~
13 ~~year 2029, the department shall set the credit percentage so that the~~
14 ~~total amount of credits for such taxable years shall be the maximum~~
15 ~~amount of credits allowed in the prior year increased by the allowable~~
16 ~~growth percentage plus an additional seventy-five million dollars; and~~

17 ~~(g) For taxable years beginning or deemed to begin during calendar~~
18 ~~year 2030 and each calendar year thereafter, the department shall set the~~
19 ~~credit percentage so that the total amount of credits for such taxable~~
20 ~~years shall be the maximum amount of credits allowed in the prior year~~
21 ~~increased by the allowable growth percentage.~~

22 (3) If the school district taxes are paid by a corporation having an
23 election in effect under subchapter S of the Internal Revenue Code, a
24 partnership, a limited liability company, a trust, or an estate, the
25 amount of school district taxes paid during the taxable year may be
26 allocated to the shareholders, partners, members, or beneficiaries in the
27 same proportion that income is distributed for taxable years beginning or
28 deemed to begin before January 1, 2021, under the Internal Revenue Code
29 of 1986, as amended. The department shall provide forms and schedules
30 necessary for verifying eligibility for the credit provided in this
31 section and for allocating the school district taxes paid. For taxable

1 years beginning or deemed to begin on or after January 1, 2021, and
2 before January 1, 2025, under the Internal Revenue Code of 1986, as
3 amended, the refundable credit shall be claimed by the corporation having
4 an election in effect under subchapter S of the Internal Revenue Code,
5 the partnership, the limited liability company, the trust, or the estate
6 that paid the school district taxes.

7 (4) For any fiscal year or short year taxpayer, the credit may be
8 claimed in the first taxable year that begins following the calendar year
9 for which the credit percentage was determined. The credit shall be taken
10 for the school district taxes paid by the taxpayer during the immediately
11 preceding calendar year.

12 (5) For the first taxable year beginning or deemed to begin on or
13 after January 1, 2021, and before January 1, 2022, under the Internal
14 Revenue Code of 1986, as amended, for a corporation having an election in
15 effect under subchapter S of the Internal Revenue Code, a partnership, a
16 limited liability company, a trust, or an estate that paid school
17 district taxes in calendar year 2020 but did not claim the credit
18 directly or allocate such school district taxes to the shareholders,
19 partners, members, or beneficiaries as permitted under subsection (3) of
20 this section, there shall be allowed an additional refundable credit.
21 This credit shall be equal to six percent, multiplied by the amount of
22 school district taxes paid during 2020 by the eligible taxpayer.

23 Sec. 3. Section 79-1001, Revised Statutes Supplement, 2023, is
24 amended to read:

25 79-1001 Sections 79-1001 to 79-1033 and sections 9 and 10 of this
26 act shall be known and may be cited as the Tax Equity and Educational
27 Opportunities Support Act.

28 Sec. 4. Section 79-1005.01, Revised Statutes Cumulative Supplement,
29 2022, is amended to read:

30 79-1005.01 (1) Not later than November 15 of each year through
31 November 2024, the Tax Commissioner shall certify to the department for

1 the preceding tax year the income tax liability of resident individuals
2 for each local system.

3 (2) For school fiscal years prior to 2017-18, one hundred two
4 million two hundred eighty-nine thousand eight hundred seventeen dollars
5 which is equal to the amount appropriated to the School District Income
6 Tax Fund for distribution in school fiscal year 1992-93 shall be
7 disbursed as option payments as determined under section 79-1009 and as
8 allocated income tax funds as determined in this section and sections
9 79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01. For school fiscal
10 years prior to school fiscal year 2017-18, funds not distributed as
11 allocated income tax funds due to minimum levy adjustments shall not
12 increase the amount available to local systems for distribution as
13 allocated income tax funds.

14 (3) Using the data certified by the Tax Commissioner pursuant to
15 subsection (1) of this section, the department shall calculate the
16 allocation percentage and each local system's allocated income tax funds.
17 The allocation percentage shall be the amount stated in subsection (2) of
18 this section minus the total amount paid for option students pursuant to
19 section 79-1009, with the difference divided by the aggregate statewide
20 income tax liability of all resident individuals certified pursuant to
21 subsection (1) of this section. Each local system's allocated income tax
22 funds shall be calculated by multiplying the allocation percentage times
23 the local system's income tax liability certified pursuant to subsection
24 (1) of this section.

25 (4) For school fiscal year 2017-18 through and ~~each~~ school fiscal
26 year 2024-25 thereafter, each local system's allocated income tax funds
27 shall be calculated by multiplying the local system's income tax
28 liability certified pursuant to subsection (1) of this section by two and
29 twenty-three hundredths percent.

30 (5) This section shall not apply beginning with the calculations for
31 school fiscal year 2025-26.

1 Sec. 5. Section 79-1007.11, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 79-1007.11 (1)(a) Through school fiscal year 2024-25, except (1)
4 ~~Except~~ as otherwise provided in this section, each school district's
5 formula need shall equal the difference of the sum of the school
6 district's basic funding, poverty allowance, limited English proficiency
7 allowance, focus school and program allowance, summer school allowance,
8 special receipts allowance, transportation allowance, elementary site
9 allowance, distance education and telecommunications allowance, community
10 achievement plan allowance, averaging adjustment, new community
11 achievement plan adjustment, student growth adjustment, any positive
12 student growth adjustment correction, and new school adjustment minus the
13 sum of the limited English proficiency allowance correction, poverty
14 allowance correction, and any negative student growth adjustment
15 correction.

16 (b) For school fiscal year 2025-26 and each school fiscal year
17 thereafter, except as otherwise provided in this section, each school
18 district's formula need shall equal the difference of the sum of the
19 school district's basic funding, poverty allowance, limited English
20 proficiency allowance, focus school and program allowance, summer school
21 allowance, special receipts allowance, transportation allowance,
22 elementary site allowance, distance education and telecommunications
23 allowance, community achievement plan allowance, new community
24 achievement plan adjustment, student growth adjustment, any positive
25 student growth adjustment correction, and new school adjustment minus the
26 sum of the limited English proficiency allowance correction, poverty
27 allowance correction, and any negative student growth adjustment
28 correction.

29 (2) If the formula need calculated for a school district pursuant to
30 subsection (1) of this section is less than one hundred percent of the
31 formula need for such district for the school fiscal year immediately

1 preceding the school fiscal year for which aid is being calculated, the
2 formula need for such district shall equal one hundred percent of the
3 formula need for such district for the school fiscal year immediately
4 preceding the school fiscal year for which aid is being calculated.

5 (3) If the formula need calculated for a school district pursuant to
6 subsection (1) of this section is more than one hundred twelve percent of
7 the formula need for such district for the school fiscal year immediately
8 preceding the school fiscal year for which aid is being calculated, the
9 formula need for such district shall equal one hundred twelve percent of
10 the formula need for such district for the school fiscal year immediately
11 preceding the school fiscal year for which aid is being calculated,
12 except that the formula need shall not be reduced pursuant to this
13 subsection for any district receiving a student growth adjustment for the
14 school fiscal year for which aid is being calculated.

15 (4) For purposes of subsections (2) and (3) of this section, the
16 formula need for the school fiscal year immediately preceding the school
17 fiscal year for which aid is being calculated shall be the formula need
18 used in the final calculation of aid pursuant to section 79-1065 and for
19 districts that were affected by a reorganization with an effective date
20 in the calendar year preceding the calendar year in which aid is
21 certified for the school fiscal year for which aid is being calculated,
22 the formula need for the school fiscal year immediately preceding the
23 school fiscal year for which aid is being calculated shall be attributed
24 to the affected school districts based on information provided to the
25 department by the school districts or proportionally based on the
26 adjusted valuation transferred if sufficient information has not been
27 provided to the department.

28 Sec. 6. Section 79-1007.18, Revised Statutes Cumulative Supplement,
29 2022, is amended to read:

30 79-1007.18 (1) For school fiscal years prior to school fiscal year
31 2017-18:

1 (a) The department shall calculate an averaging adjustment for
2 districts if the basic funding per formula student is less than the
3 averaging adjustment threshold and the general fund levy for the school
4 fiscal year immediately preceding the school fiscal year for which aid is
5 being calculated was at least one dollar per one hundred dollars of
6 taxable valuation. For the calculation of aid for school fiscal years
7 prior to school fiscal year 2018-19, the general fund levy for school
8 districts that are members of a learning community for purposes of this
9 section includes both the common general fund levy and the school
10 district general fund levy authorized pursuant to subdivisions (2)(b) and
11 (2)(c) of section 77-3442. The averaging adjustment shall equal the
12 district's formula students multiplied by the percentage specified in
13 this subsection for such district of the difference between the averaging
14 adjustment threshold minus such district's basic funding per formula
15 student;

16 (b) The averaging adjustment threshold shall equal the aggregate
17 basic funding for all districts with nine hundred or more formula
18 students divided by the aggregate formula students for all districts with
19 nine hundred or more formula students for the school fiscal year for
20 which aid is being calculated; and

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

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

28 (ii) If such levy was at least one dollar and one cent per one
29 hundred dollars of taxable valuation but less than one dollar and two
30 cents per one hundred dollars of taxable valuation, the percentage shall
31 be sixty percent;

1 (iii) If such levy was at least one dollar and two cents per one
2 hundred dollars of taxable valuation but less than one dollar and three
3 cents per one hundred dollars of taxable valuation, the percentage shall
4 be seventy percent;

5 (iv) If such levy was at least one dollar and three cents per one
6 hundred dollars of taxable valuation but less than one dollar and four
7 cents per one hundred dollars of taxable valuation, the percentage shall
8 be eighty percent; and

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

12 (2) For school fiscal year 2017-18 through and ~~each~~ school fiscal
13 year 2024-25 thereafter, the department shall calculate an averaging
14 adjustment for districts with at least nine hundred formula students if
15 the basic funding per formula student is less than the averaging
16 adjustment threshold. The averaging adjustment shall equal the district's
17 formula students multiplied by ninety percent of the difference of the
18 averaging adjustment threshold minus such district's basic funding per
19 formula student. The averaging adjustment threshold shall equal the
20 aggregate basic funding for all districts with nine hundred or more
21 formula students divided by the aggregate formula students for all
22 districts with nine hundred or more formula students for the school
23 fiscal year for which aid is being calculated.

24 (3) This section shall not apply beginning in school fiscal year
25 2025-26.

26 Sec. 7. Section 79-1016, Revised Statutes Cumulative Supplement,
27 2022, is amended to read:

28 79-1016 (1) On or before August 20, the county assessor shall
29 certify to the Property Tax Administrator the total taxable value by
30 school district in the county for the current assessment year on forms
31 prescribed by the Tax Commissioner. The county assessor may amend the

1 filing for changes made to the taxable valuation of the school district
2 in the county if corrections or errors on the original certification are
3 discovered. Amendments shall be certified to the Property Tax
4 Administrator on or before August 31.

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

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

26 (a) For real property other than agricultural and horticultural
27 land; τ

28 (i) For the adjusted valuation used for the calculation of aid for
29 school fiscal years prior to school fiscal year 2025-26, ninety-six
30 percent of actual value; and

31 (ii) For the adjusted valuation used for the calculation of aid for

1 school fiscal year 2025-26 and each school fiscal year thereafter,
2 eighty-six percent of actual value;

3 (b) For agricultural and horticultural land: ~~τ~~

4 (i) For the adjusted valuation used for the calculation of aid for
5 school fiscal years prior to school fiscal year 2025-26, seventy-two
6 percent of actual value as provided in sections 77-1359 and ~~to~~ 77-1363;
7 and ~~τ~~

8 (ii) For the adjusted valuation used for the calculation of aid for
9 school fiscal year 2025-26 and each school fiscal year thereafter, forty-
10 two percent of actual value as provided in sections 77-1359 and 77-1363;

11 (c) For agricultural and horticultural land that receives special
12 valuation pursuant to section 77-1344: ~~τ~~

13 (i) For the adjusted valuation used for the calculation of aid for
14 school fiscal years prior to school fiscal year 2025-26, seventy-two
15 percent of special valuation as defined in section 77-1343; and

16 (ii) For the adjusted valuation used for the calculation of aid for
17 school fiscal year 2025-26 and each school fiscal year thereafter, forty-
18 two percent of special valuation as defined in section 77-1343; and

19 (d) ~~(c)~~ For personal property, the net book value as defined in
20 section 77-120.

21 (4) On or before November 10, any local system may file with the Tax
22 Commissioner written objections to the adjusted valuations prepared by
23 the Property Tax Administrator, stating the reasons why such adjusted
24 valuations are not the valuations required by subsection (3) of this
25 section. The Tax Commissioner shall fix a time for a hearing. Either
26 party shall be permitted to introduce any evidence in reference thereto.
27 On or before January 1, the Tax Commissioner shall enter a written order
28 modifying or declining to modify, in whole or in part, the adjusted
29 valuations and shall certify the order to the State Department of
30 Education. Modification by the Tax Commissioner shall be based upon the
31 evidence introduced at hearing and shall not be limited to the

1 modification requested in the written objections or at hearing. A copy of
2 the written order shall be mailed to the local system within seven days
3 after the date of the order. The written order of the Tax Commissioner
4 may be appealed within thirty days after the date of the order to the Tax
5 Equalization and Review Commission in accordance with section 77-5013.

6 (5) On or before November 10, any local system or county official
7 may file with the Tax Commissioner a written request for a nonappealable
8 correction of the adjusted valuation due to clerical error as defined in
9 section 77-128 or, for agricultural and horticultural land, assessed
10 value changes by reason of land qualified or disqualified for special use
11 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
12 following January 1, the Tax Commissioner shall approve or deny the
13 request and, if approved, certify the corrected adjusted valuations
14 resulting from such action to the State Department of Education.

15 (6) On or before May 31 of the year following the certification of
16 adjusted valuation pursuant to subsection (2) of this section, any local
17 system or county official may file with the Tax Commissioner a written
18 request for a nonappealable correction of the adjusted valuation due to
19 changes to the tax list that change the assessed value of taxable
20 property. Upon the filing of the written request, the Tax Commissioner
21 shall require the county assessor to recertify the taxable valuation by
22 school district in the county on forms prescribed by the Tax
23 Commissioner. The recertified valuation shall be the valuation that was
24 certified on the tax list, pursuant to section 77-1613, increased or
25 decreased by changes to the tax list that change the assessed value of
26 taxable property in the school district in the county in the prior
27 assessment year. On or before the following July 31, the Tax Commissioner
28 shall approve or deny the request and, if approved, certify the corrected
29 adjusted valuations resulting from such action to the State Department of
30 Education.

31 (7) No injunction shall be granted restraining the distribution of

1 state aid based upon the adjusted valuations pursuant to this section.

2 (8) A school district whose state aid is to be calculated pursuant
3 to subsection (5) of this section and whose state aid payment is
4 postponed as a result of failure to calculate state aid pursuant to such
5 subsection may apply to the state board for lump-sum payment of such
6 postponed state aid. Such application may be for any amount up to one
7 hundred percent of the postponed state aid. The state board may grant the
8 entire amount applied for or any portion of such amount. The state board
9 shall notify the Director of Administrative Services of the amount of
10 funds to be paid in a lump sum and the reduced amount of the monthly
11 payments. The Director of Administrative Services shall, at the time of
12 the next state aid payment made pursuant to section 79-1022, draw a
13 warrant for the lump-sum amount from appropriated funds and forward such
14 warrant to the district.

15 Sec. 8. Section 79-1021, Revised Statutes Supplement, 2023, as
16 amended by Laws 2024, LB1284, section 12, is amended to read:

17 79-1021 (1) The Education Future Fund is created. The fund shall be
18 administered by the department and shall consist of money transferred to
19 the fund by the Legislature. Transfers may be made from the Education
20 Future Fund to the Computer Science and Technology Education Fund at the
21 direction of the Legislature. Any money in the Education Future Fund
22 available for investment shall be invested by the state investment
23 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
24 State Funds Investment Act.

25 (2) The fund shall be used only for the following purposes, in order
26 of priority:

27 (a) To fully fund equalization aid under the Tax Equity and
28 Educational Opportunities Support Act;

29 (b) To fund reimbursements related to special education under
30 section 79-1142;

31 (c) To fund foundation aid under the Tax Equity and Educational

1 Opportunities Support Act;

2 (d) To increase funding for school districts in a way that results
3 in direct property tax relief, which means a dollar-for-dollar
4 replacement of property taxes by a state funding source;

5 (e) To provide funding for a grant program created by the
6 Legislature to address teacher turnover rates and keep existing teachers
7 in classrooms;

8 (f) To provide funding to increase career and technical educational
9 classroom opportunities for students, including, but not limited to,
10 computer science education. Such funding must provide students with the
11 academic and technical skills, knowledge, and training necessary to
12 succeed in future careers;

13 (g) To provide funding for a grant program created by the
14 Legislature to provide students the opportunity to have a mentor who will
15 continuously engage with the student directly to aid in the student's
16 professional growth and give ongoing support and encouragement to the
17 student;

18 (h) To provide funding for extraordinary increases in special
19 education expenditures to allow school districts with large, unexpected
20 special education expenditures to more easily meet the needs of all
21 students;

22 (i) To provide funding to help recruit teachers throughout the state
23 by utilizing apprenticeships through a teacher apprenticeship program and
24 an alternative certification process;

25 (j) To provide funding to develop and implement a professional
26 learning system to help provide sustained professional learning and
27 training regarding evidence-based reading instruction and for a grant
28 program relating to dyslexia research; and

29 (k) To provide funding for a pilot project administered by the State
30 Department of Education to provide menstrual products to school
31 districts.

1 (3)(a) The State Treasurer shall transfer one billion dollars from
2 the General Fund to the Education Future Fund in fiscal year 2023-24, on
3 such dates and in such amounts as directed by the budget administrator of
4 the budget division of the Department of Administrative Services.

5 (b) The State Treasurer shall transfer two hundred fifty million
6 dollars from the General Fund to the Education Future Fund in fiscal year
7 2024-25, on such dates and in such amounts as directed by the budget
8 administrator of the budget division of the Department of Administrative
9 Services.

10 (c) It is the intent of the Legislature that:

11 (i) One billion two hundred fifty-five ~~fifty~~ million dollars be
12 transferred from the General Fund to the Education Future Fund in fiscal
13 year 2025-26 and ~~each~~ fiscal year 2026-27; thereafter.

14 (ii) One billion five hundred eight million dollars be transferred
15 from the General Fund to the Education Future Fund in fiscal year 2027-28
16 and fiscal year 2028-29;

17 (iii) One billion seven hundred sixty-one million dollars be
18 transferred from the General Fund to the Education Future Fund in fiscal
19 year 2029-30 and fiscal year 2030-31;

20 (iv) Two billion fourteen million dollars be transferred from the
21 General Fund to the Education Future Fund in fiscal year 2031-32 and
22 fiscal year 2032-33; and

23 (v) Two billion two hundred sixty-seven million dollars be
24 transferred from the General Fund to the Education Future Fund in fiscal
25 year 2033-34 and each fiscal year thereafter.

26 Sec. 9. For fiscal year 2025-26 and each fiscal year thereafter, if
27 the amount of money transferred from the General Fund to the Education
28 Future Fund does not equal the amounts described in subdivision (3)(c) of
29 section 79-1021 and is insufficient for any fiscal year to fully fund
30 equalization aid under the Tax Equity and Educational Opportunities
31 Support Act, each school district may, if approved by a majority vote of

1 the school board, levy an amount for such fiscal year sufficient to
2 generate revenue equal to the amount of equalization aid that should have
3 been provided to the school district for such fiscal year. The property
4 tax levy provided in this section is in addition to the maximum allowable
5 property tax levy described in subdivision (2)(a) of section 77-3442 and
6 any property tax levied for funding accessibility barrier elimination
7 project costs and abatement of environmental hazards as such terms are
8 defined in section 79-10,110.

9 Sec. 10. (1) For school fiscal year 2025-26 and each school fiscal
10 year thereafter, the department shall calculate a base levy adjustment
11 pursuant to subsection (3) of this section for each school district to
12 adjust the calculated state aid amount for the ensuing school fiscal year
13 prior to certification.

14 (2) For purposes of the calculation of the base levy adjustment
15 pursuant to this section:

16 (a) Base levy shall equal fifty percent of the ensuing school fiscal
17 year's local effort rate determined pursuant to section 79-1015.01 for
18 state aid certified pursuant to section 79-1022;

19 (b) The potential general fund levy for the ensuing school fiscal
20 year shall equal the general fund levy for the school fiscal year
21 immediately preceding the school fiscal year for which aid is being
22 calculated minus the potential general fund levy change calculated in
23 subdivision (c) of this subsection; and

24 (c) The potential general fund levy change shall equal the
25 difference between the amount of state aid for the school fiscal year
26 immediately preceding the school fiscal year for which aid is being
27 calculated and the state aid calculated for the ensuing school fiscal
28 year divided by the adjusted valuation and multiplied by one hundred.

29 (3) If the potential general fund levy for the ensuing school fiscal
30 year is less than the base levy, the difference between such amounts
31 shall be multiplied by the adjusted valuation and divided by one hundred.

1 Such amount shall then be subtracted from the state aid calculated for
2 the ensuing school fiscal year to determine the adjusted amount of state
3 aid to be distributed to the school district in the ensuing school fiscal
4 year.

5 Sec. 11. Section 79-3402, Revised Statutes Supplement, 2023, is
6 amended to read:

7 79-3402 For purposes of the School District Property Tax Limitation
8 Act, unless the context otherwise requires:

9 (1) Approved bonds means (a) bonds that are issued by a school
10 district after the question of issuing such bonds has been approved by
11 the voters of such school district and (b) bonds that are issued by a
12 school district pursuant to section 79-10,110, 79-10,110.01, or
13 79-10,110.02;

14 (2) Average daily membership has the same meaning as in section
15 79-1003;

16 (3) Base growth percentage means the sum of:

17 (a) Three percent;

18 (b) The annual percentage increase in the student enrollment of the
19 school district multiplied by:

20 (i) One if the school district's student enrollment has grown by an
21 average of at least three percent and by at least one hundred fifty
22 students over the preceding three years;

23 (ii) Seven-tenths if the school district's student enrollment has
24 grown by an average of at least three percent over the preceding three
25 years; or

26 (iii) Four-tenths if subdivisions (3)(b)(i) and (3)(b)(ii) of this
27 section do not apply;

28 (c) The percentage obtained by first dividing the annual increase in
29 the total number of limited English proficiency students in the school
30 district by the student enrollment of the school district and then
31 multiplying the quotient by fifteen hundredths; and

1 (d) The percentage obtained by first dividing the annual increase in
2 the total number of poverty students in the school district by the
3 student enrollment of the school district and then multiplying the
4 quotient by fifteen hundredths;

5 (4) Department means the State Department of Education;

6 (5) Non-property-tax revenue means revenue of a school district from
7 all state and local sources other than real and personal property taxes.
8 Non-property-tax revenue does not include grants, donations, bonds, all
9 revenue from a school district that has been merged into another school
10 district or dissolved, activity funds, bond funds, cooperative funds,
11 depreciation funds, employee benefit funds, nutrition funds, qualified
12 capital purpose undertaking funds, or student fee funds, insurance
13 proceeds, proceeds from the sale of property including land, buildings,
14 or capital assets in special building funds, or proceeds of financing;

15 (6) Property tax request means the total amount of property taxes
16 for the general fund ~~and special building funds~~ requested to be raised
17 for a school district through the levy imposed pursuant to section
18 77-1601;

19 (7) Property tax request authority means the amount that may be
20 included in a property tax request for the general fund ~~or special~~
21 ~~building funds~~ of the school district as determined pursuant to the
22 School District Property Tax Limitation Act;

23 (8) School board has the same meaning as in section 79-101;

24 (9) School district has the same meaning as in section 79-101; and

25 (10) Student enrollment means the total number of students in the
26 school district according to the fall school district membership report
27 described in subsection (4) of section 79-528.

28 Sec. 12. Section 79-3406, Revised Statutes Supplement, 2023, is
29 amended to read:

30 79-3406 A school district may choose not to increase its property
31 tax request by the full amount allowed by the school district's property

1 tax request authority in a particular year. In such cases, the school
2 district may carry forward to future years the amount of unused property
3 tax request authority, excluding any unused amounts obtained pursuant to
4 subsection (2) of section 79-3405. The department shall calculate each
5 school district's unused property tax request authority and shall submit
6 an accounting of such amount to the school board of the school district.
7 Such unused property tax request authority may then be used in later
8 years for increases in the school district's property tax request.

9 Sec. 13. Section 81-12,193, Revised Statutes Cumulative Supplement,
10 2022, is amended to read:

11 81-12,193 (1) The Nebraska Transformational Project Fund is hereby
12 created. The fund shall receive money from application fees paid under
13 the Nebraska Transformational Projects Act and from appropriations from
14 the Legislature, grants, private contributions, repayments of matching
15 funds, and all other sources. Any money in the fund available for
16 investment shall be invested by the state investment officer pursuant to
17 the Nebraska Capital Expansion Act and the Nebraska State Funds
18 Investment Act.

19 (2) It is the intent of the Legislature that the State Treasurer
20 shall transfer an amount not to exceed three hundred million dollars to
21 the Nebraska Transformational Project Fund. Such transfers shall only
22 occur after the applicant has been selected for participation in the
23 program described in Title VII, Subtitle C, section 740 of Public Law
24 116-92 and commitments totaling one billion three hundred million dollars
25 in total investment, including only federal dollars and private
26 donations, have been secured. In no case shall any transfer occur before
27 fiscal year 2025-26 ~~or before the total amount of refundable credits~~
28 ~~granted annually under the Nebraska Property Tax Incentive Act reaches~~
29 ~~three hundred seventy five million dollars~~. Distributions shall only be
30 made from the fund in amounts equal to the amount of private dollars
31 received by the applicant for the project.

1 (3) Any money remaining in the fund after all obligations have been
2 met shall be transferred to the General Fund.

3 Sec. 14. Original sections 79-1005.01, 79-1007.11, 79-1007.18,
4 79-1016, and 81-12,193, Revised Statutes Cumulative Supplement, 2022;
5 sections 77-3442, 77-6703, 79-1001, 79-3402, and 79-3406, Revised
6 Statutes Supplement, 2023; and section 79-1021, Revised Statutes
7 Supplement, 2023, as amended by Laws 2024, LB1284, section 12, are
8 repealed.