

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1088**

Introduced by Wayne, 13.

Read first time January 18, 2018

Committee:

1 A BILL FOR AN ACT relating to taxation and school funding; to amend  
2 sections 2-2701, 10-704, 43-2515, 77-913, 77-2701.02, 77-2704.30,  
3 77-2704.47, 77-2715.09, 77-3444, 77-4209, 77-4211, 79-213, 79-236,  
4 79-240, 79-246, 79-266.01, 79-2,127, 79-2,134, 79-458, 79-479,  
5 79-498, 79-605, 79-769, 79-855, 79-856, 79-1007.05, 79-1007.08,  
6 79-1007.10, 79-1007.15, 79-1007.16, 79-1007.21, 79-1009.01, 79-1014,  
7 79-1021, 79-1025, 79-1029, 79-1030, 79-1031, 79-1089, 79-1090,  
8 79-1103, 79-1125.01, 79-1142, 79-1241.01, 79-2102, 79-2103, and  
9 79-2404, Reissue Revised Statutes of Nebraska, sections 48-818.01,  
10 70-651.04, 77-1736.06, 77-2701.16, 77-2704.13, 77-2715.07,  
11 77-2715.08, 77-5007, 79-101, 79-215, 79-234, 79-235, 79-235.01,  
12 79-241, 79-499, 79-4,123, 79-528, 79-611, 79-8,137, 79-8,137.04,  
13 79-1001, 79-1003.01, 79-1005, 79-1005.01, 79-1007.06, 79-1007.07,  
14 79-1007.18, 79-1008.01, 79-1013, 79-10,143, 79-1140, 79-11,155,  
15 79-1241.03, 79-1337, 79-2104, and 79-2110, Revised Statutes  
16 Cumulative Supplement, 2016, and sections 9-812, 13-508, 77-3442,  
17 77-4212, 79-237, 79-8,142, 79-1003, 79-1007.11, 79-1009, 79-1015.01,  
18 79-1016, 79-1017.01, 79-1022, 79-1023, 79-1027, 79-1028.01,  
19 79-1031.01, 79-1065, and 79-1108.02, Revised Statutes Supplement,  
20 2017; to adopt the Remote Seller Sales Tax Collection Act; to adopt  
21 the Nebraska Education Formula; to repeal certain occupation, sales,  
22 and income tax exemptions; to state intent; to change an income tax  
23 credit; to change levy limitations for school districts; to change

1 procedures to override levy limitations for school districts; to  
2 terminate the Property Tax Credit Act; to transfer funds; to limit  
3 the applicability of and terminate the enrollment option program; to  
4 limit the applicability of and terminate the Tax Equity and  
5 Educational Opportunities Support Act; to harmonize provisions; to  
6 provide operative dates; to provide severability; to repeal the  
7 original sections; and to outright repeal sections 43-2513,  
8 77-2704.04, 77-2704.05, 77-2704.07, 77-2704.14, 77-2704.22,  
9 77-2704.27, 77-2704.38, 77-2704.52, 77-2704.55, 79-529, 79-977,  
10 79-1065.02, 79-1083.01, and 79-2110.01, Reissue Revised Statutes of  
11 Nebraska, sections 77-2704.36, 77-2704.50, 77-2704.56, 77-2704.64,  
12 77-2704.65, 77-2704.67, 79-245, 79-1041, 79-1065.01, 79-1073, and  
13 79-10,126.01, Revised Statutes Cumulative Supplement, 2016, and  
14 section 79-10,145, Revised Statutes Supplement, 2017.  
15 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 6 of this act shall be known and may be  
2 cited as the Remote Seller Sales Tax Collection Act.

3           Sec. 2. The Legislature finds that:

4           (1) The inability to effectively collect the sales or use tax from  
5 remote sellers who deliver tangible personal property, products delivered  
6 electronically, or services directly into Nebraska is seriously eroding  
7 Nebraska's sales tax base, causing revenue losses and imminent harm to  
8 the state through the loss of critical funding for state and local  
9 services;

10          (2) The structural advantages of remote sellers, including the  
11 absence of point-of-sale tax collection, along with the general growth of  
12 online retail, make clear that further erosion of Nebraska's sales tax  
13 base is likely in the near future;

14          (3) In contrast with the expanding harms caused to Nebraska from the  
15 lack of sales tax collection by remote sellers, the costs of that  
16 collection have fallen. Given modern computing and software options, it  
17 is neither unusually difficult nor burdensome for remote sellers to  
18 collect and remit sales taxes associated with sales into Nebraska; and

19          (4) It is necessary for Nebraska to pass the Remote Seller Sales Tax  
20 Collection Act to clarify the obligations of remote sellers with respect  
21 to sales made into Nebraska.

22          Sec. 3. For purposes of the Remote Seller Sales Tax Collection Act:

23          (1) Delivered electronically has the same meaning as in section  
24 77-2701.49;

25          (2) Department means the Department of Revenue;

26          (3) Remote seller means any person who does not have a physical  
27 presence in this state and who meets either of the following criteria in  
28 the previous or current calendar year:

29           (a) The person's gross revenue from the sale of tangible personal  
30 property, products delivered electronically, and services delivered into  
31 Nebraska exceeds one hundred thousand dollars; or

1       (b) The person sold tangible personal property, products delivered  
2 electronically, or services for delivery into Nebraska in two hundred or  
3 more separate transactions;

4       (4) Service means a service described in subsection (4) of section  
5 77-2701.16; and

6       (5) Tangible personal property has the same meaning as in section  
7 77-2701.39.

8       Sec. 4. (1) Notwithstanding any other provision of law, a remote  
9 seller may voluntarily choose to (a) be subject to the Nebraska Revenue  
10 Act of 1967, the Local Option Revenue Act, and sections 13-319 and  
11 13-2813, (b) remit the sales tax due under such acts and sections, and  
12 (c) follow all applicable procedures and requirements of law as if the  
13 remote seller had a physical presence in this state.

14       (2) No remote seller who remits sales tax under this section shall  
15 be liable to a purchaser who claims that the sales tax has been  
16 overcollected because this section is later deemed unlawful.

17       (3) Nothing in this section affects the obligation of any purchaser  
18 from this state to remit use tax as to any applicable transaction in  
19 which the remote seller does not collect and remit an offsetting sales  
20 tax.

21       Sec. 5. If a remote seller does not voluntarily choose to comply  
22 with subdivisions (1)(a), (b), and (c) of section 4 of this act, such  
23 remote seller shall:

24       (1) Notify Nebraska purchasers that sales or use tax is due on  
25 certain purchases made from the remote seller and that the State of  
26 Nebraska requires the purchaser to file a sales or use tax return.  
27 Failure to provide the notice required in this subdivision shall subject  
28 the remote seller to a penalty of five dollars for each such failure  
29 unless the remote seller shows reasonable cause for such failure;

30       (2) Send notification to all Nebraska purchasers on or before  
31 January 31, 2020, and on or before January 31 of each year thereafter

1 showing the total amount paid by the purchaser for Nebraska purchases  
2 made from the remote seller in the previous calendar year and such other  
3 information as the department shall require by rule and regulation. Such  
4 notification shall include, if available, the dates of purchases, the  
5 amounts of each purchase, and the category of the purchase, including, if  
6 known by the remote seller, whether the purchase is exempt or not exempt  
7 from taxation. The notification shall state that the State of Nebraska  
8 requires a sales or use tax return to be filed and sales or use tax to be  
9 paid on certain Nebraska purchases made by the purchaser from the remote  
10 seller. The notification shall be sent separately to all Nebraska  
11 purchasers by first-class mail and shall not be included with any other  
12 shipments. The notification shall include the words "Important Tax  
13 Document Enclosed" on the exterior of the mailing. The notification shall  
14 include the name of the remote seller. Failure to send the notification  
15 required in this subdivision shall subject the remote seller to a penalty  
16 of ten dollars for each such failure unless the remote seller shows  
17 reasonable cause for such failure; and

18 (3) File an annual statement for each purchaser with the department  
19 on such forms as are provided or approved by the department showing the  
20 total amount paid for Nebraska purchases by such purchasers during the  
21 preceding calendar year or any portion thereof, and such annual statement  
22 shall be filed on or before March 1, 2020, and on or before March 1 of  
23 each year thereafter. The department may require any remote seller that  
24 makes total Nebraska sales of more than one hundred thousand dollars in a  
25 year to file the annual statement described in this subdivision  
26 electronically for that year. Failure to file the annual statement  
27 required in this subdivision shall subject the remote seller to a penalty  
28 of ten dollars for each purchaser that should have been included in such  
29 annual statement unless the remote seller shows reasonable cause for such  
30 failure.

31 Sec. 6. The department may adopt and promulgate rules and

1 regulations to carry out the Remote Seller Sales Tax Collection Act.

2       Sec. 7. Sections 7 to 19 of this act shall be known and may be  
3 cited as the Nebraska Education Formula.

4       Sec. 8. It is the intent, purpose, and goal of the Legislature to  
5 create a system of financing the public school system that will:

6       (1) Provide state support for forty-eight percent of aggregate  
7 general fund operating expenditures of districts;

8       (2) Reduce reliance on property taxes for the support of schools;

9       (3) Assure greater equity of educational opportunities for students  
10 and property tax rates for the support of schools; and

11       (4) Ensure compliance with requirements for school district  
12 accreditation.

13       Sec. 9. For purposes of the Nebraska Education Formula, unless the  
14 context otherwise requires:

15       (1) Department means the State Department of Education;

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

18       (3) Ensuing school fiscal year means the school fiscal year  
19 following the current school fiscal year;

20       (4) General fund budget of expenditures means the total budget of  
21 disbursements and transfers for general fund purposes as certified in the  
22 budget statement adopted pursuant to the Nebraska Budget Act; and

23       (5) State aid means the amount of assistance paid to a district  
24 pursuant to the Nebraska Education Finance Formula.

25       Sec. 10. (1) For school fiscal year 2019-20 and each school fiscal  
26 year thereafter, except as otherwise provided in subsection (2), (3), or  
27 (4) of this section or section 11 of this act, each district shall  
28 receive state aid based on data from the immediately preceding school  
29 fiscal year for such district equal to the sum of:

30       (a) Five thousand dollars multiplied by the fall membership;

31       (b) For any school district that is classified as a sparse school

1 district or a very sparse school district, five hundred dollars  
2 multiplied by the fall membership;

3 (c) One thousand six hundred dollars multiplied by the number of  
4 free lunch students;

5 (d) For any school district for which the free lunch students equal  
6 at least fifty percent of the fall membership, an additional eight  
7 hundred dollars multiplied by the fall membership; and

8 (e) One thousand six hundred dollars multiplied by the limited  
9 English proficiency students.

10 (2) For any district for which the state aid received pursuant to  
11 the Tax Equity and Educational Opportunities Support Act for school  
12 fiscal year 2018-19 exceeds the state aid calculated pursuant to  
13 subsection (1) of this section for school fiscal year 2019-20, such  
14 school district shall, except as otherwise provided in subsection (4) of  
15 this section or section 11 of this act, receive state aid for school  
16 fiscal year 2019-20 equal to the sum of:

17 (a) The state aid calculated pursuant to subsection (1) of this  
18 section for such school fiscal year; and

19 (b) Two-thirds of the amount by which the state aid received  
20 pursuant to the Tax Equity and Educational Opportunities Support Act for  
21 school fiscal year 2018-19 exceeds the state aid calculated pursuant to  
22 subsection (1) of this section for school fiscal year 2019-20.

23 (3) For any district for which the state aid received pursuant to  
24 the Tax Equity and Educational Opportunities Support Act for school  
25 fiscal year 2018-19 exceeds the state aid calculated pursuant to  
26 subsection (1) of this section for school fiscal year 2020-21, such  
27 school district shall, except as otherwise provided in subsection (4) of  
28 this section or section 11 of this act, receive state aid for school  
29 fiscal year 2020-21 equal to the sum of:

30 (a) The state aid calculated pursuant to subsection (1) of this  
31 section for such school fiscal year; and

1        (b) One-third of the amount by which the state aid received pursuant  
2 to the Tax Equity and Educational Opportunities Support Act for school  
3 fiscal year 2018-19 exceeds the state aid calculated pursuant to  
4 subsection (1) of this section for school fiscal year 2019-20.

5        (4) If a superintendent of a school district fails to file the fall  
6 school district membership report on or before the date required by  
7 subdivision (4)(d) of section 79-528, such school district shall not  
8 receive state aid pursuant to the Nebraska Education Formula for the  
9 ensuing school fiscal year.

10        Sec. 11. To receive state aid pursuant to the Nebraska Education  
11 Formula, a district shall limit class sizes to:

12        (1) Twenty students in each classroom for students in early  
13 childhood education programs, kindergarten, and grades one through three  
14 with a paraeducator assisting in the classroom during the full school day  
15 for any classroom with sixteen to twenty students;

16        (2) Twenty-two students in each classroom for students in grades  
17 four through eight with a paraeducator assisting in the classroom during  
18 the full school day for any classroom with eighteen to twenty-two  
19 students; and

20        (3) Twenty-five students in each classroom for students in grades  
21 nine through twelve with a paraeducator assisting in the classroom during  
22 the full school day for any classroom with twenty to twenty-five  
23 students.

24        Sec. 12. (1) On or before March 1, 2019, and on or before March 1  
25 of each year thereafter, the department shall determine the amounts to be  
26 distributed to each district for the ensuing school fiscal year pursuant  
27 to the Nebraska Education Formula and shall certify the amounts to the  
28 Director of Administrative Services, the Auditor of Public Accounts, and  
29 each district.

30        (2) On or before March 1, 2019, and on or before March 1 of each  
31 year thereafter, the department shall report the necessary funding level



1 for the ensuing school fiscal year to the Governor, the Appropriations  
2 Committee of the Legislature, and the Education Committee of the  
3 Legislature. The report submitted to the committees of the Legislature  
4 shall be submitted electronically. Certified state aid amounts, including  
5 adjustments pursuant to section 79-1065.02, shall be shown as budgeted  
6 non-property-tax receipts and deducted prior to calculating the property  
7 tax request in the district's general fund budget statement as provided  
8 to the Auditor of Public Accounts pursuant to section 16 of this act.

9 (3) Except as otherwise provided in this subsection, the amounts  
10 certified pursuant to subsection (1) of this section shall be distributed  
11 in ten as nearly as possible equal payments on the last business day of  
12 each month beginning in September of each ensuing school fiscal year and  
13 ending in June of the following year, except that when a school district  
14 is to receive a monthly payment of less than one thousand dollars, such  
15 payment shall be one lump-sum payment on the last business day of  
16 December during the ensuing school fiscal year.

17 Sec. 13. On or before March 1, 2019, and on or before March 1 of  
18 each year thereafter, the department shall determine and certify to each  
19 school district budget authority for the general fund budget of  
20 expenditures for the ensuing school fiscal year, which shall equal the  
21 general fund budget of expenditures for the immediately preceding school  
22 fiscal year grown by the base limitation pursuant to section 77-3446. The  
23 special education budget of expenditures shall not be subject to the  
24 limitations pursuant to this section and shall be excluded from the  
25 school district budget authority and general fund budget of expenditures  
26 for purposes of this section.

27 Sec. 14. No district shall adopt a budget, which includes total  
28 requirements of depreciation funds, necessary employee benefit fund cash  
29 reserves, and necessary general fund cash reserves, exceeding the  
30 applicable allowable reserve percentages of total general fund budget of  
31 expenditures as specified in the schedule set forth in this section.

<u>Average daily</u>	<u>Allowable</u>
<u>membership of</u>	<u>reserve</u>
<u>district</u>	<u>percentage</u>
<u>0 - 471</u>	<u>45</u>
<u>471.01 - 3,044</u>	<u>35</u>
<u>3,044.01 - 10,000</u>	<u>25</u>
<u>10,000.01 and over</u>	<u>20</u>

8 On or before March 1, 2019, and on or before March 1 each year  
9 thereafter, the department shall determine and certify each district's  
10 applicable allowable reserve percentage for the ensuing school fiscal  
11 year.

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

20 Sec. 15. A district may exceed the budget authority for the general  
21 fund budget of expenditures prescribed pursuant to the Nebraska Education  
22 Formula by an amount approved by a two-thirds majority of legal voters  
23 voting on the issue at a primary, general, or special election called for  
24 such purpose upon the recommendation of the board or upon the receipt by  
25 the county clerk or election commissioner of a petition requesting an  
26 election, signed by at least five percent of the legal voters of the  
27 district. The recommendation of the board or the petition of the legal  
28 voters shall include the amount by which the board would increase its  
29 general fund budget of expenditures for the ensuing school year over and  
30 above the budget authority for the general fund budget of expenditures  
31 prescribed in section 13 of this act. The county clerk or election

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

9       Sec. 16. (1) The department may require each district to submit to  
10 the department a duplicate copy of such portions of the district's budget  
11 statement as the Commissioner of Education directs. The department may  
12 verify any data used to meet the requirements of the Nebraska Education  
13 Formula. The Auditor of Public Accounts shall review each district's  
14 budget statement for statutory compliance, make necessary changes in the  
15 budget documents for districts to effectuate the budget limitations  
16 imposed pursuant to the Nebraska Education Formula, and notify the  
17 Commissioner of Education of any district failing to submit to the  
18 auditor the budget documents required pursuant to this subsection by the  
19 date established in subsection (1) of section 13-508 or failing to make  
20 any corrections of errors in the documents pursuant to section 13-504 or  
21 13-511.

22       (2) If a school district fails to submit to the department or the  
23 auditor the budget documents required pursuant to subsection (1) of this  
24 section by the date established in subsection (1) of section 13-508 or  
25 fails to make any corrections of errors in the documents pursuant to  
26 section 13-504 or 13-511, the commissioner, upon notification from the  
27 auditor or upon his or her own knowledge that the required budget  
28 documents and any required corrections of errors from any school district  
29 have not been properly filed in accordance with the Nebraska Budget Act  
30 and after notice to the district and an opportunity to be heard, shall  
31 direct that any state aid granted pursuant to the Nebraska Education

1 Formula be withheld until such time as the required budget documents or  
2 corrections of errors are received by the auditor and the department. In  
3 addition, the commissioner shall direct the county treasurer to withhold  
4 all school money belonging to the school district until such time as the  
5 commissioner notifies the county treasurer of receipt of the required  
6 budget documents or corrections of errors. If the school district does  
7 not comply with this section prior to the end of the state's biennium  
8 following the biennium which included the fiscal year for which state aid  
9 was calculated, the state aid funds shall revert to the General Fund. The  
10 amount of any reverted funds shall be included in data provided to the  
11 Governor in accordance with section 12 of this act. The board of any  
12 district failing to submit to the department or the auditor the budget  
13 documents required pursuant to this section by the date established in  
14 subsection (1) of section 13-508 or failing to make any corrections of  
15 errors in the documents pursuant to section 13-504 or 13-511 shall be  
16 liable to the school district for all school money which such district  
17 may lose by such failing.

18       Sec. 17. The department, with assistance from the Property Tax  
19 Administrator, the Legislative Fiscal Analyst, and the budget division of  
20 the Department of Administrative Services, shall annually, on or before  
21 November 15, 2018, and on or before November 15 of each year thereafter,  
22 provide an estimate of the necessary funding level for the next school  
23 fiscal year under the Nebraska Education Formula to the Governor, the  
24 Appropriations Committee of the Legislature, and the Education Committee  
25 of the Legislature.

26       Sec. 18. The Appropriations Committee of the Legislature shall  
27 annually include the amount necessary to fund the state aid that will be  
28 certified to school districts on or before March 1, 2019, and on or  
29 before March 1 of each year thereafter for each ensuing school fiscal  
30 year in its recommendations to the Legislature to carry out the  
31 requirements of the Nebraska Education Formula.

1           Sec. 19. The Nebraska Education Formula Fund is created. The fund  
2 shall receive all assets remaining in the Property Tax Credit Cash Fund  
3 on December 31, 2018, all assets remaining in the Tax Equity and  
4 Educational Opportunities Fund on June 30, 2019, money allocated to the  
5 Department of Education from the Insurance Tax Fund pursuant to section  
6 77-913, and appropriations made by the Legislature to fund the Nebraska  
7 Education Formula and shall be administered by the state board. Any money  
8 in the fund available for investment shall be invested by the state  
9 investment officer pursuant to the Nebraska Capital Expansion Act and the  
10 Nebraska State Funds Investment Act.

11           Sec. 20. Section 2-2701, Reissue Revised Statutes of Nebraska, is  
12 amended to read:

13           2-2701 (1) No person shall be permitted to sell or dispose of any  
14 current tractor model of one hundred or more horsepower in the State of  
15 Nebraska without first having (a) made application for a permit and  
16 obtained a permit to sell the tractor model, (b) the model tested by the  
17 University of Nebraska onsite or offsite or by any Organization for  
18 Economic Cooperation and Development test station, and (c) the model  
19 passed upon by the board.

20           (2) A person may obtain a permit to sell or dispose of a current  
21 tractor model of less than one hundred horsepower by meeting the permit  
22 requirements of sections 2-2701 to 2-2711. ~~A purchaser of a current~~  
23 ~~tractor model is not eligible to claim the exemption from sales and use~~  
24 ~~tax for agricultural machinery and equipment under section 77-2704.36~~  
25 ~~unless the current tractor model has been permitted for sale pursuant to~~  
26 ~~sections 2-2701 to 2-2711.~~

27           (3) Each and every tractor model presented for testing shall be a  
28 stock model and shall not be equipped with any special accessory unless  
29 regularly supplied to the trade. Any tractor model not complying with  
30 this section shall not be tested under sections 2-2701 to 2-2711.  
31 Applications shall be made to the board and shall be accompanied by

1 specifications of the tractor model required by the board and by the  
2 applicable fees specified in sections 2-2705 and 2-2705.01.

3 (4) If an official test application, with the required  
4 specifications and fees, is submitted to any Organization for Economic  
5 Cooperation and Development test station or to the University of Nebraska  
6 and an application for a temporary permit and the fee prescribed in  
7 section 2-2705.01 are submitted, the department, with the approval of the  
8 board, may issue a temporary permit for the sale of the tractor model  
9 specified in the official test application. The date on which the  
10 temporary permit terminates shall be fixed by the board. All temporary  
11 permits shall be conditioned upon such tractor model being tested at a  
12 mutually agreed-upon date, and the person to whom a temporary permit has  
13 been issued shall submit a tractor model for testing which conforms to  
14 the specifications filed with the official test application. Such tractor  
15 model shall be delivered for testing at the mutually agreed-upon date.  
16 Upon failure so to do, all such fees deposited by such person shall be  
17 forfeited to the University of Nebraska Tractor Test Cash Fund, except  
18 that the fee imposed in section 2-2705.01 shall be deposited in and  
19 forfeited to the Tractor Permit Cash Fund, and in addition such person  
20 shall not be issued any temporary permit for a period of five years from  
21 the date such tractor was to be delivered for testing and until such  
22 person meets the obligations required under subsection (5) of this  
23 section to the department's satisfaction.

24 (5) All sales of tractors upon which a temporary permit has been  
25 issued shall be made subject to the final official test and approval of  
26 the tractor model as follows:

27 (a) If a tractor model upon which a temporary permit has been issued  
28 was not submitted for the official test and approval on the mutually  
29 agreed-upon date, the person to whom the temporary permit was issued  
30 shall repurchase any such tractor sold in Nebraska under the temporary  
31 permit. A claim by a purchaser under this subdivision shall be brought

1 within two years after the date of the expiration of the temporary  
2 permit; and

3 (b) If a tractor model upon which a temporary permit has been issued  
4 fails in the official test to meet the specifications of the tractor  
5 model which were filed with the application and fees, the person to whom  
6 the temporary permit was issued shall send a notice, as approved by the  
7 department, to any person in Nebraska who has purchased a tractor sold  
8 under the temporary permit. The person to whom the temporary permit was  
9 issued shall either modify the tractor to meet the specifications filed  
10 with the board or remedy to the satisfaction of the purchaser any injury  
11 incurred by the purchaser which was caused by the failure of the tractor  
12 to meet the specifications claimed. Such person shall be prohibited from  
13 modifying sales literature, advertisement claims, or specifications of  
14 the tractor to avoid such notice.

15 Sec. 21. Section 9-812, Revised Statutes Supplement, 2017, is  
16 amended to read:

17 9-812 (1) All money received from the operation of lottery games  
18 conducted pursuant to the State Lottery Act in Nebraska shall be credited  
19 to the State Lottery Operation Trust Fund, which fund is hereby created.  
20 All payments of the costs of establishing and maintaining the lottery  
21 games shall be made from the State Lottery Operation Cash Fund. In  
22 accordance with legislative appropriations, money for payments for  
23 expenses of the division shall be transferred from the State Lottery  
24 Operation Trust Fund to the State Lottery Operation Cash Fund, which fund  
25 is hereby created. All money necessary for the payment of lottery prizes  
26 shall be transferred from the State Lottery Operation Trust Fund to the  
27 State Lottery Prize Trust Fund, which fund is hereby created. The amount  
28 used for the payment of lottery prizes shall not be less than forty  
29 percent of the dollar amount of the lottery tickets which have been sold.

30 (2) A portion of the dollar amount of the lottery tickets which have  
31 been sold on an annualized basis shall be transferred from the State

1 Lottery Operation Trust Fund to the Education Innovation Fund, the  
2 Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund,  
3 the Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and  
4 the Compulsive Gamblers Assistance Fund as provided in subsection (3) of  
5 this section. The dollar amount transferred pursuant to this subsection  
6 shall equal the greater of (a) the dollar amount transferred to the funds  
7 in fiscal year 2002-03 or (b) any amount which constitutes at least  
8 twenty-two percent and no more than twenty-five percent of the dollar  
9 amount of the lottery tickets which have been sold on an annualized  
10 basis. To the extent that funds are available, the Tax Commissioner and  
11 director may authorize a transfer exceeding twenty-five percent of the  
12 dollar amount of the lottery tickets sold on an annualized basis.

13 (3) Of the money available to be transferred to the Education  
14 Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska  
15 Education Improvement Fund, the Nebraska Environmental Trust Fund, the  
16 Nebraska State Fair Board, and the Compulsive Gamblers Assistance Fund:

17 (a) The first five hundred thousand dollars shall be transferred to  
18 the Compulsive Gamblers Assistance Fund to be used as provided in section  
19 9-1006;

20 (b) Beginning July 1, 2016, forty-four and one-half percent of the  
21 money remaining after the payment of prizes and operating expenses and  
22 the initial transfer to the Compulsive Gamblers Assistance Fund shall be  
23 transferred to the Nebraska Education Improvement Fund;

24 (c) Forty-four and one-half percent of the money remaining after the  
25 payment of prizes and operating expenses and the initial transfer to the  
26 Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska  
27 Environmental Trust Fund to be used as provided in the Nebraska  
28 Environmental Trust Act;

29 (d) Ten percent of the money remaining after the payment of prizes  
30 and operating expenses and the initial transfer to the Compulsive  
31 Gamblers Assistance Fund shall be transferred to the Nebraska State Fair



1 Board if the most populous city within the county in which the fair is  
2 located provides matching funds equivalent to ten percent of the funds  
3 available for transfer. Such matching funds may be obtained from the city  
4 and any other private or public entity, except that no portion of such  
5 matching funds shall be provided by the state. If the Nebraska State Fair  
6 ceases operations, ten percent of the money remaining after the payment  
7 of prizes and operating expenses and the initial transfer to the  
8 Compulsive Gamblers Assistance Fund shall be transferred to the General  
9 Fund; and

10 (e) One percent of the money remaining after the payment of prizes  
11 and operating expenses and the initial transfer to the Compulsive  
12 Gamblers Assistance Fund shall be transferred to the Compulsive Gamblers  
13 Assistance Fund to be used as provided in section 9-1006.

14 (4) The Nebraska Education Improvement Fund is created. The fund  
15 shall consist of money transferred pursuant to subsection (3) of this  
16 section, money transferred pursuant to section 85-1920, and any other  
17 funds appropriated by the Legislature. The fund shall be allocated, after  
18 actual and necessary administrative expenses, as provided in this section  
19 for fiscal years 2016-17 through 2020-21. A portion of each allocation  
20 may be retained by the agency to which the allocation is made or the  
21 agency administering the fund to which the allocation is made for actual  
22 and necessary expenses incurred by such agency for administration,  
23 evaluation, and technical assistance related to the purposes of the  
24 allocation, except that no amount of the allocation to the Nebraska  
25 Opportunity Grant Fund may be used for such purposes. On or before  
26 December 31, 2019, the Education Committee of the Legislature shall  
27 electronically submit recommendations to the Clerk of the Legislature  
28 regarding how the fund should be allocated to best advance the  
29 educational priorities of the state for the five-year period beginning  
30 with fiscal year 2021-22. For fiscal year 2016-17, an amount equal to ten  
31 percent of the revenue allocated to the Education Innovation Fund and to

1 the Nebraska Opportunity Grant Fund for fiscal year 2015-16 shall be  
2 retained in the Nebraska Education Improvement Fund. For fiscal years  
3 2017-18 through 2020-21, an amount equal to ten percent of the revenue  
4 received by the Nebraska Education Improvement Fund in the prior fiscal  
5 year shall be retained in the fund. For fiscal years 2016-17 through  
6 2020-21, the remainder of the fund, ~~after payment of any learning~~  
7 ~~community transition aid pursuant to section 79-10,145,~~ shall be  
8 allocated as follows:

9 (a) One percent of the allocated funds to the Expanded Learning  
10 Opportunity Grant Fund to carry out the Expanded Learning Opportunity  
11 Grant Program Act;

12 (b) Seventeen percent of the allocated funds to the Department of  
13 Education Innovative Grant Fund to be used (i) for competitive innovation  
14 grants pursuant to section 79-1054 and (ii) to carry out the purposes of  
15 section 79-759;

16 (c) Nine percent of the allocated funds to the Community College Gap  
17 Assistance Program Fund to carry out the community college gap assistance  
18 program;

19 (d) Eight percent of the allocated funds to the Excellence in  
20 Teaching Cash Fund to carry out the Excellence in Teaching Act;

21 (e) Sixty-two percent of the allocated funds to the Nebraska  
22 Opportunity Grant Fund to carry out the Nebraska Opportunity Grant Act in  
23 conjunction with appropriations from the General Fund; and

24 (f) Three percent of the allocated funds to fund distance education  
25 incentives pursuant to section 79-1337.

26 (5) Any money in the State Lottery Operation Trust Fund, the State  
27 Lottery Operation Cash Fund, the State Lottery Prize Trust Fund, the  
28 Nebraska Education Improvement Fund, or the Education Innovation Fund  
29 available for investment shall be invested by the state investment  
30 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
31 State Funds Investment Act.

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

6 Sec. 22. Section 10-704, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 10-704 Except as otherwise provided in this section, the aggregate  
9 amount of school bonds issued for all purposes in Class I or Class II  
10 school districts shall in no event exceed fourteen percent of the taxable  
11 valuation of all property in such school district. This section does not  
12 apply (1) to the issuance of refunding or compromise of indebtedness  
13 bonds by any such school district for the purpose of retiring outstanding  
14 bonds, warrants, or other indebtedness or (2) to any Class II school  
15 district which currently receives or has received in either of the two  
16 previous school fiscal years federal funds in excess of twenty-five  
17 percent of its general fund budget of expenditures ~~as defined in section~~  
18 ~~79-1003.~~

19 Sec. 23. Section 13-508, Revised Statutes Supplement, 2017, is  
20 amended to read:

21 13-508 (1) After publication and hearing thereon and within the time  
22 prescribed by law, each governing body, except as provided in subsection  
23 (3) of this section, shall file with and certify to the levying board or  
24 boards on or before September 20 of each year or September 20 of the  
25 final year of a biennial period and file with the auditor a copy of the  
26 adopted budget statement which complies with sections 13-518 to 13-522 ~~or~~  
27 ~~79-1023 to 79-1030~~, together with the amount of the tax required to fund  
28 the adopted budget, setting out separately (a) the amount to be levied  
29 for the payment of principal or interest on bonds issued by the governing  
30 body and (b) the amount to be levied for all other purposes. Proof of  
31 publication shall be attached to the statements. For fiscal years prior

1 to fiscal year 2017-18, learning communities shall also file a copy of  
2 such adopted budget statement with member school districts on or before  
3 September 1 of each year. If the prime rate published by the Federal  
4 Reserve Board is ten percent or more at the time of the filing and  
5 certification required under this subsection, the governing body, in  
6 certifying the amount required, may make allowance for delinquent taxes  
7 not exceeding five percent of the amount required plus the actual  
8 percentage of delinquent taxes for the preceding tax year or biennial  
9 period and for the amount of estimated tax loss from any pending or  
10 anticipated litigation which involves taxation and in which tax  
11 collections have been or can be withheld or escrowed by court order. For  
12 purposes of this section, anticipated litigation shall be limited to the  
13 anticipation of an action being filed by a taxpayer who or which filed a  
14 similar action for the preceding year or biennial period which is still  
15 pending. Except for such allowances, a governing body shall not certify  
16 an amount of tax more than one percent greater or lesser than the amount  
17 determined under section 13-505.

18 (2) Each governing body shall use the certified taxable values as  
19 provided by the county assessor pursuant to section 13-509 for the  
20 current year in setting or certifying the levy. Each governing body may  
21 designate one of its members to perform any duty or responsibility  
22 required of such body by this section.

23 (3)(a) A Class I school district shall do the filing and  
24 certification required by subsection (1) of this section on or before  
25 August 1 of each year.

26 (b) For fiscal years prior to fiscal year 2017-18, learning  
27 communities shall do such filing and certification on or before September  
28 1 of each year.

29 Sec. 24. Section 43-2515, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 43-2515 For years 1993 through 2015, on or before October 1, the

1 Department of Health and Human Services and the State Department of  
2 Education shall jointly certify to the budget administrator of the budget  
3 division of the Department of Administrative Services the amount of  
4 federal medicaid funds paid to school districts pursuant to the Early  
5 Intervention Act for special education services for children five years  
6 of age and older for the immediately preceding fiscal year. The General  
7 Fund appropriation to the State Department of Education for state special  
8 education aid for the then-current fiscal year shall be decreased by an  
9 amount equal to the amount that would have been reimbursed with state  
10 general funds to the school districts through the special education  
11 reimbursement process for special education services for children five  
12 years of age and older that was paid to school districts or approved  
13 cooperatives with federal medicaid funds.

14 For fiscal years through fiscal year 2015-16, it is the intent of  
15 the Legislature that an amount equal to the amount that would have been  
16 reimbursed with state general funds to the school districts, certified to  
17 the budget administrator, be appropriated from the General Fund to aid in  
18 carrying out the provisions of the Early Intervention Act and other  
19 related early intervention services.

20 ~~For 2015 and each year thereafter, on or before December 1, the~~  
21 ~~Department of Health and Human Services and the State Department of~~  
22 ~~Education shall jointly certify to the budget administrator of the budget~~  
23 ~~division of the Department of Administrative Services the aggregate~~  
24 ~~amount to be included in the local system formula resources pursuant to~~  
25 ~~subdivision (15) of section 79-1018.01 for all local systems for aid to~~  
26 ~~be calculated pursuant to the Tax Equity and Educational Opportunities~~  
27 ~~Support Act for the next school fiscal year.~~

28 For fiscal year 2016-17 and each fiscal year thereafter, it is the  
29 intent of the Legislature that, in addition to other state and federal  
30 funds used to carry out the Early Intervention Act, funds equal to the  
31 lesser of the amount certified to the budget administrator or the amount

1 appropriated or transferred for such purposes pursuant to this section  
2 for the immediately preceding fiscal year increased by five percent be  
3 appropriated from the General Fund to aid in carrying out the provisions  
4 of the Early Intervention Act and other related early intervention  
5 services.

6 Sec. 25. Section 48-818.01, Revised Statutes Cumulative Supplement,  
7 2016, is amended to read:

8 48-818.01 (1) The Legislature finds that it is in the public's  
9 interest that collective bargaining involving school districts,  
10 educational service units, and community colleges and their certificated  
11 and instructional employees commence and conclude in a timely fashion  
12 consistent with school district budgeting and financing requirements. To  
13 that end, the timelines in this section shall apply when the public  
14 employer is a school district, educational service unit, or community  
15 college.

16 (2) On or before September 1 of the year preceding the contract year  
17 in question, the certificated and instructional employees' collective-  
18 bargaining agent shall request recognition as bargaining agent. The  
19 governing board shall respond to such request not later than the  
20 following October 1. A request for recognition need not be filed if the  
21 certificated and instructional employees' bargaining agent has been  
22 certified by the commission as the exclusive collective-bargaining agent.  
23 On or before November 1 of the year preceding the contract year in  
24 question, negotiations shall begin. There shall be no fewer than four  
25 negotiations meetings between the certificated and instructional  
26 employees' collective-bargaining agent and the governing board's  
27 bargaining agent. Either party may seek a bargaining order pursuant to  
28 subsection (1) of section 48-816 at any stage in the negotiations. If an  
29 agreement is not reached on or before the following February 8, the  
30 parties shall submit to mandatory mediation or factfinding as ordered by  
31 the commission pursuant to sections 48-811 and 48-816 unless the parties

1 mutually agree in writing to forgo mandatory mediation or factfinding.

2 (3)(a) The mediator or factfinder as ordered by the commission under  
3 subsection (2) of this section shall be a resolution officer. The  
4 commission shall provide the parties with the names of five individuals  
5 qualified to serve as the resolution officer. If the parties cannot agree  
6 on an individual, each party shall alternately strike names. The  
7 remaining individual shall serve as the resolution officer.

8 (b) The resolution officer may:

9 (i) Determine whether the issues are ready for adjudication;

10 (ii) Identify for resolution terms and conditions of employment that  
11 are in dispute and which were negotiated in good faith but upon which no  
12 agreement was reached;

13 (iii) Accept stipulations;

14 (iv) Schedule hearings;

15 (v) Prescribe rules of conduct for conferences;

16 (vi) Order additional mediation if necessary;

17 (vii) Take any other action which may aid in resolution of the  
18 industrial dispute; and

19 (viii) Consult with a party ex parte only with the concurrence of  
20 all parties.

21 (c) The resolution officer shall choose the most reasonable final  
22 offer on each issue in dispute. In making such choice, he or she shall  
23 consider factors relevant to collective bargaining between public  
24 employers and public employees, including comparable rates of pay and  
25 conditions of employment as described in subsection (1) of section  
26 48-818. The resolution officer shall not apply strict rules of evidence.  
27 Persons who are not attorneys may present cases to the resolution  
28 officer.

29 (d) If either party to a resolution officer proceeding is  
30 dissatisfied with the resolution officer's decision, such party shall  
31 have the right to file an action with the commission seeking a

1 determination of terms and conditions of employment pursuant to  
2 subsection (1) of section 48-818. Such action shall not constitute an  
3 appeal of the resolution officer's decision, but rather shall be heard by  
4 the commission as an action brought pursuant to subsection (1) of section  
5 48-818. The commission shall resolve, pursuant to the mandates of such  
6 section, all of the issues identified by either party and which were  
7 recognized by the resolution officer as an industrial dispute. If parties  
8 have not filed with the commission pursuant to subsection (6) of this  
9 section, the decision of the resolution officer shall be deemed final and  
10 binding.

11 (4) For purposes of this section, issue means broad subjects of  
12 negotiation which are presented to the resolution officer pursuant to  
13 this section. All aspects of wages are a single issue, all aspects of  
14 insurance are a single issue, and all other subjects of negotiations  
15 classified in broad categories are single issues.

16 (5) ~~On or before March 25 of the year preceding the contract year in~~  
17 ~~question or within twenty five days after the certification of the~~  
18 ~~amounts to be distributed to each local system and each school district~~  
19 ~~pursuant to the Tax Equity and Educational Opportunities Support Act as~~  
20 ~~provided in section 79-1022 for the contract year in question, whichever~~  
21 ~~occurs last in time,~~ negotiations, mediation, and factfinding shall end.

22 (6) If an agreement for the contract year in question has not been  
23 achieved on or before the date for negotiation, mediation, or factfinding  
24 to end in subsection (5) of this section, either party may, within  
25 fourteen days after such date, file a petition with the commission  
26 pursuant to section 48-811 and subsection (1) of section 48-818 to  
27 resolve the industrial dispute for the contract year in question. The  
28 commission shall render a decision on such industrial dispute on or  
29 before September 15 of the contract year in question.

30 (7) Any existing collective-bargaining agreement will continue in  
31 full force and effect until superseded by further agreement of the



1 parties or by an order of the commission. The parties may continue to  
2 negotiate unresolved issues by mutual agreement while the matter is  
3 pending with the commission.

4 (8) All collective-bargaining agreements shall be written and  
5 executed by representatives of the governing board and representatives of  
6 the certificated and instructional employees' bargaining unit. The  
7 agreement shall contain at a minimum the following:

8 (a) A salary schedule or objective method of determining salaries;

9 (b) A description of benefits being provided or agreed upon  
10 including a specific level of coverage provided in any group insurance  
11 plan, a dollar amount, or percentage of premiums to be paid, and by whom;  
12 and

13 (c) A provision that the existing agreement will continue until  
14 replaced by a successor agreement or as amended by a final order of the  
15 commission.

16 Sec. 26. Section 70-651.04, Revised Statutes Cumulative Supplement,  
17 2016, is amended to read:

18 70-651.04 All payments which are based on retail revenue from each  
19 incorporated city or village shall be divided and distributed by the  
20 county treasurer to that city or village, to the school districts located  
21 in that city or village, ~~to any learning community located in that city~~  
22 ~~or village for payments distributed prior to September 1, 2017,~~ and to  
23 the county in which may be located any such incorporated city or village  
24 in the proportion that their respective property tax levies in the  
25 preceding year bore to the total of such levies, ~~except that the only~~  
26 ~~learning community levies to be included are the common levies for which~~  
27 ~~the proceeds are distributed to member school districts pursuant to~~  
28 ~~section 79-1073.~~

29 Sec. 27. Section 77-913, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 77-913 The Insurance Tax Fund is created. The State Treasurer shall

1 receive the funds paid pursuant to Chapter 77, article 9, and except as  
2 provided in sections 77-912 and 77-918 shall keep all money received in  
3 the Insurance Tax Fund. Any money in the fund available for investment  
4 shall be invested by the state investment officer pursuant to the  
5 Nebraska Capital Expansion Act and the Nebraska State Funds Investment  
6 Act.

7 Prior to June 1 of each year, the State Treasurer shall disburse or  
8 allocate all of the funds in the Insurance Tax Fund on May 1 of each year  
9 as follows:

10 (1) Ten percent of the total shall be allocated to the counties  
11 proportionately in the proportion that the population of each county  
12 bears to the entire state, as shown by the last federal decennial census;

13 (2) Thirty percent of the total shall be allocated to the Municipal  
14 Equalization Fund; and

15 (3) For distributions prior to January 1, 2019, sixty ~~Sixty~~ percent  
16 of the total shall be allocated to the State Department of Education for  
17 distribution to school districts as equalization aid pursuant to the Tax  
18 Equity and Educational Opportunities Support Act as follows: The  
19 Commissioner of Education shall (a) include the amount certified by the  
20 State Treasurer pursuant to this section with the amount appropriated to  
21 the Tax Equity and Educational Opportunities Fund for distribution in the  
22 ensuing school fiscal year, (b) include such amounts in the state aid  
23 certified to each school district pursuant to section 79-1022, and (c)  
24 distribute such funds as equalization aid under the provisions of the act  
25 during the ensuing fiscal year.

26 (4) For distributions on or after January 1, 2019, sixty percent of  
27 the total shall be allocated to the Nebraska Education Formula Fund for  
28 distribution to school districts pursuant to the Nebraska Education  
29 Formula.

30 Sec. 28. Section 77-1736.06, Revised Statutes Cumulative Supplement,  
31 2016, is amended to read:

1           77-1736.06 The following procedure shall apply when making a  
2 property tax refund:

3           (1) Within thirty days of the entry of a final nonappealable order,  
4 an unprotested determination of a county assessor, an unappealed decision  
5 of a county board of equalization, or other final action requiring a  
6 refund of real or personal property taxes paid or, for property valued by  
7 the state, within thirty days of a recertification of value by the  
8 Property Tax Administrator pursuant to section 77-1775 or 77-1775.01, the  
9 county assessor shall determine the amount of refund due the person  
10 entitled to the refund, certify that amount to the county treasurer, and  
11 send a copy of such certification to the person entitled to the refund.  
12 Within thirty days from the date the county assessor certifies the amount  
13 of the refund, the county treasurer shall notify each political  
14 subdivision, including any school district receiving a distribution  
15 pursuant to section 79-1073 and any land bank receiving real property  
16 taxes pursuant to subdivision (3)(a) of section 19-5211, of its  
17 respective share of the refund, except that for any political subdivision  
18 whose share of the refund is two hundred dollars or less, the county  
19 board may waive this notice requirement. Notification shall be by first-  
20 class mail, postage prepaid, to the last-known address of record of the  
21 political subdivision. The county treasurer shall pay the refund from  
22 funds in his or her possession belonging to any political subdivision,  
23 including ~~any school district receiving a distribution pursuant to~~  
24 ~~section 79-1073 and~~ any land bank receiving real property taxes pursuant  
25 to subdivision (3)(a) of section 19-5211, which received any part of the  
26 tax or penalty being refunded. If sufficient funds are not available or  
27 the political subdivision, within thirty days of the mailing of the  
28 notice by the county treasurer if applicable, certifies to the county  
29 treasurer that a hardship would result and create a serious interference  
30 with its governmental functions if the refund of the tax or penalty is  
31 paid, the county treasurer shall register the refund or portion thereof

1 which remains unpaid as a claim against such political subdivision and  
2 shall issue the person entitled to the refund a receipt for the  
3 registration of the claim. The certification by a political subdivision  
4 declaring a hardship shall be binding upon the county treasurer;

5 (2) The refund of a tax or penalty or the receipt for the  
6 registration of a claim made or issued pursuant to this section shall be  
7 satisfied in full as soon as practicable and in no event later than five  
8 years from the date the final order or other action approving a refund is  
9 entered. The governing body of the political subdivision shall make  
10 provisions in its budget for the amount of any refund or claim to be  
11 satisfied pursuant to this section. If a receipt for the registration of  
12 a claim is given:

13 (a) Such receipt shall be applied to satisfy any tax levied or  
14 assessed by that political subdivision next falling due from the person  
15 holding the receipt after the sixth next succeeding levy is made on  
16 behalf of the political subdivision following the final order or other  
17 action approving the refund; and

18 (b) To the extent the amount of such receipt exceeds the amount of  
19 such tax liability, the unsatisfied balance of the receipt shall be paid  
20 and satisfied within the five-year period prescribed in this subdivision  
21 from a combination of a credit against taxes anticipated to be due to the  
22 political subdivision during such period and cash payment from any funds  
23 expected to accrue to the political subdivision pursuant to a written  
24 plan to be filed by the political subdivision with the county treasurer  
25 no later than thirty days after the claim against the political  
26 subdivision is first reduced by operation of a credit against taxes due  
27 to such political subdivision.

28 If a political subdivision fails to fully satisfy the refund or  
29 claim prior to the sixth next succeeding levy following the entry of a  
30 final nonappealable order or other action approving a refund, interest  
31 shall accrue on the unpaid balance commencing on the sixth next

1 succeeding levy following such entry or action at the rate set forth in  
2 section 45-103;

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

10 (4) When the refund involves property valued by the state, the Tax  
11 Commissioner shall be authorized to negotiate a settlement of the amount  
12 of the refund or claim due pursuant to this section on behalf of the  
13 political subdivision from which such refund or claim is due. Any  
14 political subdivision which does not agree with the settlement terms as  
15 negotiated may reject such terms, and the refund or claim due from the  
16 political subdivision then shall be satisfied as set forth in this  
17 section as if no such negotiation had occurred;

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

25 (6) If all or any portion of the refund is reduced by way of  
26 settlement or forgiveness by the person entitled to the refund, the  
27 proportionate amount of the refund that was paid by an appropriation of  
28 state funds shall be reimbursed by the county treasurer to the State  
29 Treasurer within forty-five days after receipt of the settlement  
30 agreement or receipt of the forgiven refund. The amount so reimbursed  
31 shall be credited to the General Fund.

1           Sec. 29. Section 77-2701.02, Reissue Revised Statutes of Nebraska,  
2 is amended to read:

3           77-2701.02 Pursuant to section 77-2715.01:

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

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

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

12           (4) Commencing on the start of the first calendar quarter after July  
13 20, 2002, the rate of the sales tax levied pursuant to section 77-2703  
14 shall be five and one-half percent; and -

15           (5) Commencing January 1, 2019, the rate of the sales tax levied  
16 pursuant to section 77-2703 shall be six and one-half percent.

17           Sec. 30. Section 77-2701.16, Revised Statutes Cumulative Supplement,  
18 2016, is amended to read:

19           77-2701.16 (1) Gross receipts means the total amount of the sale or  
20 lease or rental price, as the case may be, of the retail sales of  
21 retailers.

22           (2) Gross receipts of every person engaged as a public utility  
23 specified in this subsection, as a community antenna television service  
24 operator, or as a satellite service operator or any person involved in  
25 connecting and installing services defined in subdivision (2)(a), (b), or  
26 (d) of this section means:

27           (a)(i) In the furnishing of telephone communication service, other  
28 than mobile telecommunications service as described in section  
29 77-2703.04, the gross income received from furnishing ancillary services,  
30 except for conference bridging services, and intrastate  
31 telecommunications services, except for value-added, nonvoice data

1 service.

2 (ii) In the furnishing of mobile telecommunications service as  
3 described in section 77-2703.04, the gross income received from  
4 furnishing mobile telecommunications service that originates and  
5 terminates in the same state to a customer with a place of primary use in  
6 Nebraska;

7 (b) In the furnishing of telegraph service, the gross income  
8 received from the furnishing of intrastate telegraph services;

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

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

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

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

1 point.

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

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

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

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

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

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

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

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

25 (e) The gross income received for services of recreational vehicle  
26 parks;

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

31 (g) The gross income received for animal specialty services except



1 (i) veterinary services, (ii) specialty services performed on livestock  
2 as defined in section 54-183, and (iii) animal grooming performed by a  
3 licensed veterinarian or a licensed veterinary technician in conjunction  
4 with medical treatment; and

5 (h) The gross income received for detective services.

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

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

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

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

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

31 (10) Gross receipts does not include:

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

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

7 Sec. 31. Section 77-2704.13, Revised Statutes Cumulative Supplement,  
8 2016, is amended to read:

9 77-2704.13 Sales and use taxes shall not be imposed on the gross  
10 receipts from the sale, lease, or rental of and the storage, use, or  
11 other consumption in this state of:

12 (1) Sales and purchases of electricity, coal, gas, fuel oil, diesel  
13 fuel, tractor fuel, propane, gasoline, coke, nuclear fuel, butane, wood  
14 as fuel, and corn as fuel when more than fifty percent of the amount  
15 purchased is for use directly in irrigation or farming; and

16 ~~(2) Sales and purchases of such energy sources or fuels when more~~  
17 ~~than fifty percent of the amount purchased is for use directly in~~  
18 ~~processing, manufacturing, or refining, in the generation of electricity,~~  
19 ~~in the compression of natural gas for retail sale as a vehicle fuel, or~~  
20 ~~by any hospital. For purposes of this subdivision, processing includes~~  
21 ~~the drying and aerating of grain in commercial agricultural facilities;~~  
22 ~~and~~

23 (2) ~~(3)~~ Sales and purchases of water used for irrigation of  
24 agricultural lands and manufacturing purposes.

25 Sec. 32. Section 77-2704.30, Reissue Revised Statutes of Nebraska,  
26 is amended to read:

27 77-2704.30 The use tax imposed in the Nebraska Revenue Act of 1967  
28 shall not apply to the : ~~(1) The use in this state of materials and~~  
29 ~~replacement parts which are acquired outside this state and which are~~  
30 ~~moved into this state for use directly in the repair, installation, or~~  
31 ~~application and maintenance or manufacture of motor vehicles, watercraft,~~

1 ~~railroad rolling stock, whether owned by a railroad or by any person,~~  
2 ~~whether a common or contract carrier or otherwise, or aircraft engaged as~~  
3 ~~common or contract carriers; and (2) The storage, use, or consumption of~~  
4 property which is acquired outside this state, the sale, lease, or rental  
5 or the storage, use, or consumption of which property and any associated  
6 labor would be exempt from the sales or use tax were it purchased within  
7 this state.

8 Sec. 33. Section 77-2704.47, Reissue Revised Statutes of Nebraska,  
9 is amended to read:

10 77-2704.47 Sales and use taxes shall not be imposed on the gross  
11 receipts from the sale, lease, or rental of and the storage, use, or  
12 other consumption in this state of:

13 ~~(1) Nonreturnable containers when sold without contents to persons~~  
14 ~~who place contents in the container and sell the contents together with~~  
15 ~~the container;~~

16 (1) ~~(2)~~ Containers when sold with contents if the sales price of the  
17 contents is not required to be included in the measure of the taxes  
18 imposed by the Nebraska Revenue Act of 1967; and

19 (2) ~~(3)~~ Returnable containers when sold with contents in connection  
20 with a retail sale of the contents or when resold for refilling.

21 For purposes of this section, returnable containers means containers  
22 of a kind customarily returned by the buyer of the contents for reuse.  
23 All other containers are nonreturnable containers.

24 Sec. 34. Section 77-2715.07, Revised Statutes Cumulative Supplement,  
25 2016, is amended to read:

26 77-2715.07 (1) There shall be allowed to qualified resident  
27 individuals as a nonrefundable credit against the income tax imposed by  
28 the Nebraska Revenue Act of 1967:

29 (a) A credit equal to the federal credit allowed under section 22 of  
30 the Internal Revenue Code; and

31 (b) A credit for taxes paid to another state as provided in section

1 77-2730.

2 (2) There shall be allowed to qualified resident individuals against  
3 the income tax imposed by the Nebraska Revenue Act of 1967:

4 (a) For returns filed reporting federal adjusted gross incomes of  
5 greater than twenty-nine thousand dollars, a nonrefundable credit equal  
6 to twenty-five percent of the federal credit allowed under section 21 of  
7 the Internal Revenue Code of 1986, as amended, except that for taxable  
8 years beginning or deemed to begin on or after January 1, 2015, such  
9 nonrefundable credit shall be allowed only if the individual would have  
10 received the federal credit allowed under section 21 of the code after  
11 adding back in any carryforward of a net operating loss that was deducted  
12 pursuant to such section in determining eligibility for the federal  
13 credit;

14 (b) For returns filed reporting federal adjusted gross income of  
15 twenty-nine thousand dollars or less, a refundable credit equal to a  
16 percentage of the federal credit allowable under section 21 of the  
17 Internal Revenue Code of 1986, as amended, whether or not the federal  
18 credit was limited by the federal tax liability. The percentage of the  
19 federal credit shall be one hundred percent for incomes not greater than  
20 twenty-two thousand dollars, and the percentage shall be reduced by ten  
21 percent for each one thousand dollars, or fraction thereof, by which the  
22 reported federal adjusted gross income exceeds twenty-two thousand  
23 dollars, except that for taxable years beginning or deemed to begin on or  
24 after January 1, 2015, such refundable credit shall be allowed only if  
25 the individual would have received the federal credit allowed under  
26 section 21 of the code after adding back in any carryforward of a net  
27 operating loss that was deducted pursuant to such section in determining  
28 eligibility for the federal credit;

29 (c) A refundable credit as provided in section 77-5209.01 for  
30 individuals who qualify for an income tax credit as a qualified beginning  
31 farmer or livestock producer under the Beginning Farmer Tax Credit Act

1 for all taxable years beginning or deemed to begin on or after January 1,  
2 2006, under the Internal Revenue Code of 1986, as amended;

3 (d) A refundable credit for individuals who qualify for an income  
4 tax credit under the Angel Investment Tax Credit Act, the Nebraska  
5 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
6 and Development Act, or the Volunteer Emergency Responders Incentive Act;  
7 and

8 (e) A refundable credit equal to (i) for taxable years beginning or  
9 deemed to begin prior to January 1, 2018, ten percent or (ii) for taxable  
10 years beginning or deemed to begin on or after January 1, 2018, seventeen  
11 percent of the federal credit allowed under section 32 of the Internal  
12 Revenue Code of 1986, as amended, except that for taxable years beginning  
13 or deemed to begin on or after January 1, 2015, such refundable credit  
14 shall be allowed only if the individual would have received the federal  
15 credit allowed under section 32 of the code after adding back in any  
16 carryforward of a net operating loss that was deducted pursuant to such  
17 section in determining eligibility for the federal credit.

18 (3) There shall be allowed to all individuals as a nonrefundable  
19 credit against the income tax imposed by the Nebraska Revenue Act of  
20 1967:

21 (a) A credit for personal exemptions allowed under section  
22 77-2716.01;

23 (b) A credit for contributions to certified community betterment  
24 programs as provided in the Community Development Assistance Act. Each  
25 partner, each shareholder of an electing subchapter S corporation, each  
26 beneficiary of an estate or trust, or each member of a limited liability  
27 company shall report his or her share of the credit in the same manner  
28 and proportion as he or she reports the partnership, subchapter S  
29 corporation, estate, trust, or limited liability company income;

30 (c) A credit for investment in a biodiesel facility as provided in  
31 section 77-27,236;

1 (d) A credit as provided in the New Markets Job Growth Investment  
2 Act;

3 (e) A credit as provided in the Nebraska Job Creation and Mainstreet  
4 Revitalization Act;

5 (f) A credit to employers as provided in section 77-27,238; and

6 (g) A credit as provided in the Affordable Housing Tax Credit Act.

7 (4) There shall be allowed as a credit against the income tax  
8 imposed by the Nebraska Revenue Act of 1967:

9 (a) A credit to all resident estates and trusts for taxes paid to  
10 another state as provided in section 77-2730;

11 (b) A credit to all estates and trusts for contributions to  
12 certified community betterment programs as provided in the Community  
13 Development Assistance Act; and

14 (c) A refundable credit for individuals who qualify for an income  
15 tax credit as an owner of agricultural assets under the Beginning Farmer  
16 Tax Credit Act for all taxable years beginning or deemed to begin on or  
17 after January 1, 2009, under the Internal Revenue Code of 1986, as  
18 amended. The credit allowed for each partner, shareholder, member, or  
19 beneficiary of a partnership, corporation, limited liability company, or  
20 estate or trust qualifying for an income tax credit as an owner of  
21 agricultural assets under the Beginning Farmer Tax Credit Act shall be  
22 equal to the partner's, shareholder's, member's, or beneficiary's portion  
23 of the amount of tax credit distributed pursuant to subsection (4) of  
24 section 77-5211.

25 (5)(a) For all taxable years beginning on or after January 1, 2007,  
26 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
27 amended, there shall be allowed to each partner, shareholder, member, or  
28 beneficiary of a partnership, subchapter S corporation, limited liability  
29 company, or estate or trust a nonrefundable credit against the income tax  
30 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
31 partner's, shareholder's, member's, or beneficiary's portion of the

1 amount of franchise tax paid to the state under sections 77-3801 to  
2 77-3807 by a financial institution.

3 (b) For all taxable years beginning on or after January 1, 2009,  
4 under the Internal Revenue Code of 1986, as amended, there shall be  
5 allowed to each partner, shareholder, member, or beneficiary of a  
6 partnership, subchapter S corporation, limited liability company, or  
7 estate or trust a nonrefundable credit against the income tax imposed by  
8 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,  
9 member's, or beneficiary's portion of the amount of franchise tax paid to  
10 the state under sections 77-3801 to 77-3807 by a financial institution.

11 (c) Each partner, shareholder, member, or beneficiary shall report  
12 his or her share of the credit in the same manner and proportion as he or  
13 she reports the partnership, subchapter S corporation, limited liability  
14 company, or estate or trust income. If any partner, shareholder, member,  
15 or beneficiary cannot fully utilize the credit for that year, the credit  
16 may not be carried forward or back.

17 (6) There shall be allowed to all individuals nonrefundable credits  
18 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
19 provided in section 77-3604 and refundable credits against the income tax  
20 imposed by the Nebraska Revenue Act of 1967 as provided in section  
21 77-3605.

22 Sec. 35. Section 77-2715.08, Revised Statutes Cumulative Supplement,  
23 2016, is amended to read:

24 77-2715.08 For purposes of this section and section 77-2715.09,  
25 unless the context otherwise requires:

26 (1) Capital stock means common or preferred stock, either voting or  
27 nonvoting. Capital stock does not include stock rights, stock warrants,  
28 stock options, or debt securities;

29 (2)(a) Corporation means any corporation which, at the time of the  
30 first sale or exchange for which the election is made, has been in  
31 existence and actively doing business in this state for at least three

1 years.

2 (b) Corporation also includes:

3 (i) Any corporation which is a member of a unitary group of  
4 corporations, as defined in section 77-2734.04, which includes a  
5 corporation defined in subdivision (2)(a) of this section; and

6 (ii) Any predecessor or successor corporation of a corporation  
7 defined in subdivision (2)(a) of this section.

8 (c) All corporations issuing capital stock for which an election  
9 under section 77-2715.09 is made shall, at the time of the first sale or  
10 exchange for which the election is made, have (i) at least five  
11 shareholders and (ii) at least two shareholders or groups of shareholders  
12 who are not related to each other and each of which owns at least ten  
13 percent of the capital stock.

14 (d) For purposes of subdivision (2)(c) of this section:

15 (i) Each participant in an employee stock ownership trust qualified  
16 under section 401(a) of the Internal Revenue Code of 1986, as amended, is  
17 a shareholder; and

18 (ii) Two persons shall be considered to be related when, under  
19 section 318 of the Internal Revenue Code of 1986, as amended, one is a  
20 person who owns, directly or indirectly, capital stock that if directly  
21 owned would be attributed to the other person or is the brother, sister,  
22 aunt, uncle, cousin, niece, or nephew of the other person who owns  
23 capital stock either directly or indirectly;

24 (3) Extraordinary dividend means any dividend exceeding twenty  
25 percent of the fair market value of the stock on which it is paid as of  
26 the date the dividend is declared; and

27 (4) Predecessor or successor corporation means a corporation that  
28 was a party to a reorganization that was entirely or substantially tax  
29 free and that occurred during or after the employment of the individual  
30 making an election under section 77-2715.09.

31 (5) This section shall terminate on January 1, 2020.



1           Sec. 36. Section 77-2715.09, Reissue Revised Statutes of Nebraska,  
2 is amended to read:

3           77-2715.09 For any taxable year beginning prior to January 1, 2019:

4           (1) Every resident individual may elect under this section to  
5 subtract from federal adjusted gross income, or for trusts qualifying  
6 under subdivision (2)(c) of this section from taxable income, the  
7 extraordinary dividends paid on and the capital gain from the sale or  
8 exchange of capital stock of a corporation acquired by the individual (a)  
9 on account of employment by such corporation or (b) while employed by  
10 such corporation.

11           (2)(a) Each individual shall be entitled to one election under  
12 subdivision ~~subsection~~ (1) of this section during his or her lifetime for  
13 the capital stock of one corporation.

14           (b) The election shall apply to subsequent extraordinary dividends  
15 paid and sales and exchanges in any taxable year if the dividend is  
16 received on, or the sale or exchange is of, capital stock in the same  
17 corporation and such capital stock was acquired as provided in  
18 subdivision ~~subsection~~ (1) of this section.

19           (c) After the individual makes an election, such election shall  
20 apply to extraordinary dividends paid on, and the sale or exchange of,  
21 capital stock of the corporation transferred by inter vivos gift from the  
22 individual to his or her spouse or issue or a trust for the benefit of  
23 the individual's spouse or issue if such capital stock was acquired as  
24 provided in subdivision ~~subsection~~ (1) of this section. This subdivision  
25 shall apply, in the case of the spouse, only if the spouse was married to  
26 such individual on the date of the extraordinary dividend or sale or  
27 exchange or the date of death of the individual.

28           (d) If the individual dies without making an election, the surviving  
29 spouse or, if there is no surviving spouse, the oldest surviving issue  
30 may make the election for capital stock that would have qualified under  
31 subdivision (c) of this subdivision ~~subsection~~.

1 (3) An election under subdivision subsection (1) of this section  
2 shall be made by including a written statement with the taxpayer's  
3 Nebraska income tax return or an amended return for the taxable year for  
4 which the election is made. The written statement shall identify the  
5 corporation that issued the stock and the grounds for the election under  
6 this section and shall state that the taxpayer elects to have this  
7 section apply.

8 (4) This section shall terminate on January 1, 2020.

9 Sec. 37. Section 77-3442, Revised Statutes Supplement, 2017, is  
10 amended to read:

11 77-3442 (1) Property tax levies for the support of local governments  
12 for fiscal years beginning on or after July 1, 1998, shall be limited to  
13 the amounts set forth in this section except as provided in section  
14 77-3444.

15 (2)(a) For school fiscal years prior to school fiscal year 2019-20,  
16 except ~~Except~~ as provided in subdivision subdivisions ~~(2)(b) and (2)(e)~~  
17 of this section, school districts and multiple-district school systems  
18 may levy a maximum levy of one dollar and five cents per one hundred  
19 dollars of taxable valuation of property subject to the levy.

20 (b) For school fiscal year 2019-20, except as provided in  
21 subdivision (2)(e) of this section, for school districts and multiple-  
22 district school systems may levy the maximum levy calculated by  
23 subtracting the levy that would be required to for a tax asking equal to  
24 eighty-five percent of the state aid calculated pursuant to the Nebraska  
25 Education Formula for the 2019-20 school fiscal year from a levy of one  
26 dollar per hundred dollars of taxable valuation of property subject to  
27 the levy.

28 (c) For school fiscal year 2020-21 and each school fiscal year  
29 thereafter, except as provided in subdivision (2)(e) of this section,  
30 school districts and multiple-district school systems may levy a maximum  
31 levy equal to the maximum levy calculated for school fiscal year 2019-20.

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

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

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

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

24 (e) Federal aid school districts may exceed the maximum levy  
25 prescribed by subdivisions ~~subdivision~~ (2)(a) through ~~or~~ (2)(c) of this  
26 section only to the extent necessary to qualify to receive federal aid  
27 pursuant to Title VIII of Public Law 103-382, as such title existed on  
28 September 1, 2001. For purposes of this subdivision, federal aid school  
29 district means any school district which receives ten percent or more of  
30 the revenue for its general fund budget from federal government sources  
31 pursuant to Title VIII of Public Law 103-382, as such title existed on

1 September 1, 2001.

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

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

17 (3) For each fiscal year, community college areas may levy the  
18 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in  
19 accordance with the provisions of such subdivisions. A community college  
20 area may exceed the levy provided in subdivision (2)(b) of section  
21 85-1517 by the amount necessary to retire general obligation bonds  
22 assumed by the community college area or issued pursuant to section  
23 85-1515 according to the terms of such bonds or for any obligation  
24 pursuant to section 85-1535 entered into prior to January 1, 1997.

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

28 (b) Natural resources districts shall also have the power and  
29 authority to levy a tax equal to the dollar amount by which their  
30 restricted funds budgeted to administer and implement ground water  
31 management activities and integrated management activities under the

1 Nebraska Ground Water Management and Protection Act exceed their  
2 restricted funds budgeted to administer and implement ground water  
3 management activities and integrated management activities for FY2003-04,  
4 not to exceed one cent on each one hundred dollars of taxable valuation  
5 annually on all of the taxable property within the district.

6 (c) In addition, natural resources districts located in a river  
7 basin, subbasin, or reach that has been determined to be fully  
8 appropriated pursuant to section 46-714 or designated as overappropriated  
9 pursuant to section 46-713 by the Department of Natural Resources shall  
10 also have the power and authority to levy a tax equal to the dollar  
11 amount by which their restricted funds budgeted to administer and  
12 implement ground water management activities and integrated management  
13 activities under the Nebraska Ground Water Management and Protection Act  
14 exceed their restricted funds budgeted to administer and implement ground  
15 water management activities and integrated management activities for  
16 FY2005-06, not to exceed three cents on each one hundred dollars of  
17 taxable valuation on all of the taxable property within the district for  
18 fiscal year 2006-07 and each fiscal year thereafter through fiscal year  
19 2017-18.

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

24 (6)(a) Incorporated cities and villages which are not within the  
25 boundaries of a municipal county may levy a maximum levy of forty-five  
26 cents per one hundred dollars of taxable valuation of property subject to  
27 the levy plus an additional five cents per one hundred dollars of taxable  
28 valuation to provide financing for the municipality's share of revenue  
29 required under an agreement or agreements executed pursuant to the  
30 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum  
31 levy shall include amounts levied to pay for sums to support a library

1 pursuant to section 51-201, museum pursuant to section 51-501, visiting  
2 community nurse, home health nurse, or home health agency pursuant to  
3 section 71-1637, or statue, memorial, or monument pursuant to section  
4 80-202.

5 (b) Incorporated cities and villages which are within the boundaries  
6 of a municipal county may levy a maximum levy of ninety cents per one  
7 hundred dollars of taxable valuation of property subject to the levy. The  
8 maximum levy shall include amounts paid to a municipal county for county  
9 services, amounts levied to pay for sums to support a library pursuant to  
10 section 51-201, a museum pursuant to section 51-501, a visiting community  
11 nurse, home health nurse, or home health agency pursuant to section  
12 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

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

22 (8) Counties may levy or authorize a maximum levy of fifty cents per  
23 one hundred dollars of taxable valuation of property subject to the levy,  
24 except that five cents per one hundred dollars of taxable valuation of  
25 property subject to the levy may only be levied to provide financing for  
26 the county's share of revenue required under an agreement or agreements  
27 executed pursuant to the Interlocal Cooperation Act or the Joint Public  
28 Agency Act. The maximum levy shall include amounts levied to pay for sums  
29 to support a library pursuant to section 51-201 or museum pursuant to  
30 section 51-501. The county may allocate up to fifteen cents of its  
31 authority to other political subdivisions subject to allocation of

1 property tax authority under subsection (1) of section 77-3443 and not  
2 specifically covered in this section to levy taxes as authorized by law  
3 which do not collectively exceed fifteen cents per one hundred dollars of  
4 taxable valuation on any parcel or item of taxable property. The county  
5 may allocate to one or more other political subdivisions subject to  
6 allocation of property tax authority by the county under subsection (1)  
7 of section 77-3443 some or all of the county's five cents per one hundred  
8 dollars of valuation authorized for support of an agreement or agreements  
9 to be levied by the political subdivision for the purpose of supporting  
10 that political subdivision's share of revenue required under an agreement  
11 or agreements executed pursuant to the Interlocal Cooperation Act or the  
12 Joint Public Agency Act. If an allocation by a county would cause another  
13 county to exceed its levy authority under this section, the second county  
14 may exceed the levy authority in order to levy the amount allocated.

15 (9) Municipal counties may levy or authorize a maximum levy of one  
16 dollar per one hundred dollars of taxable valuation of property subject  
17 to the levy. The municipal county may allocate levy authority to any  
18 political subdivision or entity subject to allocation under section  
19 77-3443.

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

31 (11) 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, and (d) for payments by a public airport to retire interest-  
10 free 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 are not included in the levy limits established by this  
13 section.

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

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

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

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

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

7 Sec. 38. Section 77-3444, Reissue Revised Statutes of Nebraska, is  
8 amended to read:

9 77-3444 (1) A political subdivision, other than a Class I school  
10 district, may exceed the limits provided in section 77-3442 or a final  
11 levy allocation determination as provided in section 77-3443 by an amount  
12 not to exceed a maximum levy approved by a two-thirds majority for school  
13 districts and a simple majority for all other political subdivisions  
14 ~~majority~~ of registered voters voting on the issue in a primary, general,  
15 or special election at which the issue is placed before the registered  
16 voters. A vote to exceed the limits provided in section 77-3442 or a  
17 final levy allocation as provided in section 77-3443 must be approved  
18 prior to October 10 of the fiscal year which is to be the first to exceed  
19 the limits or final levy allocation. The governing body of the political  
20 subdivision may call for the submission of the issue to the voters (a) by  
21 passing a resolution calling for exceeding the limits or final levy  
22 allocation by a vote of at least two-thirds of the members of the  
23 governing body and delivering a copy of the resolution to the county  
24 clerk or election commissioner of every county which contains all or part  
25 of the political subdivision or (b) upon receipt of a petition by the  
26 county clerk or election commissioner of every county containing all or  
27 part of the political subdivision requesting an election signed by at  
28 least five percent of the registered voters residing in the political  
29 subdivision. The resolution or petition shall include the amount of levy  
30 which would be imposed in excess of the limits provided in section  
31 77-3442 or the final levy allocation as provided in section 77-3443 and

1 the duration of the excess levy authority. The excess levy authority  
 2 shall not have a duration greater than five years. Any resolution or  
 3 petition calling for a special election shall be filed with the county  
 4 clerk or election commissioner no later than thirty days prior to the  
 5 date of the election, and the time of publication and providing a copy of  
 6 the notice of election required in section 32-802 shall be no later than  
 7 twenty days prior to the election. The county clerk or election  
 8 commissioner shall place the issue on the ballot at an election as called  
 9 for in the resolution or petition which is at least thirty days after  
 10 receipt of the resolution or petition. The election shall be held  
 11 pursuant to the Election Act. For petitions filed with the county clerk  
 12 or election commissioner on or after May 1, 1998, the petition shall be  
 13 in the form as provided in sections 32-628 to 32-631. Any excess levy  
 14 authority approved under this section shall terminate pursuant to its  
 15 terms, on a vote of the governing body of the political subdivision to  
 16 terminate the authority to levy more than the limits, at the end of the  
 17 fourth fiscal year following the first year in which the levy exceeded  
 18 the limit or the final levy allocation, or as provided in subsection (4)  
 19 of this section, whichever is earliest. A governing body may pass no more  
 20 than one resolution calling for an election pursuant to this section  
 21 during any one calendar year. Only one election may be held in any one  
 22 calendar year pursuant to a petition initiated under this section.

23 (2) The ballot question may include any terms and conditions set  
 24 forth in the resolution or petition and shall include the following:  
 25 "Shall (name of political subdivision) be allowed to levy a property tax  
 26 not to exceed ..... cents per one hundred dollars of taxable  
 27 valuation in excess of the limits prescribed by law until fiscal  
 28 year ..... for the purposes of (general operations; building  
 29 construction, remodeling, or site acquisition; or both general operations  
 30 and building construction, remodeling, or site acquisition)?" If the  
 31 majority required pursuant to subsection (1) of this section a majority

1 of the votes cast upon the ballot question are in favor of such tax, the  
2 county board shall authorize a tax in excess of the limits in section  
3 77-3442 or the final levy allocation in section 77-3443 but such tax  
4 shall not exceed the amount stated in the ballot question. If the  
5 majority threshold required pursuant to subsection (1) of this section is  
6 not reached ~~a majority of those voting on the ballot question are opposed~~  
7 ~~to such tax~~, the governing body of the political subdivision shall not  
8 impose such tax.

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

31 (4) A political subdivision, other than a Class I school district,

1 may rescind or modify a previously approved excess levy authority prior  
2 to its expiration by a two-thirds majority for school districts and a  
3 simple majority for all other political subdivisions majority of  
4 registered voters voting on the issue in a primary, general, or special  
5 election at which the issue is placed before the registered voters. A  
6 vote to rescind or modify must be approved prior to October 10 of the  
7 fiscal year for which it is to be effective. The governing body of the  
8 political subdivision may call for the submission of the issue to the  
9 voters (a) by passing a resolution calling for the rescission or  
10 modification by a vote of at least two-thirds of the members of the  
11 governing body and delivering a copy of the resolution to the county  
12 clerk or election commissioner of every county which contains all or part  
13 of the political subdivision or (b) upon receipt of a petition by the  
14 county clerk or election commissioner of every county containing all or  
15 part of the political subdivision requesting an election signed by at  
16 least five percent of the registered voters residing in the political  
17 subdivision. The resolution or petition shall include the amount and the  
18 duration of the previously approved excess levy authority and a statement  
19 that either such excess levy authority will be rescinded or such excess  
20 levy authority will be modified. If the excess levy authority will be  
21 modified, the amount and duration of such modification shall be stated.  
22 The modification shall not have a duration greater than five years. The  
23 county clerk or election commissioner shall place the issue on the ballot  
24 at an election as called for in the resolution or petition which is at  
25 least thirty days after receipt of the resolution or petition, and the  
26 time of publication and providing a copy of the notice of election  
27 required in section 32-802 shall be no later than twenty days prior to  
28 the election. The election shall be held pursuant to the Election Act.

29 (5) For purposes of this section, when the political subdivision is  
30 a sanitary and improvement district, registered voter means a person  
31 qualified to vote as provided in section 31-735. Any election conducted

1 under this section for a sanitary and improvement district shall be  
2 conducted and counted as provided in sections 31-735 to 31-735.06.

3 (6) For purposes of this section, when the political subdivision is  
4 a school district or a multiple-district school system, registered voter  
5 includes both (a) persons qualified to vote for the members of the school  
6 board of the school district which is voting to exceed the maximum levy  
7 limits pursuant to this section and (b) persons in those portions of any  
8 Class I district which are affiliated with or a part of the school  
9 district which is voting pursuant to this section, if such voter is also  
10 qualified to vote for the school board of the affected Class I school  
11 district.

12 Sec. 39. Section 77-4209, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

14 77-4209 Sections 77-4209 to 77-4212 shall be known and may be cited  
15 as the Property Tax Credit Act. The Property Tax Credit Act shall  
16 terminate on January 1, 2019. It is the intent of the Legislature that on  
17 and after such date all funds that would have otherwise been appropriated  
18 for distribution pursuant to the Property Tax Credit Act be appropriated  
19 for distribution pursuant to the Nebraska Education Formula.

20 Sec. 40. Section 77-4211, Reissue Revised Statutes of Nebraska, is  
21 amended to read:

22 77-4211 The Property Tax Credit Cash Fund is created. The fund shall  
23 only be used pursuant to the Property Tax Credit Act. Any money in the  
24 fund available for investment shall be invested by the state investment  
25 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
26 State Funds Investment Act.

27 On December 31, 2018, the Property Tax Credit Cash Fund shall  
28 terminate and all assets of the fund shall be transferred to the Nebraska  
29 Education Formula Fund.

30 Sec. 41. Section 77-4212, Revised Statutes Supplement, 2017, is  
31 amended to read:

1           77-4212 (1) For tax year 2007, the amount of relief granted under  
2 the Property Tax Credit Act shall be one hundred five million dollars.  
3 For tax year 2008, the amount of relief granted under the act shall be  
4 one hundred fifteen million dollars. It is the intent of the Legislature  
5 to fund the Property Tax Credit Act for tax years after tax year 2008  
6 using available revenue. For tax year 2017, the amount of relief granted  
7 under the act shall be two hundred twenty-four million dollars. The  
8 relief shall be in the form of a property tax credit which appears on the  
9 property tax statement.

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

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

22           (3) If the real property owner qualifies for a homestead exemption  
23 under sections 77-3501 to 77-3529, the owner shall also be qualified for  
24 the relief provided in the act to the extent of any remaining liability  
25 after calculation of the relief provided by the homestead exemption. If  
26 the credit results in a property tax liability on the homestead that is  
27 less than zero, the amount of the credit which cannot be used by the  
28 taxpayer shall be returned to the State Treasurer by July 1 of the year  
29 the amount disbursed to the county was disbursed. The State Treasurer  
30 shall immediately credit any funds returned under this subsection to the  
31 Property Tax Credit Cash Fund. Upon the return of any funds under this

1 subsection, the county treasurer shall electronically file a report with  
2 the Property Tax Administrator, on a form prescribed by the Tax  
3 Commissioner, indicating the amount of funds distributed to each taxing  
4 unit in the county in the year the funds were returned, any collection  
5 fee retained by the county in such year, and the amount of unused credits  
6 returned.

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

22 (b) ~~For Beginning with~~ tax year 2017, the amount disbursed to each  
23 county shall be equal to the amount available for disbursement determined  
24 under subsection (1) of this section multiplied by the ratio of the  
25 credit allocation valuation in the county to the credit allocation  
26 valuation in the state. By September 15, the Property Tax Administrator  
27 shall determine the amount to be disbursed under this subdivision to each  
28 county and certify such amounts to the State Treasurer and to each  
29 county. The disbursements to the counties shall occur in two equal  
30 payments, the first on or before January 31 and the second on or before  
31 April 1. After retaining one percent of the receipts for costs, the



1 county treasurer shall allocate the remaining receipts to each taxing  
2 unit based on its share of the credits granted to all taxpayers in the  
3 taxing unit.

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

11 (6) The State Treasurer shall transfer from the General Fund to the  
12 Property Tax Credit Cash Fund one hundred five million dollars by August  
13 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

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

16 Sec. 42. Section 77-5007, Revised Statutes Cumulative Supplement,  
17 2016, is amended to read:

18 77-5007 The commission has the power and duty to hear and determine  
19 appeals of:

20 (1) Decisions of any county board of equalization equalizing the  
21 value of individual tracts, lots, or parcels of real property so that all  
22 real property is assessed uniformly and proportionately;

23 (2) Decisions of any county board of equalization granting or  
24 denying tax-exempt status for real or personal property or an exemption  
25 from motor vehicle taxes and fees;

26 (3) Decisions of the Tax Commissioner determining the taxable  
27 property of a railroad company, car company, public service entity, or  
28 air carrier within the state;

29 ~~(4) Decisions of the Tax Commissioner determining adjusted valuation~~  
30 ~~pursuant to section 79-1016;~~

31 (4) (5) Decisions of any county board of equalization on the

1 valuation of personal property or any penalties imposed under sections  
2 77-1233.04 and 77-1233.06;

3 (5) ~~(6)~~ Decisions of any county board of equalization on claims that  
4 a levy is or is not for an unlawful or unnecessary purpose or in excess  
5 of the requirements of the county;

6 (6) ~~(7)~~ Decisions of any county board of equalization granting or  
7 rejecting an application for a homestead exemption;

8 (7) ~~(8)~~ Decisions of the Department of Motor Vehicles determining  
9 the taxable value of motor vehicles pursuant to section 60-3,188;

10 (8) ~~(9)~~ Decisions of the Tax Commissioner made under section  
11 77-1330;

12 (9) ~~(10)~~ Any other decision of any county board of equalization;

13 (10) ~~(11)~~ Any other decision of the Tax Commissioner regarding  
14 property valuation, exemption, or taxation;

15 (11) ~~(12)~~ Decisions of the Tax Commissioner pursuant to section  
16 77-3520;

17 (12) ~~(13)~~ Final decisions of a county board of equalization appealed  
18 by the Tax Commissioner or Property Tax Administrator pursuant to section  
19 77-701;

20 (13) ~~(14)~~ Determinations of the Rent-Restricted Housing Projects  
21 Valuation Committee regarding the capitalization rate to be used to value  
22 rent-restricted housing projects pursuant to section 77-1333 or the  
23 requirement under such section that an income-approach calculation be  
24 used by county assessors to value rent-restricted housing projects;

25 (14) ~~(15)~~ The requirement under section 77-1314 that the income  
26 approach, including the use of a discounted cash-flow analysis, be used  
27 by county assessors; and

28 (15) ~~(16)~~ Any other decision, determination, action, or order from  
29 which an appeal to the commission is authorized.

30 The commission has the power and duty to hear and grant or deny  
31 relief on petitions.

1           Sec. 43. Section 79-101, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3           79-101 For purposes of Chapter 79, unless the context otherwise  
4 requires:

5           ~~(1) School district means the territory under the jurisdiction of a~~  
6 ~~single school board authorized by Chapter 79;~~

7           ~~(2) School means a school under the jurisdiction of a school board~~  
8 ~~authorized by Chapter 79;~~

9           ~~(3) Legal voter means a registered voter as defined in section~~  
10 ~~32-115 who is domiciled in a precinct or ward in which he or she is~~  
11 ~~registered to vote and which precinct or ward lies in whole or in part~~  
12 ~~within the boundaries of a school district for which the registered voter~~  
13 ~~chooses to exercise his or her right to vote at a school district~~  
14 ~~election or at an annual or special meeting of a Class I school district;~~

15           ~~(4) Prekindergarten programs means all early childhood programs~~  
16 ~~provided for children who have not reached the age of five by the date~~  
17 ~~provided in section 79-214 for kindergarten entrance;~~

18           ~~(5) Elementary grades means grades kindergarten through eight,~~  
19 ~~inclusive;~~

20           ~~(6) High school grades means all grades above the eighth grade;~~

21           ~~(7) School year means (a) for elementary grades other than~~  
22 ~~kindergarten, the time equivalent to at least one thousand thirty-two~~  
23 ~~instructional hours and (b) for high school grades, the time equivalent~~  
24 ~~to at least one thousand eighty instructional hours;~~

25           ~~(8) Instructional hour means a period of time, at least sixty~~  
26 ~~minutes, which is actually used for the instruction of students;~~

27           ~~(9) Teacher means any certified employee who is regularly employed~~  
28 ~~for the instruction of pupils in the public schools;~~

29           ~~(1)~~ ~~(10)~~ Administrator means any certified employee such as  
30 superintendent, assistant superintendent, principal, assistant principal,  
31 school nurse, or other supervisory or administrative personnel who do not

1 have as a primary duty the instruction of pupils in the public schools;

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

7 (3) Certificate, certificated, or certified, when referring to an  
8 individual holding a certificate to teach, administer, or provide special  
9 services, also includes an individual who holds a permit issued by the  
10 Commissioner of Education pursuant to sections 79-806 to 79-815;

11 (4) Community eligibility provision means the alternative to  
12 household applications for free and reduced-price meals in high-poverty  
13 schools enacted in section 104(a) of the federal Healthy, Hunger-Free  
14 Kids Act of 2010, section 11(a)(1) of the Richard B. Russell National  
15 School Lunch Act, 42 U.S.C. 1759a(a)(1), as such act and section existed  
16 on January 1, 2015, and administered by the United States Department of  
17 Agriculture;

18 (5) Elementary grades means grades kindergarten through eight,  
19 inclusive;

20 (6) Fall membership means the total membership in kindergarten  
21 through grade twelve attributable to the local system as reported on the  
22 fall school district membership reports for each district pursuant to  
23 section 79-528;

24 (7) Free lunch students means, as reported on the fall membership  
25 report, (a) for schools that did not provide free meals to all students  
26 pursuant to the community eligibility provision, students who  
27 individually qualified for free lunches or free milk pursuant to the  
28 federal Richard B. Russell National School Lunch Act, 42 U.S.C. 1751 et  
29 seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et  
30 seq., as such acts and sections existed on January 1, 2018, and rules and  
31 regulations adopted thereunder, plus (b) for schools that provided free

1 meals to all students pursuant to the community eligibility provision,  
2 the greater of the number of students in such school who individually  
3 qualified for free lunch or free milk using the most recent school fiscal  
4 year for which the school did not provide free meals to all students  
5 pursuant to the community eligibility provision or one hundred ten  
6 percent of the product of the students who qualified for free meals at  
7 such school pursuant to the community eligibility provision multiplied by  
8 the identified student percentage calculated pursuant to such federal  
9 provision, except that the free lunch students calculated for any school  
10 shall not exceed one hundred percent of the fall membership attributable  
11 to such school;

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

14 (9) High school grades means all grades above the eighth grade;

15 (10) Instructional hour means a period of time, at least sixty  
16 minutes, which is actually used for the instruction of students;

17 (11) Legal voter means a registered voter as defined in section  
18 32-115 who is domiciled in a precinct or ward in which he or she is  
19 registered to vote and which precinct or ward lies in whole or in part  
20 within the boundaries of a school district for which the registered voter  
21 chooses to exercise his or her right to vote at a school district  
22 election or at an annual or special meeting of a Class I school district;

23 (12) Limited English proficiency students, as reported on the fall  
24 membership report, means the number of students with limited English  
25 proficiency receiving English acquisition services in a district;

26 (13) Permanent school fund means the fund described in section  
27 79-1035.01;

28 (14) Prekindergarten programs means all early childhood programs  
29 provided for children who have not reached the age of five by the date  
30 provided in section 79-214 for kindergarten entrance;

31 (15) School means a school under the jurisdiction of a school board

1 authorized by Chapter 79;

2 (16) (11) School board means the governing body of any school  
3 district. Board of education has the same meaning as school board;

4 (17) School district means the territory under the jurisdiction of a  
5 single school board authorized by Chapter 79;

6 (18) School lands means the lands described in section 79-1035.03.  
7 Educational lands has the same meaning as school lands;

8 (19) School year means (a) for elementary grades other than  
9 kindergarten, the time equivalent to at least one thousand thirty-two  
10 instructional hours and (b) for high school grades, the time equivalent  
11 to at least one thousand eighty instructional hours;

12 (20) (12) Teach means and includes, but is not limited to, the  
13 following responsibilities: (a) The organization and management of the  
14 classroom or the physical area in which the learning experiences of  
15 pupils take place; (b) the assessment and diagnosis of the individual  
16 educational needs of the pupils; (c) the planning, selecting, organizing,  
17 prescribing, and directing of the learning experiences of pupils; (d) the  
18 planning of teaching strategies and the selection of available materials  
19 and equipment to be used; and (e) the evaluation and reporting of student  
20 progress;

21 (21) Teacher means any certified employee who is regularly employed  
22 for the instruction of pupils in the public schools; and

23 ~~(13) Permanent school fund means the fund described in section~~  
24 ~~79-1035.01;~~

25 (22) (14) Temporary school fund means the fund described in section  
26 79-1035.02. ;

27 ~~(15) School lands means the lands described in section 79-1035.03.~~  
28 ~~Educational lands has the same meaning as school lands;~~

29 ~~(16) Community eligibility provision means the alternative to~~  
30 ~~household applications for free and reduced-price meals in high-poverty~~  
31 ~~schools enacted in section 104(a) of the federal Healthy, Hunger-Free~~

1 ~~Kids Act of 2010, section 11(a)(1) of the Richard B. Russell National~~  
2 ~~School Lunch Act, 42 U.S.C. 1759a(a)(1), as such act and section existed~~  
3 ~~on January 1, 2015, and administered by the United States Department of~~  
4 ~~Agriculture; and~~

5 ~~(17) Certificate, certificated, or certified, when referring to an~~  
6 ~~individual holding a certificate to teach, administer, or provide special~~  
7 ~~services, also includes an individual who holds a permit issued by the~~  
8 ~~Commissioner of Education pursuant to sections 79-806 to 79-815.~~

9 The State Board of Education may adopt and promulgate rules and  
10 regulations to define school day and other appropriate units of the  
11 school calendar.

12 Sec. 44. Section 79-213, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

14 79-213 No school district shall receive any portion of state funds  
15 pursuant to the Tax Equity and Educational Opportunities Support Act for  
16 school fiscal years prior to 2019-20 or the Nebraska Education Formula  
17 for school fiscal year 2019-20 and each school fiscal year thereafter  
18 unless school has been actually taught in the district by a legally  
19 certificated teacher for the length of time required by law or unless the  
20 pupils residing in the district have attended school in another district  
21 for the length of time required by law. At the discretion of the State  
22 Board of Education, the closing of a school shall not prevent a district  
23 from being accredited or receiving its proper share of state funds when  
24 epidemic sickness or severe storm conditions prevail to such an extent  
25 that the school board in any district deems it advisable to close any or  
26 all schools within the district or when the destruction of the  
27 schoolhouse makes it impossible to continue the school. Such sickness,  
28 storm conditions, or destruction of the schoolhouse shall be sworn to by  
29 the secretary of the school board and the oath filed with the State Board  
30 of Education if the school board of the school district is proposing to  
31 offer fewer hours than required by law.

1           Sec. 45. Section 79-215, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3           79-215 (1) Except as otherwise provided in this section, a student  
4 is a resident of the school district where he or she resides and shall be  
5 admitted to any such school district upon request without charge.

6           (2) A school board shall admit a student upon request without charge  
7 if at least one of the student's parents resides in the school district.

8           (3) A school board shall admit any homeless student upon request  
9 without charge if the district is the district in which the student (a)  
10 is currently located, (b) attended when permanently housed, or (c) was  
11 last enrolled.

12           (4) A school board may allow a student whose residency in the  
13 district ceases during a school year to continue attending school in such  
14 district for the remainder of that school year.

15           (5) A school board may admit nonresident students to the school  
16 district pursuant to a contract with the district where the student is a  
17 resident and shall collect tuition pursuant to the contract.

18           (6) For school years prior to 2019-20, a A school board may admit  
19 nonresident students to the school district pursuant to the enrollment  
20 option program as authorized by sections 79-232 to 79-246, and such  
21 admission shall be without charge.

22           ~~(7) For school years prior to school year 2017-18, a school board of~~  
23 ~~any school district that is a member of a learning community shall admit~~  
24 ~~nonresident students to the school district pursuant to the open~~  
25 ~~enrollment provisions of a diversity plan in a learning community as~~  
26 ~~authorized by section 79-2110, and such admission shall be without~~  
27 ~~charge.~~

28           (7) ~~(8)~~ A school board may admit a student who is a resident of  
29 another state to the school district and collect tuition in advance at a  
30 rate determined by the school board.

31           (8) ~~(9)~~ When a student as a ward of the state or as a ward of any



1 court (a) has been placed in a school district other than the district in  
2 which he or she resided at the time he or she became a ward and such ward  
3 does not reside in a foster family home licensed or approved by the  
4 Department of Health and Human Services or a foster home maintained or  
5 used pursuant to section 83-108.04 or (b) has been placed in any  
6 institution which maintains a special education program which has been  
7 approved by the State Department of Education and such institution is not  
8 owned or operated by the district in which he or she resided at the time  
9 he or she became a ward, the cost of his or her education and the  
10 required transportation costs associated with the student's education  
11 shall be paid by the state, but not in advance, to the receiving school  
12 district or approved institution under rules and regulations prescribed  
13 by the Department of Health and Human Services and the student shall  
14 remain a resident of the district in which he or she resided at the time  
15 he or she became a ward. Any student who is a ward of the state or a ward  
16 of any court who resides in a foster family home licensed or approved by  
17 the Department of Health and Human Services or a foster home maintained  
18 or used pursuant to section 83-108.04 shall be deemed a resident of the  
19 district in which he or she resided at the time he or she became a foster  
20 child, unless it is determined under section 43-1311 or 43-1312 that he  
21 or she will not attend such district in which case he or she shall be  
22 deemed a resident of the district in which the foster family home or  
23 foster home is located.

24 (9)(a) ~~(10)(a)~~ When a student is not a ward of the state or a ward  
25 of any court and is residing in a residential setting located in Nebraska  
26 for reasons other than to receive an education and the residential  
27 setting is operated by a service provider which is certified or licensed  
28 by the Department of Health and Human Services or is enrolled in the  
29 medical assistance program established pursuant to the Medical Assistance  
30 Act and Title XIX or XXI of the federal Social Security Act, as amended,  
31 the student shall remain a resident of the district in which he or she

1 resided immediately prior to residing in such residential setting. The  
2 resident district for a student who is not a ward of the state or a ward  
3 of any court does not change when the student moves from one residential  
4 setting to another.

5 (b) If a student is residing in a residential setting as described  
6 in subdivision (9)(a) ~~(10)(a)~~ of this section and such residential  
7 setting does not maintain an interim-program school as defined in section  
8 79-1119.01 or an approved or accredited school, the resident school  
9 district shall contract with the district in which such residential  
10 setting is located for the provision of all educational services,  
11 including all special education services and support services as defined  
12 in section 79-1125.01, unless a parent or guardian and the resident  
13 school district agree that an appropriate education will be provided by  
14 the resident school district while the student is residing in such  
15 residential setting. If the resident school district is required to  
16 contract, the district in which such residential setting is located shall  
17 contract with the resident district and provide all educational services,  
18 including all special education services, to the student. If the two  
19 districts cannot agree on the amount of the contract, the State  
20 Department of Education shall determine the amount to be paid by the  
21 resident district to the district in which such residential setting is  
22 located based on the needs of the student, approved special education  
23 rates, the department's general experience with special education  
24 budgets, and the cost per student in the district in which such  
25 residential setting is located. Once the contract has been entered into,  
26 all legal responsibility for special education and related services shall  
27 be transferred to the school district in which the residential setting is  
28 located.

29 (c) If a student is residing in a residential setting as described  
30 in subdivision (9)(a) ~~(10)(a)~~ of this section and such residential  
31 setting maintains an interim-program school as defined in section

1 79-1119.01 or an approved or accredited school, the department shall  
2 reimburse such residential setting for the provision of all educational  
3 services, including all special education services and support services,  
4 with the amount of payment for all educational services determined  
5 pursuant to the average per pupil cost of the service agency as defined  
6 in section 79-1116. The resident school district shall retain  
7 responsibility for such student's individualized education plan, if any.  
8 The educational services may be provided through (i) such interim-program  
9 school or approved or accredited school, (ii) a contract between the  
10 residential setting and the school district in which such residential  
11 setting is located, (iii) a contract between the residential setting and  
12 another service agency as defined in section 79-1124, or (iv) a  
13 combination of such educational service providers.

14 (d) If a school district pays a school district in which a  
15 residential setting is located for educational services provided pursuant  
16 to subdivision (9)(b) ~~(10)(b)~~ of this section and it is later determined  
17 that a different school district was the resident school district for  
18 such student at the time such educational services were provided, the  
19 school district that was later determined to be the resident school  
20 district shall reimburse the school district that initially paid for the  
21 educational services one hundred ten percent of the amount paid.

22 (e) A student residing in a residential setting described in this  
23 subsection shall be defined as a student with a handicap pursuant to  
24 Article VII, section 11, of the Constitution of Nebraska, and as such the  
25 state and any political subdivision may contract with institutions not  
26 wholly owned or controlled by the state or any political subdivision to  
27 provide the educational services to the student if such educational  
28 services are nonsectarian in nature.

29 (10) ~~(11)~~ In the case of any individual eighteen years of age or  
30 younger who is a ward of the state or any court and who is placed in a  
31 county detention home established under section 43-2,110, the cost of his

1 or her education shall be paid by the state, regardless of the district  
2 in which he or she resided at the time he or she became a ward, to the  
3 agency or institution which: (a) Is selected by the county board with  
4 jurisdiction over such detention home; (b) has agreed or contracted with  
5 such county board to provide educational services; and (c) has been  
6 approved by the State Department of Education pursuant to rules and  
7 regulations prescribed by the State Board of Education.

8 ~~(11)~~ ~~(12)~~ No tuition shall be charged for students who may be by law  
9 allowed to attend the school without charge.

10 ~~(12)~~ ~~(13)~~ On a form prescribed by the State Department of Education,  
11 an adult with legal or actual charge or control of a student shall  
12 provide the name of the student, the name of the adult with legal or  
13 actual charge or control of the student, the address where the student is  
14 residing, and the telephone number and address where the adult may  
15 generally be reached during the school day. If the student is homeless or  
16 if the adult does not have a telephone number and address where he or she  
17 may generally be reached during the school day, those parts of the form  
18 may be left blank and a box may be marked acknowledging that these are  
19 the reasons these parts of the form were left blank. The adult with legal  
20 or actual charge or control of the student shall also sign the form.

21 ~~(13)~~ ~~(14)~~ The department may adopt and promulgate rules and  
22 regulations to carry out the department's responsibilities under this  
23 section.

24 Sec. 46. Sections 79-232 to 79-246 shall terminate on July 1, 2019.

25 Sec. 47. Section 79-234, Revised Statutes Cumulative Supplement,  
26 2016, is amended to read:

27 79-234 (1) An enrollment option program is hereby established for  
28 school years through the 2018-19 school year to enable any kindergarten  
29 through twelfth grade Nebraska student to attend a school in a Nebraska  
30 public school district in which the student does not reside subject to  
31 the limitations prescribed in section 79-238. The option shall be

1 available only once to each student prior to graduation, except that the  
2 option does not count toward such limitation if such option meets, or met  
3 at the time of the option, one of the following criteria: (a) The student  
4 relocates to a different resident school district, (b) the option school  
5 district merges with another district, (c) the option school district is  
6 a Class I district, (d) the student will have completed either the grades  
7 offered in the school building originally attended in the option school  
8 district or the grades immediately preceding the lowest grade offered in  
9 the school building for which a new option is sought, (e) the option  
10 would allow the student to continue current enrollment in a school  
11 district, (f) the option would allow the student to enroll in a school  
12 district in which the student was previously enrolled as a student, or  
13 (g) the student is an open enrollment option student. Sections 79-232 to  
14 79-246 do not relieve a parent or guardian from the compulsory attendance  
15 requirements in section 79-201.

16 (2) The program shall not apply to any student who resides in a  
17 district which has entered into an annexation agreement pursuant to  
18 section 79-473, except that such student may transfer to another district  
19 which accepts option students.

20 Sec. 48. Section 79-235, Revised Statutes Cumulative Supplement,  
21 2016, is amended to read:

22 79-235 For purposes of all duties, entitlements, and rights  
23 established by law, including special education as provided in section  
24 79-1127, except as provided in section 79-241 and, for open enrollment  
25 option students, except as provided in section 79-235.01, option students  
26 shall be treated as resident students of the option school district  
27 through the 2018-19 school year. The option student may request a  
28 particular school building, but the building assignment of the option  
29 student shall be determined by the option school district except as  
30 provided in section 79-235.01 for open enrollment option students and in  
31 subsection (3) of section 79-2110 for students attending a focus school,

1 focus program, or magnet school. In determining eligibility for  
2 extracurricular activities as defined in section 79-2,126, the option  
3 student shall be treated similarly to other students who transfer into  
4 the school from another public, private, denominational, or parochial  
5 school.

6 Sec. 49. Section 79-235.01, Revised Statutes Cumulative Supplement,  
7 2016, is amended to read:

8 79-235.01 Each student attending a school building outside of the  
9 resident school district as an open enrollment student pursuant to  
10 section 79-2110 for any part of school year 2016-17 shall be  
11 automatically approved as an open enrollment option student for school  
12 years beginning with school year 2017-18 and 2018-19 and allowed to  
13 continue attending such school building as an option student through the  
14 2018-19 school year without submitting an additional application unless  
15 the student has completed the grades offered in such school building or  
16 has been expelled and is disqualified pursuant to section 79-266.01.  
17 Except as provided in subsection (3) of section 79-2110 for students  
18 attending a focus school, focus program, or magnet school, approval as an  
19 open enrollment option student pursuant to this section does not permit  
20 the student to attend another school building within the option school  
21 district unless an application meeting the requirements prescribed in  
22 section 79-237 is approved by the school board of the option school  
23 district. Upon approval of an application meeting the requirements  
24 prescribed in section 79-237, a student previously enrolled as an open  
25 enrollment student in the option school district shall be treated as an  
26 option student of the option school district without regard to his or her  
27 former status as an open enrollment student. Except as otherwise provided  
28 in this section and sections 79-234, 79-235, 79-237, and 79-238 and  
29 subsection (3) of section 79-2110, open enrollment option students shall  
30 be treated as option students of the option school district.

31 Sec. 50. Section 79-236, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-236 ~~For Beginning with~~ the 1993-94 school year through the  
3 2018-19 school year, the enrollment option program shall be implemented  
4 by all public school districts.

5 Sec. 51. Section 79-237, Revised Statutes Supplement, 2017, is  
6 amended to read:

7 79-237 (1) For a student to begin attendance as an option student in  
8 an option school district in which the student resides, the student's  
9 parent or legal guardian shall submit an application to the school board  
10 of the option school district between September 1 and March 15 of each  
11 school year prior to the 2018-19 school year for attendance during the  
12 following and subsequent school years through the 2018-19 school year.  
13 Except as provided in subsection (2) of this section, applications  
14 submitted after March 15 of any year prior to 2019 shall contain a  
15 release approval from the resident school district on the application  
16 form prescribed and furnished by the State Department of Education  
17 pursuant to subsection (8) of this section. A district may not accept or  
18 approve any applications submitted after such date without such a release  
19 approval. The option school district shall provide the resident school  
20 district with the name of the applicant on or before April 1 of any year  
21 prior to 2019 or, in the case of an application submitted after March 15  
22 of any year prior to 2019, within sixty days after submission. The option  
23 school district shall notify, in writing, the parent or legal guardian of  
24 the student and the resident school district whether the application is  
25 accepted or rejected on or before April 1 of any year prior to 2019 or,  
26 in the case of an application submitted after March 15 of any year prior  
27 to 2019, within sixty days after submission. An option school district  
28 that is a member of a learning community may not approve an application  
29 pursuant to this section for a student who resides in such learning  
30 community to attend prior to school year 2017-18.

31 (2) A student who relocates to a different resident school district

1 after February 1 of any year prior to 2019 or whose option school  
2 district merges with another district effective after February 1 of any  
3 year prior to 2019 may submit an application to the school board of an  
4 option school district for attendance during the current or immediately  
5 following and subsequent school years through the 2018-19 school year  
6 unless the applicant is a resident of a learning community and the  
7 application is for attendance to begin prior to school year 2017-18 in an  
8 option school district that is also a member of such learning community.  
9 Such application does not require the release approval of the resident  
10 school district. The option school district shall accept or reject such  
11 application within forty-five days.

12 (3) A parent or guardian may provide information on the application  
13 for an option school district that is a member of a learning community  
14 regarding the applicant's potential qualification for free or reduced-  
15 price lunches. Any such information provided shall be subject to  
16 verification and shall only be used for the purposes of subsection (4) of  
17 section 79-238. Nothing in this subsection requires a parent or guardian  
18 to provide such information. Determinations about an applicant's  
19 qualification for free or reduced-price lunches for purposes of  
20 subsection (4) of section 79-238 shall be based on any verified  
21 information provided on the application. If no such information is  
22 provided, the student shall be presumed not to qualify for free or  
23 reduced-price lunches for the purposes of subsection (4) of section  
24 79-238.

25 (4) Applications for students who do not actually attend the option  
26 school district may be withdrawn in good standing upon mutual agreement  
27 by both the resident and option school districts.

28 (5) No option student shall attend an option school district for  
29 less than one school year unless the student relocates to a different  
30 resident school district, completes requirements for graduation prior to  
31 the end of his or her senior year, transfers to a private or parochial



1 school, or upon mutual agreement of the resident and option school  
2 districts cancels the enrollment option and returns to the resident  
3 school district.

4 (6) Except as provided in subsection (5) of this section or, for  
5 open enrollment option students, in section 79-235.01, the option student  
6 shall attend the option school district through the 2018-19 school year  
7 or until graduation, whichever comes first, unless the student relocates  
8 in a different resident school district, transfers to a private or  
9 parochial school, or chooses to return to the resident school district.

10 (7) In each case of cancellation pursuant to subsections (5) and (6)  
11 of this section, the student's parent or legal guardian shall provide  
12 written notification to the school board of the option school district  
13 and the resident school district on forms prescribed and furnished by the  
14 department under subsection (8) of this section in advance of such  
15 cancellation.

16 (8) The application and cancellation forms shall be prescribed and  
17 furnished by the State Department of Education.

18 (9) An option student who subsequently chooses to attend a private  
19 or parochial school and who is not an open enrollment option student  
20 shall be automatically accepted to return to either the resident school  
21 district or, for school years through the 2018-19 school year, option  
22 school district upon the completion of the grade levels offered at the  
23 private or parochial school. If such student chooses to return to the  
24 option school district for school years through the 2018-19 school year,  
25 the student's parent or legal guardian shall submit another application  
26 to the school board of the option school district which shall be  
27 automatically accepted, and the deadlines prescribed in this section  
28 shall be waived.

29 Sec. 52. Section 79-240, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 79-240 (1) The application of a student who relocates in a different

1 school district but wants to continue attending his or her original  
2 resident school district and who has been enrolled in his or her original  
3 resident school district for the immediately preceding two years shall be  
4 automatically accepted for any school year through the 2018-19 school  
5 year, and the deadlines prescribed in section 79-237 shall be waived.

6 (2) The application of an option student who relocates in a  
7 different school district but wants to continue attending the option  
8 school district through the 2018-19 school year shall be automatically  
9 accepted, and the deadlines prescribed in section 79-237 shall be waived.

10 Sec. 53. Section 79-241, Revised Statutes Cumulative Supplement,  
11 2016, is amended to read:

12 79-241 (1) Except as otherwise provided in this section, section  
13 79-611 does not apply to the transportation of an option student. The  
14 parent or legal guardian of the option student shall be responsible for  
15 required transportation. A school district may, upon mutual agreement  
16 with the parent or legal guardian of an option student, provide  
17 transportation to the option student on the same basis as provided for  
18 resident students. The school district may charge the parents of each  
19 option student transported a fee sufficient to recover the additional  
20 costs of such transportation.

21 (2) Option students who qualify for free lunches shall be eligible  
22 for either free transportation or transportation reimbursement as  
23 described in section 79-611 from the option school district pursuant to  
24 policies established by the school district in compliance with this  
25 section, except that they shall be reimbursed at the rate of one hundred  
26 forty-two and one-half percent of the mandatorily established mileage  
27 rate provided in section 81-1176 for each mile actually and necessarily  
28 traveled on each day of attendance by which the distance traveled one way  
29 from the residence of such student to the schoolhouse exceeds three  
30 miles.

31 (3) For open enrollment option students who received free

1 transportation for school year 2016-17 pursuant to subsection (2) of  
2 section 79-611, the school board of the option school district shall  
3 continue to provide free transportation through the 2018-19 school year  
4 or for the duration of the student's status as an open enrollment option  
5 student or ~~for the duration of~~ the student's enrollment in a pathway  
6 pursuant to subsection (3) of section 79-2110, whichever comes first,  
7 unless the student relocates to a school district that would have  
8 prevented the student from qualifying for free transportation for the  
9 2016-17 school year pursuant to subsection (2) of section 79-611.

10 (4) For option students verified as having a disability as defined  
11 in section 79-1118.01, the transportation services set forth in section  
12 79-1129 shall be provided by the resident school district. The State  
13 Department of Education shall reimburse the resident school district for  
14 the cost of transportation in accordance with section 79-1144.

15 Sec. 54. Section 79-246, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 79-246 The State Department of Education shall reimburse each option  
18 school district for special education programs provided to option  
19 students through the 2018-19 school year in accordance with section  
20 79-1142.

21 The resident school district of an option student shall be exempted  
22 from the payment responsibility set forth in section 79-1140.

23 For purposes of calculation to determine reimbursement pursuant to  
24 section 79-1142, the option school district shall include the adjusted  
25 average per pupil cost as defined in section 79-1114 of the option school  
26 district and not the amount received pursuant to section 79-245.

27 Sec. 55. Section 79-266.01, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 79-266.01 If a student has been expelled from a public school in any  
30 school district in any state or from a private, denominational, or  
31 parochial school in any state and the student has not completed the terms

1 of the expulsion, the student shall not be permitted to enroll in a  
2 public school in any school district until the school board of the  
3 district in which enrollment is sought approves, by a majority vote, the  
4 enrollment of the student. As a condition of enrollment, the school board  
5 may require attendance in an alternative school, class, or educational  
6 program pursuant to section 79-266 until the terms of the expulsion are  
7 completed. A student expelled from a private, denominational, or  
8 parochial school or from a school in another state may not be prohibited  
9 from enrolling in a public school district in which the student resides  
10 or, for school years prior to 2019-20, in which the student has been  
11 accepted pursuant to the enrollment option program for any period of time  
12 beyond the time limits placed on expulsion pursuant to the Student  
13 Discipline Act or for any expulsion for an offense for which expulsion is  
14 not authorized for a public school student under the act.

15 Sec. 56. Section 79-2,127, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 79-2,127 Except as provided in section 79-2,133, a governing body  
18 may require and collect fees or other funds from or on behalf of students  
19 or require students to provide specialized equipment or specialized  
20 attire for any of the following purposes:

- 21 (1) Participation in extracurricular activities;
- 22 (2) Admission fees and transportation charges for spectators  
23 attending extracurricular activities;
- 24 (3) Postsecondary education costs;
- 25 (4) Transportation pursuant to sections ~~79-241~~, 79-605, and 79-611;
- 26 (5) Copies of student files or records pursuant to section 79-2,104;
- 27 (6) Reimbursement to the school district or educational service unit  
28 for school district or educational service unit property lost or damaged  
29 by the student;
- 30 (7) Before-and-after-school or prekindergarten services offered  
31 pursuant to section 79-1104;

- 1 (8) Summer school or night school;
- 2 (9) Parking; and
- 3 (10) Breakfast and lunch programs.

4 Except as provided in this section and sections 79-2,127.01,  
5 79-2,131, and 79-2,132, a governing body shall not collect money pursuant  
6 to the Public Elementary and Secondary Student Fee Authorization Act from  
7 students.

8 Sec. 57. Section 79-2,134, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

10 79-2,134 On or before August 1, 2002, and annually each year  
11 thereafter, each school board shall hold a public hearing at a regular or  
12 special meeting of the board on a proposed student fee policy, following  
13 a review of the amount of money collected from students pursuant to, and  
14 the use of waivers provided in, the student fee policy for the prior  
15 school year. The student fee policy shall be adopted by a majority vote  
16 of the school board and shall be published in the student handbook. The  
17 board shall provide a copy of the student handbook to every student, or  
18 to every household in which at least one student resides, at no cost to  
19 the student or household. The student fee policy shall include specific  
20 details regarding:

21 (1) The general written guidelines for any nonspecialized attire  
22 required for specified courses and activities;

23 (2) Any personal or consumable items a student will be required to  
24 furnish for participation in extracurricular activities;

25 (3) Any specialized equipment or attire which a student will be  
26 required to provide for any extracurricular activity;

27 (4) Any fees required from a student for participation in any  
28 extracurricular activity;

29 (5) Any fees required for postsecondary education costs;

30 (6) Any fees required for transportation costs pursuant to sections  
31 ~~79-241~~, 79-605, and 79-611;

1 (7) Any fees required for copies of student files or records  
2 pursuant to section 79-2,104;

3 (8) Any fees required for participation in before-and-after-school  
4 or prekindergarten services offered pursuant to section 79-1104;

5 (9) Any fees required for participation in summer school or night  
6 school;

7 (10) Any fees for breakfast and lunch programs; and

8 (11) The waiver policy pursuant to section 79-2,133.

9 No fee, specialized equipment or attire, or nonspecialized attire  
10 may be required pursuant to the Public Elementary and Secondary Student  
11 Fee Authorization Act unless the maximum dollar amount of the fee, the  
12 specifications for the specialized equipment or attire, or the  
13 specifications for the nonspecialized attire are specified in the student  
14 fee policy approved by the board. Reimbursement pursuant to subdivision  
15 (6) of section 79-2,127 for property lost or damaged by a student may be  
16 required without specification in the student fee policy.

17 Sec. 58. (1) A school district shall be classified as a very sparse  
18 school district for any school year or school fiscal year for which,  
19 using the most recently available data on January 1 immediately preceding  
20 such school year or school fiscal year, the school district has:

21 (a)(i) Less than one-half student per square mile in each county in  
22 which a high school attendance center is located based on the school  
23 district census, (ii) less than one student per square mile in the school  
24 district, and (iii) more than fifteen miles between each high school  
25 attendance center and the next closest high school attendance center in  
26 the state on paved roads; or

27 (b)(i) More than four hundred fifty square miles in the school  
28 district, (ii) less than one-half student per square mile in the school  
29 district, and (iii) more than fifteen miles between each high school  
30 attendance center and the next closest high school attendance center in  
31 the state on paved roads.

1       (2) A school district shall be classified as a sparse school  
2 district for any school year or school fiscal year for which, using the  
3 most recently available data on January 1 immediately preceding such  
4 school year or school fiscal year, the school district is not classified  
5 as very sparse and the school district has:

6       (a)(i) Less than two students per square mile in the county in which  
7 each high school is located, based on the school district census, (ii)  
8 less than one student per square mile in the school district, and (iii)  
9 more than ten miles between each high school attendance center and the  
10 next closest high school attendance center in the state on paved roads;

11       (b)(i) Less than one and one-half students per square mile in the  
12 school district and (ii) more than fifteen miles between each high school  
13 attendance center and the next closest high school attendance center in  
14 the state on paved roads;

15       (c)(i) Less than one and one-half students per square mile in the  
16 local system and (ii) more than two hundred seventy-five square miles in  
17 the school district; or

18       (d)(i) Less than two students per square mile in the local system  
19 and (ii) the school district includes an area equal to ninety-five  
20 percent or more of the square miles in the largest county in which a high  
21 school attendance center is located in the school district.

22       Sec. 59. Section 79-458, Reissue Revised Statutes of Nebraska, is  
23 amended to read:

24       79-458 (1) Any freeholder or freeholders, person in possession or  
25 constructive possession as vendee pursuant to a contract of sale of the  
26 fee, holder of a school land lease under section 72-232, or entrant upon  
27 government land who has not yet received a patent therefor may file a  
28 petition on or before June 1 for all other years with a board consisting  
29 of the county assessor, county clerk, and county treasurer, asking to  
30 have any tract or tracts of land described in the petition set off from  
31 an existing school district in which the land is situated and attached to

1 a different school district which is contiguous to such tract or tracts  
2 of land if:

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

7 (ii) Such Class II or III school district has voted pursuant to  
8 section 77-3444 to exceed the maximum levy established pursuant to  
9 ~~subdivision (2)(a) of~~ section 77-3442, which vote is effective for the  
10 school fiscal year in which the petition is filed or for the following  
11 school fiscal year;

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

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

16 (b) Except as provided in subsection (7) of this section, the school  
17 district in which the land is situated, regardless of the class of school  
18 district, has approved a budget for the school fiscal year in which the  
19 petition is filed that will cause the combined levies for such school  
20 fiscal year, except levies for bonded indebtedness approved by the voters  
21 of such school district and levies for the refinancing of such bonded  
22 indebtedness, to exceed the greater of (i) one dollar and twenty cents  
23 per one hundred dollars of taxable valuation of property subject to the  
24 levy or (ii) the maximum levy authorized by a vote pursuant to section  
25 77-3444.

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

29 (2) The petition shall state the reasons for the proposed change and  
30 shall show with reference to the land of each petitioner: (a) That (i)  
31 the land described in the petition is either owned by the petitioner or



1 petitioners or that he, she, or they hold a school land lease under  
2 section 72-232, are in possession or constructive possession as vendee  
3 under a contract of sale of the fee simple interest, or have made an  
4 entry on government land but have not yet received a patent therefor and  
5 (ii) such tract of land includes all such contiguous land owned or  
6 controlled by each petitioner; (b) that the conditions of subdivision (1)  
7 (a) or (1)(b) of this section have been met; and (c) that such petition  
8 is approved by a majority of the members of the school board of the  
9 district to which such land is sought to be attached.

10 (3) The petition shall be verified by the oath of each petitioner.  
11 Notice of the filing of the petition and of the hearing on such petition  
12 before the board constituted as prescribed in subsection (1) or (4) of  
13 this section shall be given at least ten days prior to the date of such  
14 hearing by one publication in a legal newspaper of general circulation in  
15 each district and by posting a notice on the outer door of the  
16 schoolhouse in each district affected thereby, and such notice shall  
17 designate the territory to be transferred. Following the filing of a  
18 petition pursuant to this section, such board shall hold a public hearing  
19 on the petition and shall approve or disapprove the petition on or before  
20 July 15 following the filing of the petition based on a determination of  
21 whether the petitioner has complied with all requirements of this  
22 section. If such board approves the petition, such board shall change the  
23 boundaries of the school districts so as to set off the land described in  
24 the petition and attach it to such district pursuant to the petition with  
25 an effective date of August 15 following the filing of the petition,  
26 which actions shall cause such transfer to be in effect for levies set  
27 for the year in which such transfer takes effect.

28 (4) Petitions requesting transfers of property across county lines  
29 shall be addressed jointly to the county clerks of the counties  
30 concerned, and the petitions shall be acted upon by the county assessors,  
31 county clerks, and county treasurers of the counties involved as one

1 board, with the county clerk of the county from which the land is sought  
2 to be transferred acting as chairperson of the board.

3 (5) Appeals may be taken from the action of such board or, when such  
4 board fails to act on the petition, on or before August 1 following the  
5 filing of the petition, to the district court of the county in which the  
6 land is located on or before August 10 following the filing of the  
7 petition, in the same manner as appeals are now taken from the action of  
8 the county board in the allowance or disallowance of claims against the  
9 county. If an appeal is taken from the action of the board approving the  
10 petition or failing to act on the petition, the transfer shall occur  
11 effective August 15 following the filing of the petition, which actions  
12 shall cause such transfer to be in effect for levies set for the year in  
13 which such transfer takes effect, unless action by the district court  
14 prevents such transfer.

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

18 (7) For school districts that have approved a budget for school  
19 fiscal year 2007-08 that will cause the combined levies, except levies  
20 for bonded indebtedness approved by the voters of the school district and  
21 levies for the refinancing of such bonded indebtedness, to exceed the  
22 greater of (a) one dollar and twenty cents per one hundred dollars of  
23 taxable valuation of property subject to the levy or (b) the maximum levy  
24 authorized by a vote pursuant to section 77-3444, the school boards of  
25 such school districts may adopt a binding resolution stating that the  
26 combined levies, except levies for bonded indebtedness approved by the  
27 voters of the school district and levies for the refinancing of such  
28 bonded indebtedness, for school fiscal year 2008-09 shall not exceed the  
29 greater of (i) one dollar and twenty cents per one hundred dollars of  
30 taxable valuation of property subject to the levy or (ii) the maximum  
31 levy authorized by a vote pursuant to section 77-3444. On or before May

1 9, 2008, such binding resolutions shall be filed with the Auditor of  
2 Public Accounts and the county assessors, county clerks, and county  
3 treasurers for all counties in which the school district has territory.  
4 If such binding resolution is filed on or before May 9, 2008, land shall  
5 not be set off and attached to another district pursuant to subdivision  
6 (2)(b) of this section in 2008.

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

9 Sec. 60. Section 79-479, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 79-479 (1)(a) Beginning January 1, 1992, any school district  
12 boundaries changed by the means provided by Nebraska law, but excluding  
13 the method provided by sections 79-407 and 79-473 to 79-475, shall be  
14 made only upon an order issued by the State Committee for the  
15 Reorganization of School Districts or county clerk. The state committee  
16 shall not issue an order changing boundaries relating to affiliation of  
17 school districts if twenty percent or more of any tract of land under  
18 common ownership which is proposing to affiliate is not contiguous to the  
19 high school district with which affiliation is proposed unless (i) one or  
20 more resident students of the tract of land under common ownership has  
21 attended the high school program of the high school district within the  
22 immediately preceding ten-year period or (ii) approval of the petition or  
23 plan would allow siblings of such resident students to attend the same  
24 school as the resident students attended.

25 (b) The order issued by the state committee shall be certified to  
26 the county clerk of each county in which boundaries are changed and shall  
27 also be certified to the State Department of Education. Whenever the  
28 order changes the boundaries of a school district due to the transfer of  
29 land, the county assessor, the Property Tax Administrator, and the State  
30 Department of Education shall be provided with the legal description and  
31 a map of the parcel of land which is transferred. Such order shall be

1 issued no later than June 1 and shall have an effective date no later  
2 than August 1 of the same year. For purposes of determining school  
3 district counts pursuant to sections 79-524 and 79-578 and calculating  
4 state aid allocations pursuant to the Tax Equity and Educational  
5 Opportunities Support Act for school fiscal years prior to school fiscal  
6 year 2019-20 and the Nebraska Education Formula for school fiscal year  
7 2019-20 and each school fiscal year thereafter, any change in school  
8 district boundaries with an effective date between June 1 and August 1 of  
9 any year shall be considered effective July 1 of such year.

10 (2) Unless otherwise provided by state law or by the terms of an  
11 affiliation or reorganization plan or petition which is consistent with  
12 state law, all assets, including, for school fiscal years prior to school  
13 fiscal year 2019-20, budget authority as provided in sections 79-1023 to  
14 79-1030, and liabilities, except bonded obligations, of school districts  
15 merged, dissolved, or annexed shall be transferred to the receiving  
16 district or districts on the basis of the proportionate share of assessed  
17 valuation received at the time of reorganization. When a Class II, III,  
18 IV, or V school district becomes a Class I school district:

19 (a) Which becomes part of a Class VI district which offers  
20 instruction in grades six through twelve, 37.9310 percent of the Class  
21 II, III, IV, or V district's assets and liabilities shall be transferred  
22 to the new Class I district and the remainder shall be transferred to the  
23 Class VI district or districts of which the Class I district becomes a  
24 part on the basis of the proportionate share of assessed valuation each  
25 high school district received at the time of such change in class of  
26 district;

27 (b) Which becomes part of a Class VI district which offers  
28 instruction in grades seven through twelve, 44.8276 percent of the Class  
29 II, III, IV, or V district's assets and liabilities shall be transferred  
30 to the new Class I district and the remainder shall be transferred to the  
31 Class VI district or districts of which the Class I district becomes a

1 part on the basis of the proportionate share of assessed valuation each  
2 high school district received at the time of such change in class of  
3 district; or

4 (c) Which is affiliated or becomes part of a Class VI district which  
5 offers instruction in grades nine through twelve, 61.3793 percent of the  
6 Class II, III, IV, or V school district's assets and liabilities shall be  
7 transferred to the new Class I district and the remainder shall be  
8 transferred to the Class VI district or districts of which the Class I  
9 district becomes a part and to the high school district or districts with  
10 which the Class I district is affiliated on the basis of the  
11 proportionate share of assessed valuation each high school district  
12 received at the time of such change in class of district.

13 Sec. 61. Section 79-498, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 79-498 When, for a period of one school term, a school district (1)  
16 has less than three legal voters residing in the district or (2)(a) fails  
17 to maintain a public elementary school within the district in which are  
18 enrolled and in regular attendance for at least one thousand thirty-two  
19 hours one or more pupils of school age residing in the district, ~~other~~  
20 ~~than option students as defined in section 79-233,~~ or (b) does not  
21 contract for the tuition and transportation of pupils of such district  
22 with another district or districts and have pupils attending school  
23 regularly for at least one thousand thirty-two hours under such contract  
24 or contracts, the State Committee for the Reorganization of School  
25 Districts shall, subject to the requirements of this section, dissolve  
26 such district and attach the territory of such district to one or more  
27 neighboring school districts. Before dissolving a district under this  
28 section, the state committee shall fix a time for a hearing and shall  
29 notify each legal resident of the district at least fifteen days before  
30 such hearing. When the dissolution will create extreme hardships on the  
31 pupils of the district affected, the State Board of Education may, on

1 application by the school board of the district, annually waive the  
2 requirements of this section. Notification shall be by mail or by  
3 publication in a newspaper of general circulation in the area.

4 If the state committee finds that the district is required by this  
5 section to be dissolved, it shall enter an order dissolving the district  
6 and directing the county clerk of the county in which such district is  
7 located to attach the territory of such district to one or more  
8 neighboring school districts. Appeals from the action of the state  
9 committee may be made to the district court of the county in which the  
10 depopulated district is located. The county treasurer shall distribute  
11 the assets of the closed district among the other district or districts  
12 to which the property has been attached in proportion to the taxable  
13 valuation of the property attached to such district or districts.

14 Sec. 62. Section 79-499, Revised Statutes Cumulative Supplement,  
15 2016, is amended to read:

16 79-499 (1) Commencing with the 1992-93 school year, if the fall  
17 school district membership or the average daily membership of an existing  
18 Class II or III school district shows less than thirty-five students in  
19 grades nine through twelve, the district shall submit a plan for  
20 developing cooperative programs with other high schools, including the  
21 sharing of curriculum and certificated and noncertificated staff, to the  
22 State Committee for the Reorganization of School Districts. The  
23 cooperative program plan shall be submitted by the school district by  
24 September 1 of the year following such fall school district membership or  
25 average daily membership report. A cooperative program plan shall not be  
26 required if there is no high school within fifteen miles from such  
27 district on a reasonably improved highway. The state committee shall  
28 review the plan and provide advice and communication to such school  
29 district and other high schools.

30 (2) If for two consecutive years the fall school district  
31 membership, or for two consecutive years the average daily membership, of

1 an existing Class II or III school district is less than twenty-five  
2 pupils in grades nine through twelve or if for one year an existing Class  
3 II or III school district contracts with a neighboring school district or  
4 districts to provide educational services for all of its pupils in grades  
5 nine through twelve, such school district shall, except as provided in  
6 subsection (3) or (4) of this section, become a Class I school district  
7 through the order of the state committee if the high school is within  
8 fifteen miles on a reasonably improved highway of another high school.

9 This subsection does not apply to any school district located on an  
10 Indian reservation and substantially or totally financed by the federal  
11 government.

12 (3) Any Class II or III school district maintaining a four-year high  
13 school which has a fall school district membership or an average daily  
14 membership of less than twenty-five students in grades nine through  
15 twelve may contract with another school district to provide educational  
16 services for its pupils in grades nine through twelve. Such contract may  
17 continue for a period not to exceed one year. At the end of such one-year  
18 period, the school district may resume educational services for grades  
19 nine through twelve if the average daily membership in grades nine  
20 through twelve for such school district has reached at least fifty  
21 students. If the school district has not achieved such fall school  
22 district membership or average daily membership, it shall become a Class  
23 I school district by order of the state committee entered after thirty  
24 days' notice to the district but without a hearing, notwithstanding the  
25 distance on a reasonably improved highway to the nearest school district  
26 conducting a high school.

27 (4)(a) Any Class II or III school district maintaining the only  
28 public high school in the county may continue to operate the high school  
29 with a fall school district membership or an average daily membership of  
30 less than twenty-five students in grades nine through twelve if:

31 (i) The plan submitted pursuant to subsection (1) of this section

1 provides a broad-based curriculum as determined by the state committee;  
2 and

3 (ii) At a districtwide election held the second Tuesday of November  
4 by whatever means the county conducts balloting, in the second  
5 consecutive school year that the fall school district membership for  
6 grades nine through twelve is less than twenty-five students and for each  
7 succeeding school year unless such membership is at least thirty-five  
8 students for such school year, a majority of voters approve a ballot  
9 issue to continue to operate the high school for the immediately  
10 following school year.

11 (b) If such ballot issue fails, the state committee shall dissolve  
12 the school district and attach the territory to other school districts  
13 based on the preferences of each landowner if such preference is provided  
14 in the time and manner required by the state committee and would transfer  
15 such parcels to a school district with a boundary contiguous to the  
16 school district being dissolved. Landowners submitting such preferences  
17 shall sign a statement that the district of preference is the district  
18 which children who might reside on the property, at the time of the  
19 dissolution or in the future, would be expected to attend. For property  
20 for which a preference is not provided in the time and manner required by  
21 the state committee, the state committee shall transfer such property to  
22 one or more of the school districts with boundaries contiguous to the  
23 district being dissolved in a manner that will best serve children who  
24 might reside on such property, at the time of the dissolution or in the  
25 future, and that will, to the extent possible, create compact and  
26 contiguous districts.

27 (c) This subsection shall not apply to any school district if the  
28 fall school district membership or an average daily membership falls to  
29 less than fifteen students in grades nine through twelve.

30 (5) For purposes of this section, when calculating fall school  
31 district membership or average daily membership, a ~~resident school~~



1 ~~district as defined in section 79-233 shall not count students attending~~  
2 ~~an option district as defined in such section and a Class II or III~~  
3 school district shall not count foreign exchange students and nonresident  
4 students who are wards of the court or state.

5 Sec. 63. Section 79-4,123, Revised Statutes Cumulative Supplement,  
6 2016, is amended to read:

7 79-4,123 After one or more public hearings have been held, the state  
8 committee may approve a plan or plans of reorganization pursuant to the  
9 Learning Community Reorganization Act. Such plan shall contain:

10 (1) A description of the proposed boundaries of the reorganized  
11 districts and a designation of the class for each district;

12 (2) A summary of the reasons for each proposed change, realignment,  
13 or adjustment of the boundaries which shall include, but not be limited  
14 to, an explanation of how the plan complies with any statutory  
15 requirements for learning community organization and an assurance that  
16 the plan does not increase the geographic size of any school district  
17 that has more than twenty-five thousand formula students based on ~~for~~ the  
18 most recent fall membership certification of state aid pursuant to  
19 ~~section 79-1022~~;

20 (3) A summary of the terms on which reorganization is to be made  
21 between the reorganized districts. Such terms shall include a provision  
22 for initial school board districts or wards within the proposed district,  
23 which proposed initial school board districts or wards shall be  
24 determined by the state committee taking into consideration population  
25 and valuation, a determination of the number of members to be appointed  
26 to the initial school board for Class II and III school districts, and a  
27 determination of the terms of the board members first appointed to  
28 membership on the board of the newly reorganized district;

29 (4) A statement of the findings with respect to the location of  
30 schools, the utilization of existing buildings, the construction of new  
31 buildings, and the transportation requirements under the proposed plan of

1 reorganization;

2 (5) A map showing the boundaries of established school districts and  
3 the boundaries proposed under any plan or plans of reorganization; and

4 (6) Such other matters as the state committee determines proper to  
5 be included.

6 Sec. 64. Section 79-528, Revised Statutes Cumulative Supplement,  
7 2016, is amended to read:

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

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

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

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

31 (e) Each Class II, III, IV, or V district shall report children who

1 are fourteen through eighteen years of age residing in Class I districts  
2 or portions thereof which have affiliated with such district.

3 (f) The board of any district neglecting to take and report the  
4 enumeration shall be liable to the school district for all school money  
5 which such district may lose by such neglect.

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

18 (3)(a) On or before November 1 the superintendent of each school  
19 district shall submit to the Commissioner of Education a report described  
20 as the annual financial report showing (i) the amount of money received  
21 from all sources during the year and the amount of money expended by the  
22 school district during the year, (ii) the amount of bonded indebtedness,  
23 (iii) such other information as shall be necessary to fulfill the  
24 requirements of the Tax Equity and Educational Opportunities Support Act  
25 for school fiscal years prior to school fiscal year 2019-20, the Nebraska  
26 Education Formula for school fiscal year 2019-20 and each school fiscal  
27 year thereafter, and section 79-1114, and (iv) such other information as  
28 the Commissioner of Education directs.

29 (b) On or before December 15, the commissioner shall issue to each  
30 learning community coordinating council an annual financial report for  
31 the learning community based on the member school districts according to

1 the annual financial reports filed with the commissioner, showing (i) the  
2 aggregate amount of money received from all sources during the year for  
3 all member school districts and the aggregate amount of money expended by  
4 member school districts during the year, (ii) the aggregate amount of  
5 bonded indebtedness for all member school districts, (iii) such other  
6 aggregate information as shall be necessary to fulfill the requirements  
7 of the Tax Equity and Educational Opportunities Support Act for school  
8 fiscal years prior to school fiscal year 2019-20, the Nebraska Education  
9 Formula for school fiscal year 2019-20 and each school fiscal year  
10 thereafter, and section 79-1114 for all member school districts, and (iv)  
11 such other aggregate information as the Commissioner of Education directs  
12 for all member school districts.

13 (4)(a) On or before October 15 of each year, the superintendent of  
14 each school district shall file with the commissioner the fall school  
15 district membership report, which report shall include the number of  
16 children from birth through twenty years of age enrolled in the district  
17 on the last Friday in September of a given school year. The report shall  
18 enumerate (i) students by grade level, (ii) school district levies and  
19 total assessed valuation for the current fiscal year, (iii) for school  
20 years through the 2018-19 school year, students enrolled in the district  
21 as option students, resident students enrolled in another district as  
22 option students, students enrolled in the district as open enrollment  
23 students, and resident students enrolled in another district as open  
24 enrollment students, and (iv) free lunch students by school, (v) limited  
25 English proficiency students, and (vi) such other information as the  
26 Commissioner of Education directs.

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

1           **(b)** ~~(e)~~ On or before November 15 of each year, the department shall  
2 issue to each learning community coordinating council the fall learning  
3 community membership report, which report shall include the aggregate  
4 number of children from birth through twenty years of age enrolled in the  
5 member school districts on the last Friday in September of a given school  
6 year for all member school districts. The report shall enumerate (i) the  
7 aggregate students by grade level for all member school districts, (ii)  
8 school district levies and total assessed valuation for the current  
9 fiscal year, (iii) for school years through the 2018-19 school year,  
10 students enrolled in the district as option students, resident students  
11 enrolled in another district as option students, students enrolled in the  
12 district as open enrollment students, and resident students enrolled in  
13 another district as open enrollment students, and (iv) such other  
14 information as the Commissioner of Education directs for all member  
15 school districts.

16           **(c)** ~~(d)~~ When any school district fails to submit its fall membership  
17 report by November 1, the commissioner shall, after notice to the  
18 district and an opportunity to be heard, direct that any state aid  
19 granted pursuant to the Tax Equity and Educational Opportunities Support  
20 Act for school fiscal years prior to school fiscal year 2019-20 or the  
21 Nebraska Education Formula for school fiscal year 2019-20 and each school  
22 fiscal year thereafter be withheld until such time as the report is  
23 received by the department. In addition, the commissioner shall direct  
24 the county treasurer to withhold all school money belonging to the school  
25 district until such time as the commissioner notifies the county  
26 treasurer of receipt of such report. The county treasurer shall withhold  
27 such money.

28           Sec. 65. Section 79-605, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30           79-605 Except as otherwise provided in this section, any school  
31 board may authorize the use of buses belonging to the school district for

1 the transportation of school children residing outside such district. A  
2 fee sufficient to pay the additional costs of such transportation shall  
3 be charged each person so transported. The board shall prepare a schedule  
4 of all such fees charged, and a copy of such schedule shall be filed in  
5 the office of the superintendent of the primary high school district.  
6 ~~This section shall not apply to an agreement for transportation entered~~  
7 ~~into pursuant to section 79-241.~~

8 Sec. 66. Section 79-611, Revised Statutes Cumulative Supplement,  
9 2016, is amended to read:

10 79-611 (1) The school board of any school district shall provide  
11 free transportation, partially provide free transportation, or pay an  
12 allowance for transportation in lieu of free transportation as follows:

13 (a) When a student attends an elementary school in his or her own  
14 district and lives more than four miles from the public schoolhouse in  
15 such district as measured by the shortest route that must actually and  
16 necessarily be traveled by motor vehicle to reach the student's  
17 residence;

18 (b) When a student is required to attend an elementary school  
19 outside of his or her own district and lives more than four miles from  
20 such elementary school as measured by the shortest route that must  
21 actually and necessarily be traveled by motor vehicle to reach the  
22 student's residence;

23 (c) When a student attends a secondary school in his or her own  
24 Class II or Class III school district and lives more than four miles from  
25 the public schoolhouse as measured by the shortest route that must  
26 actually and necessarily be traveled by motor vehicle to reach the  
27 student's residence. This subdivision does not apply when one or more  
28 Class I school districts merge with a Class VI school district to form a  
29 new Class II or III school district on or after January 1, 1997; and

30 (d) When a student, other than a student in grades ten through  
31 twelve in a Class V district, attends an elementary or junior high school

1 in his or her own Class V district and lives more than four miles from  
2 the public schoolhouse in such district as measured by the shortest route  
3 that must actually and necessarily be traveled by motor vehicle to reach  
4 the student's residence.

5 ~~(2)(a) For school years prior to school year 2017-18 and as required~~  
6 ~~pursuant to subsection (3) of section 79-241, the school board of any~~  
7 ~~school district that is a member of a learning community shall provide~~  
8 ~~free transportation for a student who resides in such learning community~~  
9 ~~and attends school in such school district if (i) the student is~~  
10 ~~transferring pursuant to the open enrollment provisions of section~~  
11 ~~79-2110, qualifies for free or reduced price lunches, lives more than one~~  
12 ~~mile from the school to which he or she transfers, and is not otherwise~~  
13 ~~disqualified under subdivision (2)(c) of this section, (ii) the student~~  
14 ~~is transferring pursuant to the open enrollment provisions of section~~  
15 ~~79-2110, is a student who contributes to the socioeconomic diversity of~~  
16 ~~enrollment at the school building he or she attends, lives more than one~~  
17 ~~mile from the school to which he or she transfers, and is not otherwise~~  
18 ~~disqualified under subdivision (2)(c) of this section, (iii) the student~~  
19 ~~is attending a focus school or program and lives more than one mile from~~  
20 ~~the school building housing the focus school or program, or (iv) the~~  
21 ~~student is attending a magnet school or program and lives more than one~~  
22 ~~mile from the magnet school or the school housing the magnet program.~~

23 ~~(b) For purposes of this subsection, student who contributes to the~~  
24 ~~socioeconomic diversity of enrollment at the school building he or she~~  
25 ~~attends has the definition found in section 79-2110. This subsection does~~  
26 ~~not prohibit a school district that is a member of a learning community~~  
27 ~~from providing transportation to any intradistrict student.~~

28 ~~(c) For any student who resides within a learning community and~~  
29 ~~transfers to another school building pursuant to the open enrollment~~  
30 ~~provisions of section 79-2110 and who had not been accepted for open~~  
31 ~~enrollment into any school building within such district prior to~~

1 ~~September 6, 2013, the school board is exempt from the requirement of~~  
2 ~~subdivision (2)(a) of this section if (i) the student is transferring to~~  
3 ~~another school building within his or her home school district or (ii)~~  
4 ~~the student is transferring to a school building in a school district~~  
5 ~~that does not share a common border with his or her home school district.~~

6 (2) (3) The transportation allowance which may be paid to the  
7 parent, custodial parent, or guardian of students qualifying for free  
8 transportation pursuant to subsection (1) or (2) of this section shall  
9 equal two hundred eighty-five percent of the mileage rate provided in  
10 section 81-1176, multiplied by each mile actually and necessarily  
11 traveled, on each day of attendance, beyond which the one-way distance  
12 from the residence of the student to the schoolhouse exceeds three miles.  
13 Such transportation allowance does not apply to students residing in a  
14 learning community who qualify for free or reduced-price lunches.

15 (3) (4) Whenever students from more than one family travel to school  
16 in the same vehicle, the transportation allowance prescribed in  
17 subsection (3) of this section shall be payable as follows:

18 (a) To the parent, custodial parent, or guardian providing  
19 transportation for students from other families, one hundred percent of  
20 the amount prescribed in subsection (3) of this section for the  
21 transportation of students of such parent's, custodial parent's, or  
22 guardian's own family and an additional five percent for students of each  
23 other family not to exceed a maximum of one hundred twenty-five percent  
24 of the amount determined pursuant to subsection (3) of this section; and

25 (b) To the parent, custodial parent, or guardian not providing  
26 transportation for students of other families, two hundred eighty-five  
27 percent of the mileage rate provided in section 81-1176 multiplied by  
28 each mile actually and necessarily traveled, on each day of attendance,  
29 from the residence of the student to the pick-up point at which students  
30 transfer to the vehicle of a parent, custodial parent, or guardian  
31 described in subdivision (a) of this subsection.



1           (4) ~~(5)~~ When a student who qualifies under the mileage requirements  
2 of subsection (1) of this section lives more than three miles from the  
3 location where the student must be picked up and dropped off in order to  
4 access school-provided free transportation, as measured by the shortest  
5 route that must actually and necessarily be traveled by motor vehicle  
6 between his or her residence and such location, such school-provided  
7 transportation shall be deemed partially provided free transportation.  
8 School districts partially providing free transportation shall pay an  
9 allowance to the student's parent or guardian equal to two hundred  
10 eighty-five percent of the mileage rate provided in section 81-1176  
11 multiplied by each mile actually and necessarily traveled, on each day of  
12 attendance, beyond which the one-way distance from the residence of the  
13 student to the location where the student must be picked up and dropped  
14 off exceeds three miles.

15           (5) ~~(6)~~ The board may authorize school-provided transportation to  
16 any student who does not qualify under the mileage requirements of  
17 subsection (1) of this section and may charge a fee to the parent or  
18 guardian of the student for such service. An affiliated high school  
19 district may provide free transportation or pay the allowance described  
20 in this section for high school students residing in an affiliated Class  
21 I district. No transportation payments shall be made to a family for  
22 mileage not actually traveled by such family. The number of days the  
23 student has attended school shall be reported monthly by the teacher to  
24 the board of such public school district.

25           (6) ~~(7)~~ No more than one allowance shall be made to a family  
26 irrespective of the number of students in a family being transported to  
27 school. If a family resides in a Class I district which is part of a  
28 Class VI district and has students enrolled in any of the grades offered  
29 by the Class I district and in any of the non-high-school grades offered  
30 by the Class VI district, such family shall receive not more than one  
31 allowance for the distance actually traveled when both districts are on

1 the same direct travel route with one district being located a greater  
2 distance from the residence than the other. In such cases, the travel  
3 allowance shall be prorated among the school districts involved.

4 ~~(7) (8)~~ No student shall be exempt from school attendance on account  
5 of distance from the public schoolhouse.

6 Sec. 67. Section 79-769, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 79-769 (1) Any one or more member school districts of a learning  
9 community may establish one or more focus programs, focus schools, or  
10 magnet schools. ~~If included as part of the diversity plan of a learning~~  
11 ~~community, the focus school or focus program shall be eligible for a~~  
12 ~~focus school and program allowance pursuant to section 79-1007.05.~~

13 (2) Focus schools, focus programs, and magnet schools may be  
14 included in pathways across member school districts pursuant to the  
15 diversity plan developed by the learning community coordinating council  
16 pursuant to section 79-2104.

17 (3) If multiple member school districts collaborate on a focus  
18 program, focus school, or magnet school, the school districts shall form  
19 a joint entity pursuant to the Interlocal Cooperation Act for the purpose  
20 of creating, implementing, and operating such focus program, focus  
21 school, or magnet school. The agreement creating such joint entity shall  
22 address legal, financial, and academic responsibilities and the  
23 assignment to participating school districts of students enrolled in such  
24 focus program, focus school, or magnet school who reside in  
25 nonparticipating school districts.

26 (4) For purposes of this section:

27 (a) Focus program means a program that does not have an attendance  
28 area, whose enrollment is designed so that the socioeconomic diversity of  
29 the students attending the focus program reflects as nearly as possible  
30 the socioeconomic diversity of the student body of the learning  
31 community, which has a unique curriculum with specific learning goals or

1 teaching techniques different from the standard curriculum, which may be  
2 housed in a building with other public school programs, and which may  
3 consist of either the complete education program for participating  
4 students or part of the education program for participating students;

5 (b) Focus school means a school that does not have an attendance  
6 area, whose enrollment is designed so that the socioeconomic diversity of  
7 the students attending the focus school reflects as nearly as possible  
8 the socioeconomic diversity of the student body of the learning  
9 community, which has a unique curriculum with specific learning goals or  
10 teaching techniques different from the standard curriculum, and which is  
11 housed in a building that does not contain another public school program;

12 (c) Magnet school means a school having a home attendance area but  
13 which reserves a portion of its capacity specifically for students from  
14 outside the attendance area who will contribute to the socioeconomic  
15 diversity of the student body of such school and which has a unique  
16 curriculum with specific learning goals or teaching techniques different  
17 from the standard curriculum; and

18 (d) Pathway means elementary, middle, and high school focus  
19 programs, focus schools, and magnet schools with coordinated curricula  
20 based on specific learning goals or teaching techniques.

21 Sec. 68. Section 79-855, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 79-855 (1) Except as limited by subsection (2) of section 79-854,  
24 all certificated employees from a district involved in a unification or  
25 reorganization who are at least fifty-five years of age on the date of  
26 unification or reorganization shall be eligible to participate in the  
27 Retirement Incentive Plan pursuant to this section if, within fifteen  
28 calendar days after receiving notification, the employee signs an  
29 agreement to retire effective on or prior to the effective date of the  
30 unification or reorganization. To receive a benefit under the Retirement  
31 Incentive Plan, a certificated employee must have completed five years of

1 creditable service prior to the effective date of retirement.

2 (2) A qualified certificated employee who elects retirement under  
3 the Retirement Incentive Plan shall receive a benefit in the form of a  
4 lump-sum amount, payable in one or two payments. Such payments shall not  
5 be included in the determination of final average compensation pursuant  
6 to the School Employees Retirement Act. The payments to the certificated  
7 employee shall equal seven hundred dollars for each year of service with  
8 the district and shall not exceed twenty-four thousand five hundred  
9 dollars for each certificated employee receiving benefits under this  
10 section.

11 (3) The Retirement Incentive Plan shall be available to employees  
12 only prior to allocation of staff pursuant to section 79-857.

13 (4) Costs of the Retirement Incentive Plan, prior to the allocation  
14 of staff, shall be allocated among the reorganized districts or  
15 participating districts in a unification based upon the proportion of  
16 valuation each reorganized district receives or each participating  
17 district contains. ~~Such costs shall not be included in general fund  
18 operating expenditures as defined in section 79-1003 for that fiscal  
19 year.~~ Costs associated with agreements beyond the scope of the Retirement  
20 Incentive Plan shall be the sole responsibility of the reorganized  
21 district or unified system involved in the agreement.

22 (5) Payments made to employees pursuant to the Retirement Incentive  
23 Plan shall be made by the unified system or according to the  
24 reorganization plan and, if not specified in the plan, by the reorganized  
25 district receiving the largest valuation.

26 (6) Participation in an early retirement program, other than the  
27 Retirement Incentive Plan, shall not be available to transferring staff  
28 for a period of one year after the date of unification or reorganization.

29 Sec. 69. Section 79-856, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 79-856 (1) Except as limited by subsection (2) of section 79-854,

1 all certificated employees from a district involved in a unification or  
2 reorganization who, within fifteen calendar days after receiving  
3 notification of the availability of Staff Development Assistance pursuant  
4 to section 79-854, terminate employment voluntarily, contract to waive  
5 any reduction-in-force rights pursuant to sections 79-846 to 79-849, and  
6 sign a Staff Development Assistance agreement, shall receive one year of  
7 Staff Development Assistance. Staff Development Assistance shall be  
8 available to employees only prior to allocation of staff pursuant to  
9 section 79-857.

10 (2) Staff Development Assistance shall not be included in the  
11 determination of final average compensation pursuant to the School  
12 Employees Retirement Act.

13 (3) The Staff Development Assistance agreement shall specify that:

14 (a) A stipend equal to fifty percent of annual salary shall be  
15 contingent upon enrollment and attendance at a Nebraska state college or  
16 the University of Nebraska; or a stipend equal to twenty-five percent of  
17 annual salary shall be provided if not enrolled nor in attendance at a  
18 Nebraska state college or the University of Nebraska;

19 (b) The stipend will cease upon attainment of employment of twenty  
20 or more hours per week;

21 (c) The stipend will be paid in the same manner as contract payments  
22 for the most recent contract year;

23 (d) Tuition for two semesters, if applicable, will be paid directly  
24 to the Nebraska state college or the University of Nebraska and shall  
25 equal resident tuition charges plus fees of such school and will not  
26 include costs of books or other instructional materials; and

27 (e) All reduction-in-force rights pursuant to sections 79-846 to  
28 79-849 are waived by signing the agreement.

29 (4) Costs of Staff Development Assistance, prior to the allocation  
30 of staff, shall be allocated among the reorganized districts or  
31 participating districts in a unification based upon the proportion of

1 valuation each reorganized district receives or each participating  
2 district contains. ~~Such costs shall not be included in general fund~~  
3 ~~operating expenditures as defined in section 79-1003 for that fiscal~~  
4 ~~year.~~ Costs associated with agreements beyond the scope of Staff  
5 Development Assistance shall be the sole responsibility of the  
6 reorganized district involved in the agreement.

7 (5) Payments made to employees pursuant to Staff Development  
8 Assistance shall be made by the unified system or according to the  
9 reorganization plan and, if not specified in the plan, by the reorganized  
10 district receiving the largest valuation.

11 Sec. 70. Section 79-8,137, Revised Statutes Cumulative Supplement,  
12 2016, is amended to read:

13 79-8,137 (1)(a) Prior to receiving any money from a loan pursuant to  
14 the Attracting Excellence to Teaching Program, an eligible student shall  
15 enter into a contract with the department. Such contract shall be exempt  
16 from the requirements of sections 73-501 to 73-510.

17 (b) For eligible students who applied for the first time prior to  
18 April 23, 2009, the contract shall require that if (i) the borrower is  
19 not employed as a teacher in Nebraska for a time period equal to the  
20 number of years required for loan forgiveness pursuant to subsection (2)  
21 of this section and is not enrolled as a full-time student in a graduate  
22 program within six months after obtaining an undergraduate degree for  
23 which a loan from the program was obtained or (ii) the borrower does not  
24 complete the requirements for graduation within five consecutive years  
25 after receiving the initial loan under the program, then the loan must be  
26 repaid, with interest at the rate fixed pursuant to section 45-103  
27 accruing as of the date the borrower signed the contract, and an  
28 appropriate penalty as determined by the department may be assessed. If a  
29 borrower fails to remain enrolled at an eligible institution or otherwise  
30 fails to meet the requirements of an eligible student, repayment of the  
31 loan shall commence within six months after such change in eligibility.

1 The State Board of Education may by rules and regulations provide for  
2 exceptions to the conditions of repayment pursuant to this subdivision  
3 based upon mitigating circumstances.

4 (c) For eligible students who apply for the first time on or after  
5 April 23, 2009, the contract shall require that if (i) the borrower is  
6 not employed as a full-time teacher teaching in an approved or accredited  
7 school in Nebraska and teaching at least a portion of the time in the  
8 shortage area for which the loan was received for a time period equal to  
9 the number of years required for loan forgiveness pursuant to subsection  
10 (3) of this section or is not enrolled as a full-time student in a  
11 graduate program within six months after obtaining an undergraduate  
12 degree for which a loan from the program was obtained or (ii) the  
13 borrower does not complete the requirements for graduation within five  
14 consecutive years after receiving the initial loan under the program,  
15 then the loan shall be repaid with interest at the rate fixed pursuant to  
16 section 45-103 accruing as of the date the borrower signed the contract  
17 and actual collection costs as determined by the department. If a  
18 borrower fails to remain enrolled at an eligible institution or otherwise  
19 fails to continue to be an eligible student, repayment of the loan shall  
20 commence within six months after such change in eligibility. The State  
21 Board of Education may by rule and regulation provide for exceptions to  
22 the conditions of repayment pursuant to this subdivision based upon  
23 mitigating circumstances.

24 (2) If the borrower applied for the first time prior to April 23,  
25 2009, and (a) successfully completes the teacher education program and  
26 becomes certified pursuant to sections 79-806 to 79-815, (b) becomes  
27 employed as a teacher in this state within six months of becoming  
28 certified, and (c) otherwise meets the requirements of the contract,  
29 payments shall be suspended for the number of years that the borrower is  
30 required to remain employed as a teacher in this state under the  
31 contract. For each year that the borrower teaches in Nebraska pursuant to

1 the contract, payments shall be forgiven in an amount equal to the amount  
2 borrowed for one year, except that if the borrower teaches in a school  
3 district that is ~~in a local system~~ classified as a very sparse school  
4 district ~~as defined in section 79-1003~~ or teaches in a school district in  
5 which at least forty percent of the students are free lunch ~~poverty~~  
6 ~~students as defined in section 79-1003~~, payments shall be forgiven each  
7 year in an amount equal to the amount borrowed for two years.

8 (3)(a) If the borrower applies for the first time on or after April  
9 23, 2009, and (i) successfully completes the teacher education program  
10 and major for which the borrower is receiving a forgivable loan pursuant  
11 to the program and becomes certified pursuant to sections 79-806 to  
12 79-815 with an endorsement in the shortage area for which the loan was  
13 received, (ii) becomes employed as a full-time teacher teaching at least  
14 a portion of the time in the shortage area for which the loan was  
15 received in an approved or accredited school in this state within six  
16 months of becoming certified, and (iii) otherwise meets the requirements  
17 of the contract, payments shall be suspended for the number of years that  
18 the borrower is required to remain employed as a teacher in this state  
19 under the contract.

20 (b) Beginning after the first two years of teaching full-time in  
21 Nebraska following graduation for the degree for which the loan was  
22 received, for each year that the borrower teaches full-time in Nebraska  
23 pursuant to the contract, the loan shall be forgiven in an amount equal  
24 to three thousand dollars, except that if the borrower teaches full-time  
25 in a school district that is ~~in a local system~~ classified as a very  
26 sparse school district ~~as defined in section 79-1003~~, teaches in a school  
27 building that provides free meals to all students pursuant to the  
28 community eligibility provision, teaches in a school building in which at  
29 least forty percent of the formula students are free lunch ~~poverty~~  
30 ~~students as defined in section 79-1003~~, or teaches in an accredited or  
31 approved private school in Nebraska in which at least forty percent of



1 the enrolled students qualified for free lunches as determined by the  
2 most recent data available from the department, payments shall be  
3 forgiven each year in an amount equal to six thousand dollars.

4 Sec. 71. Section 79-8,137.04, Revised Statutes Cumulative  
5 Supplement, 2016, is amended to read:

6 79-8,137.04 (1) Prior to receiving any money from a loan pursuant to  
7 the Enhancing Excellence in Teaching Program, an eligible student shall  
8 enter into a contract with the department. Such contract shall be exempt  
9 from the requirements of sections 73-501 to 73-510. The contract shall  
10 require that if (a) the borrower is not employed as a full-time teacher  
11 teaching in an approved or accredited school in Nebraska for a time  
12 period equal to the number of years required for loan forgiveness  
13 pursuant to subsection (2) of this section or (b) the borrower does not  
14 complete the requirements for graduation within five consecutive years  
15 after receiving the initial loan under the program, then the loan shall  
16 be repaid, with interest at the rate fixed pursuant to section 45-103  
17 accruing as of the date the borrower signed the contract and actual  
18 collection costs as determined by the department. If a borrower fails to  
19 remain enrolled at an eligible institution or otherwise fails to meet the  
20 requirements of an eligible student, repayment of the loan shall commence  
21 within six months after such change in eligibility. The State Board of  
22 Education may by rules and regulations provide for exceptions to the  
23 conditions of repayment pursuant to this subsection based upon mitigating  
24 circumstances.

25 (2)(a) If the borrower (i) successfully completes the eligible  
26 graduate program for which the borrower is receiving a forgivable loan  
27 pursuant to the Enhancing Excellence in Teaching Program and maintains  
28 certification pursuant to sections 79-806 to 79-815, (ii) maintains  
29 employment as a teacher in an approved or accredited school in this  
30 state, and (iii) otherwise meets the requirements of the contract,  
31 payments shall be suspended for the number of years that the borrower is

1 required to remain employed as a teacher in this state under the  
2 contract.

3 (b) For recipients who received funds for the first time prior to  
4 July 1, 2016, beginning after the first two years of teaching full-time  
5 in Nebraska following graduation for the degree for which the loan was  
6 received, for each year that the borrower teaches full-time in Nebraska  
7 pursuant to the contract, the loan shall be forgiven in an amount equal  
8 to three thousand dollars, except that if the borrower teaches full-time  
9 in a school district that is ~~in a local system~~ classified as a very  
10 sparse school district ~~as defined in section 79-1003~~, teaches in a school  
11 building that provides free meals to all students pursuant to the  
12 community eligibility provision, teaches in a school building in which at  
13 least forty percent of the students are free lunch ~~poverty~~ students ~~as~~  
14 ~~defined in section 79-1003~~, or teaches in an accredited or approved  
15 private school in Nebraska in which at least forty percent of the  
16 enrolled students qualified for free lunches as determined by the most  
17 recent data available from the department, payments shall be forgiven  
18 each year in an amount equal to six thousand dollars.

19 (c) For recipients who received funds for the first time on or after  
20 July 1, 2016, beginning after the first two years of teaching full-time  
21 in Nebraska following completion of the eligible graduate program for  
22 which the loan was received, for each year that the borrower teaches  
23 full-time in Nebraska pursuant to the contract, the loan shall be  
24 forgiven in an amount equal to one thousand five hundred dollars, except  
25 that if the borrower teaches full-time in a school district that is ~~in a~~  
26 ~~local system~~ classified as a very sparse school district ~~as defined in~~  
27 ~~section 79-1003~~, teaches in a school building in which at least forty  
28 percent of the students are free lunch ~~poverty~~ students ~~as defined in~~  
29 ~~section 79-1003~~, teaches in a school building that provides free meals to  
30 all students pursuant to the community eligibility provision, or teaches  
31 in an accredited private school or educational service unit or an

1 approved private school in Nebraska in which at least forty percent of  
2 the enrolled students qualified for free lunches as determined by the  
3 most recent data available from the department, payments shall be  
4 forgiven each year in an amount equal to one thousand five hundred  
5 dollars for the first year of loan forgiveness and three thousand dollars  
6 for each year of loan forgiveness thereafter.

7 Sec. 72. Section 79-8,142, Revised Statutes Supplement, 2017, is  
8 amended to read:

9 79-8,142 (1) A school district may agree to pay incentives to a  
10 certificated employee in exchange for a voluntary termination of  
11 employment.

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

22 (3) Incentives paid to a certificated teacher in exchange for a  
23 voluntary termination of employment shall be a qualified voluntary  
24 termination incentive for a certificated teacher for purposes of sections  
25 77-3442 and ~~79-1028.01~~ if:

26 (a) All current and future incentives paid by the school district to  
27 such certificated teacher for such voluntary termination of employment do  
28 not exceed thirty-five thousand dollars in total and such school district  
29 has not and shall not pay any other incentives to such certificated  
30 teacher for any voluntary termination of employment;

31 (b) All current and future incentives for such voluntary termination

1 of employment are paid within five years after such voluntary termination  
2 of employment or prior to such certificated teacher becoming eligible for  
3 medicare, whichever occurs first;

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

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

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

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

17 Sec. 73. Section 79-1001, Revised Statutes Cumulative Supplement,  
18 2016, is amended to read:

19 79-1001 Sections 79-1001 to 79-1033 shall be known and may be cited  
20 as the Tax Equity and Educational Opportunities Support Act. The Tax  
21 Equity and Educational Opportunities Support Act shall be applicable for  
22 state aid calculated and distributed pursuant to the act for school  
23 fiscal years through school fiscal year 2018-19. The Tax Equity and  
24 Educational Opportunities Support Act shall terminate on July 1, 2020.

25 Sec. 74. Section 79-1003, Revised Statutes Supplement, 2017, is  
26 amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21          (17) Formula students means:

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

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

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

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

13 (a) for schools that did not provide free meals to all students pursuant  
14 to the community eligibility provision, students who individually  
15 qualified for free lunches or free milk pursuant to the federal Richard  
16 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the  
17 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts  
18 and sections existed on January 1, 2015, and rules and regulations  
19 adopted thereunder, plus (b) for schools that provided free meals to all  
20 students pursuant to the community eligibility provision, (i) for school  
21 fiscal year 2016-17, the product of the students who attended such school  
22 multiplied by the identified student percentage calculated pursuant to  
23 such federal provision or (ii) for school fiscal years year 2017-18 and  
24 2018-19 ~~each school fiscal year thereafter~~, the greater of the number of  
25 students in such school who individually qualified for free lunch or free  
26 milk using the most recent school fiscal year for which the school did  
27 not provide free meals to all students pursuant to the community  
28 eligibility provision or one hundred ten percent of the product of the  
29 students who qualified for free meals at such school pursuant to the  
30 community eligibility provision multiplied by the identified student  
31 percentage calculated pursuant to such federal provision, except that the



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

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

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

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

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

21 (23) General fund operating expenditures means for state aid  
22 calculated for school fiscal years 2012-13 through 2018-19 and ~~each~~  
23 ~~school fiscal year thereafter~~, as reported on the annual financial report  
24 for the second school fiscal year immediately preceding the school fiscal  
25 year in which aid is to be paid, the total general fund expenditures  
26 minus (a) the amount of all receipts to the general fund, to the extent  
27 that such receipts are not included in local system formula resources,  
28 from early childhood education tuition, summer school tuition,  
29 educational entities as defined in section 79-1201.01 for providing  
30 distance education courses through the Educational Service Unit  
31 Coordinating Council to such educational entities, private foundations,

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

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

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

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

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

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

25 (27) Limited English proficiency students means the number of  
26 students with limited English proficiency in a district from the most  
27 recent data available on November 1 of the school fiscal year preceding  
28 the school fiscal year in which aid is to be paid plus the difference of  
29 such students with limited English proficiency minus the average number  
30 of limited English proficiency students for such district, prior to such  
31 addition, for the three immediately preceding school fiscal years if such

1 difference is greater than zero;

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

11 (29) Low-income child means (a) for school fiscal years prior to  
12 2016-17, a child under nineteen years of age living in a household having  
13 an annual adjusted gross income for the second calendar year preceding  
14 the beginning of the school fiscal year for which aid is being calculated  
15 equal to or less than the maximum household income that would allow a  
16 student from a family of four people to be a free lunch and free milk  
17 student during the school fiscal year immediately preceding the school  
18 fiscal year for which aid is being calculated and (b) for school fiscal  
19 ~~years year 2016-17 through 2018-19 and each school fiscal year~~  
20 ~~thereafter~~, a child under nineteen years of age living in a household  
21 having an annual adjusted gross income for the second calendar year  
22 preceding the beginning of the school fiscal year for which aid is being  
23 calculated equal to or less than the maximum household income pursuant to  
24 sections 9(b)(1) and 17(c)(4) of the Richard B. Russell National School  
25 Lunch Act, 42 U.S.C. 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively,  
26 and sections 3(a)(6) and 4(e)(1)(A) of the Child Nutrition Act of 1966,  
27 42 U.S.C. 1772(a)(6) and 42 U.S.C. 1773(e)(1)(A), respectively, as such  
28 acts and sections existed on January 1, 2015, for a household of that  
29 size that would have allowed the child to meet the income qualifications  
30 for free meals during the school fiscal year immediately preceding the  
31 school fiscal year for which aid is being calculated;

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

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

11 (32) Poverty students means (a) for school fiscal years prior to  
12 2016-17, the number of low-income students or the number of students who  
13 are free lunch and free milk students in a district plus the difference  
14 of the number of low-income students or the number of students who are  
15 free lunch and free milk students in a district, whichever is greater,  
16 minus the average number of poverty students for such district, prior to  
17 such addition, for the three immediately preceding school fiscal years if  
18 such difference is greater than zero and (b) for school fiscal years ~~year~~  
19 2016-17 through 2018-19 ~~and each school fiscal year thereafter~~, the  
20 unadjusted poverty students plus the difference of such unadjusted  
21 poverty students minus the average number of poverty students for such  
22 district, prior to such addition, for the three immediately preceding  
23 school fiscal years if such difference is greater than zero;

24 (33) Qualified early childhood education average daily membership  
25 means the product of the average daily membership for school fiscal years  
26 year 2006-07 through 2018-19 ~~and each school fiscal year thereafter~~ of  
27 students who will be eligible to attend kindergarten the following school  
28 year and are enrolled in an early childhood education program approved by  
29 the department pursuant to section 79-1103 for such school district for  
30 such school year multiplied by the ratio of the actual instructional  
31 hours of the program divided by one thousand thirty-two if: (a) The

1 program is receiving a grant pursuant to such section for the third year;  
2 (b) the program has already received grants pursuant to such section for  
3 three years; or (c) the program has been approved pursuant to subsection  
4 (5) of section 79-1103 for such school year and the two preceding school  
5 years, including any such students in portions of any of such programs  
6 receiving an expansion grant;

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

20 (35) Regular route transportation means the transportation of  
21 students on regularly scheduled daily routes to and from the attendance  
22 center;

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

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

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

29 (a)(i) Less than two students per square mile in the county in which  
30 each high school is located, based on the school district census, (ii)  
31 less than one formula student per square mile in the local system, and

1 (iii) more than ten miles between each high school attendance center and  
2 the next closest high school attendance center on paved roads;

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

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

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

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

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

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

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

27 (43) State support means all funds provided to districts by the  
28 State of Nebraska for the general fund support of elementary and  
29 secondary education;

30 (44) Statewide average basic funding per formula student means the  
31 statewide total basic funding for all districts divided by the statewide

1 total formula students for all districts;

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

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

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

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

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

25 (50) Unadjusted poverty students means, for school fiscal years ~~year~~  
26 2016-17 through 2018-19 ~~and each school fiscal year thereafter~~, the  
27 greater of the number of low-income students or the free lunch and free  
28 milk calculated students in a district; and

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

30 (a)(i) Less than one-half student per square mile in each county in  
31 which each high school attendance center is located based on the school



1 district census, (ii) less than one formula student per square mile in  
2 the local system, and (iii) more than fifteen miles between the high  
3 school attendance center and the next closest high school attendance  
4 center on paved roads; or

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

10 Sec. 75. Section 79-1003.01, Revised Statutes Cumulative Supplement,  
11 2016, is amended to read:

12 79-1003.01 (1) The department shall calculate a summer school  
13 allowance for each district which submits the information required for  
14 the calculation on a form prescribed by the department on or before  
15 October 15 of the school fiscal year preceding the school fiscal year for  
16 which aid is being calculated. For aid calculated for school fiscal years  
17 through school fiscal year 2013-14, the summer school allowance shall be  
18 equal to two and one-half percent of the summer school student units for  
19 such district multiplied by eighty-five percent of the statewide average  
20 general fund operating expenditures per formula student. For aid  
21 calculated for school fiscal years year 2014-15 through 2018-19 and ~~each~~  
22 ~~school fiscal year thereafter~~, the summer school allowance shall be equal  
23 to the lesser of two and one-half percent of the product of the summer  
24 school student units for such district multiplied by eighty-five percent  
25 of the statewide average general fund operating expenditures per formula  
26 student or the summer school and early childhood summer school  
27 expenditures that are paid for with noncategorical funds generated by  
28 state or local taxes as reported on the annual financial report for the  
29 most recently available data year and that are not included in other  
30 allowances.

31 (2) Summer school student units shall be calculated for each student

1 enrolled in summer school as defined in section 79-536 in a school  
2 district who attends such summer school for at least twelve days in the  
3 most recently available complete data year, whether or not the student is  
4 in the membership of the school district. The initial number of units for  
5 each such student shall equal the sum of the ratios, each rounded down to  
6 the nearest whole number, of the number of days for which the student  
7 attended summer school classes in such district for at least three hours  
8 and less than six hours per day divided by twelve days and of two times  
9 the number of days for which the student attended summer school classes  
10 in such district for six or more hours per day divided by twelve days.

11 (3) Each school district shall receive an additional summer school  
12 student unit for each summer school student unit attributed to remedial  
13 math or reading programs. Each school district shall also receive an  
14 additional summer school student unit for each summer school student unit  
15 attributed to a student who in the school year immediately preceding  
16 summer school either (a) qualified for free lunches or free milk and  
17 attended a school that uses information collected from parents and  
18 guardians to determine such qualifications or (b) attended a school that  
19 provides free meals to all students pursuant to the community eligibility  
20 provision.

21 (4) ~~For Beginning with~~ state aid calculated for school fiscal years  
22 year 2012-13 through 2018-19, summer school student units shall be  
23 calculated for each student who was both enrolled in the most recently  
24 available complete data year in a summer session of an early childhood  
25 education program for which a qualified early childhood education fall  
26 membership greater than zero has been calculated for the school fiscal  
27 year for which aid is being calculated and eligible to attend  
28 kindergarten in the fall immediately following such summer session. The  
29 initial number of units for each such early childhood education student  
30 shall equal the sum of the ratios, each rounded down to the nearest whole  
31 number, of the number of days for which the student attended the summer

1 session in such district for at least three hours and less than six hours  
2 per day divided by twelve days and of two times the number of days for  
3 which the student attended the summer session in such district for six or  
4 more hours per day divided by twelve days. The initial summer school  
5 student units for early childhood education students shall be multiplied  
6 by six-tenths. Instructional hours included in the calculation of the  
7 qualified early childhood education fall membership or the qualified  
8 early childhood education average daily membership shall not be included  
9 in the calculation of the summer school allowance.

10 (5) Each school district shall receive an additional six-tenths of a  
11 summer school student unit for each early childhood education student  
12 unit attributed to an early childhood education student who is either  
13 qualified for free lunches or free milk based on information collected  
14 from parents and guardians to determine such qualifications or is  
15 registered to attend a school in the school year immediately following  
16 such summer that provides free meals to all students pursuant to the  
17 community eligibility provision.

18 (6) This section does not prevent school districts from requiring  
19 and collecting fees for summer school or summer sessions of early  
20 childhood education programs, except that summer school student units  
21 shall not be calculated for school districts which collect fees for  
22 summer school from students who qualify for free or reduced-price lunches  
23 under United States Department of Agriculture child nutrition programs or  
24 who attended, or are registered to attend, a school in the school year  
25 immediately following such summer that provides free meals to all  
26 students pursuant to the community eligibility provision.

27 Sec. 76. Section 79-1005, Revised Statutes Cumulative Supplement,  
28 2016, is amended to read:

29 79-1005 (1) For school fiscal ~~years year~~ 2017-18 and 2018-19 each  
30 ~~school fiscal year thereafter~~, the department shall determine the  
31 community achievement plan aid to be paid to each school district that

1 will participate in a community achievement plan approved by the State  
2 Board of Education pursuant to section 79-2122 for such school fiscal  
3 year. For each of the first two school fiscal years a school district  
4 will participate in such plan, if such school fiscal years are prior to  
5 school fiscal year 2019-20, a new community achievement plan adjustment  
6 equal to the community achievement aid shall be included in the  
7 calculation of formula need for such school district. ~~For all other~~  
8 ~~school fiscal years, a community achievement plan allowance equal to the~~  
9 ~~community achievement aid shall be included in the calculation of formula~~  
10 ~~need for school districts qualifying for community achievement plan aid.~~  
11 Community achievement plan aid shall be included as a formula resource  
12 pursuant to section 79-1017.01.

13 (2) Community achievement plan aid shall equal 0.4643 percent of the  
14 product of the statewide average general fund operating expenditures per  
15 formula student multiplied by the total formula students for all of the  
16 member school districts in such learning community. The community  
17 achievement plan aid for each learning community shall be divided  
18 proportionally among the member school districts based on the sum of two  
19 percent of the poverty allowance calculated pursuant to section  
20 79-1007.06, two percent of the limited English proficiency allowance  
21 calculated pursuant to section 79-1007.08, and, for school districts with  
22 poverty students greater than forty percent of the formula students,  
23 except as otherwise provided in this section, three percent of the  
24 product of the statewide average general fund operating expenditures per  
25 formula student multiplied by the difference of the poverty students  
26 minus forty percent of the formula students for such school district.

27 (3) For school fiscal year 2017-18, community achievement plan aid  
28 and a new community achievement plan adjustment shall be calculated for  
29 school districts that are members of a learning community and shall be  
30 included in formula resources pursuant to section 79-1017.01 in such  
31 amount regardless of the status of the approval of a community

1 achievement plan, but community achievement plan aid shall not be paid to  
2 such school districts until a community achievement plan for such  
3 learning community is approved by the state board. If a community  
4 achievement plan is not approved for such learning community prior to  
5 September 1, 2017, the adjustment and aid calculated pursuant to this  
6 section shall be removed for the final calculation of state aid pursuant  
7 to section 79-1065 for school fiscal year 2017-18 and such amount shall  
8 be subtracted from the state aid appropriated by the Legislature for the  
9 determination of the local effort rate pursuant to section 79-1015.01 for  
10 the final calculation of state aid for school fiscal year 2017-18.

11 Sec. 77. Section 79-1005.01, Revised Statutes Cumulative Supplement,  
12 2016, is amended to read:

13 79-1005.01 (1) Not later than November 15 of each year, the Tax  
14 Commissioner shall certify to the department for the preceding tax year  
15 the income tax liability of resident individuals for each local system.

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

28 (3) Using the data certified by the Tax Commissioner pursuant to  
29 subsection (1) of this section, the department shall calculate the  
30 allocation percentage and each local system's allocated income tax funds.  
31 The allocation percentage shall be the amount stated in subsection (2) of

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

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

13 Sec. 78. Section 79-1007.05, Reissue Revised Statutes of Nebraska,  
14 is amended to read:

15 79-1007.05 For school fiscal years ~~year~~ 2008-09 through 2018-19 ~~and~~  
16 ~~each school fiscal year thereafter~~, the department shall determine the  
17 focus school and program allowance for each school district in a learning  
18 community which submits the information required for the calculation on a  
19 form prescribed by the department on or before October 15 of the school  
20 fiscal year preceding the school fiscal year for which aid is being  
21 calculated. Such form may require confirmation from a learning community  
22 official that the focus school or program has been approved by the  
23 learning community coordinating council for the school fiscal year for  
24 which the allowance is being calculated. The focus school and program  
25 allowance for each school district in a learning community shall equal  
26 the sum of the allowances calculated pursuant to this section for each  
27 focus school and focus program operated by the school district for the  
28 school fiscal year for which aid is being calculated.

29 For the school fiscal year containing the majority of the first  
30 school year that a school or program will be in operation as a focus  
31 school or program approved by the learning community and meeting the

1 requirements of section 79-769, the focus school and program allowance  
2 for such focus school or program shall equal the statewide average  
3 general fund operating expenditures per formula student multiplied by  
4 0.10 then multiplied by the estimated number of students who will be  
5 participating in the focus school or program as reported on the form  
6 required pursuant to this section.

7 For the school fiscal year containing the majority of the second  
8 school year that a school or program will be in operation as a focus  
9 school or program approved by the learning community and meeting the  
10 requirements of section 79-769, the focus school and program allowance  
11 for such focus school or program shall equal the statewide average  
12 general fund operating expenditures per formula student multiplied by  
13 0.10 then multiplied by (1) for state aid certified pursuant to section  
14 79-1022, the difference of the product of two multiplied by the number of  
15 students participating in the focus school or program as reported on the  
16 fall membership report from the school fiscal year immediately preceding  
17 the school fiscal year in which the aid is to be paid minus the estimated  
18 number of students used in the certification of state aid pursuant to  
19 section 79-1022 for the school fiscal year immediately preceding the  
20 school fiscal year in which the aid is to be paid and (2) for the final  
21 calculation of state aid pursuant to section 79-1065, the difference of  
22 the product of two multiplied by the number of students participating in  
23 the focus school or program as reported on the annual statistical summary  
24 report from the school fiscal year immediately preceding the school  
25 fiscal year in which the aid was paid minus the estimated number of  
26 students used in the final calculation of state aid pursuant to section  
27 79-1065 for the school fiscal year immediately preceding the school  
28 fiscal year in which the aid is to be paid.

29 For the school fiscal year containing the majority of the third  
30 school year that a school or program will be in operation as a focus  
31 school or program approved by the learning community and meeting the

1 requirements of section 79-769 and each school fiscal year thereafter,  
2 the focus school and program allowance for such focus school or program  
3 shall equal the statewide average general fund operating expenditures per  
4 formula student multiplied by 0.10 then multiplied by the number of  
5 students participating in the focus school or program as reported on the  
6 fall membership report from the school fiscal year immediately preceding  
7 the school fiscal year in which the aid is to be paid for state aid  
8 certified pursuant to section 79-1022 and as reported on the annual  
9 statistical summary report from the school fiscal year immediately  
10 preceding the school fiscal year in which the aid was paid for the final  
11 calculation of state aid pursuant to section 79-1065.

12       Sec. 79. Section 79-1007.06, Revised Statutes Cumulative Supplement,  
13 2016, is amended to read:

14       79-1007.06 (1) For school fiscal years ~~year~~ 2008-09 through 2018-19  
15 ~~and each school fiscal year thereafter~~, the department shall determine  
16 the poverty allowance for each school district that meets the  
17 requirements of this section and section 79-1007.07. Each school district  
18 shall designate a maximum poverty allowance on a form prescribed by the  
19 department on or before October 15 of the school fiscal year immediately  
20 preceding the school fiscal year for which aid is being calculated. The  
21 school district may decline to participate in the poverty allowance by  
22 providing the department with a maximum poverty allowance of zero dollars  
23 on such form on or before October 15 of the school fiscal year  
24 immediately preceding the school fiscal year for which aid is being  
25 calculated. Each school district designating a maximum poverty allowance  
26 greater than zero dollars shall submit a poverty plan pursuant to section  
27 79-1013.

28       (2) The poverty allowance for each school district shall equal the  
29 lesser of:

30       (a) The maximum amount designated pursuant to subsection (1) of this  
31 section by the school district in the local system, if such school



1 district designated a maximum amount, for the school fiscal year for  
2 which aid is being calculated; or

3 (b) The sum of:

4 (i) The statewide average general fund operating expenditures per  
5 formula student multiplied by 0.0375 then multiplied by the poverty  
6 students comprising more than five percent and not more than ten percent  
7 of the formula students in the school district; plus

8 (ii) The statewide average general fund operating expenditures per  
9 formula student multiplied by 0.0750 then multiplied by the poverty  
10 students comprising more than ten percent and not more than fifteen  
11 percent of the formula students in the school district; plus

12 (iii) The statewide average general fund operating expenditures per  
13 formula student multiplied by 0.1125 then multiplied by the poverty  
14 students comprising more than fifteen percent and not more than twenty  
15 percent of the formula students in the school district; plus

16 (iv) The statewide average general fund operating expenditures per  
17 formula student multiplied by 0.1500 then multiplied by the poverty  
18 students comprising more than twenty percent and not more than twenty-  
19 five percent of the formula students in the school district; plus

20 (v) The statewide average general fund operating expenditures per  
21 formula student multiplied by 0.1875 then multiplied by the poverty  
22 students comprising more than twenty-five percent and not more than  
23 thirty percent of the formula students in the school district; plus

24 (vi) The statewide average general fund operating expenditures per  
25 formula student multiplied by 0.2250 then multiplied by the poverty  
26 students comprising more than thirty percent of the formula students in  
27 the school district.

28 Sec. 80. Section 79-1007.07, Revised Statutes Cumulative Supplement,  
29 2016, is amended to read:

30 79-1007.07 (1)(a) The annual financial report required pursuant to  
31 section 79-528 shall include:

1 (i) The amount of the poverty allowance used in the certification of  
2 state aid pursuant to section 79-1022 for such school fiscal year;

3 (ii) The amount of federal funds received based on poverty as  
4 defined by the federal program providing the funds;

5 (iii) The expenditures and sources of funding for each program  
6 related to poverty with a narrative description of the program, the  
7 method used to allocate money to the program and within the program, and  
8 the program's relationship to the poverty plan submitted pursuant to  
9 section 79-1013 for such school fiscal year;

10 (iv) The expenditures and sources of funding for support costs  
11 directly attributable to implementing the district's poverty plan; and

12 (v) An explanation of how any required elements of the poverty plan  
13 for such school fiscal year were met.

14 (b) The department shall set up accounting codes for the receipts  
15 and expenditures required to be reported on the annual financial report  
16 pursuant to this subsection.

17 (2) The department shall determine the poverty allowance  
18 expenditures using the reported expenditures on the annual financial  
19 report for the most recently available complete data year that would  
20 include in the poverty allowance expenditures only those expenditures  
21 that are not included in other allowances, that were used to specifically  
22 address issues related to the education of students living in poverty or  
23 to the implementation of the poverty plan, that do not replace  
24 expenditures that would have occurred if the students involved in the  
25 program did not live in poverty, and that are paid for with  
26 noncategorical funds generated by state or local taxes or funds  
27 distributed through the Tax Equity and Educational Opportunities Support  
28 Act pursuant to the federal American Recovery and Reinvestment Act of  
29 2009 or the federal Education Jobs Fund created pursuant to Public Law  
30 111-226. The department shall establish a procedure to allow school  
31 districts to receive preapproval for categories of expenditures that

1 could be included in poverty allowance expenditures.

2 (3) If the poverty allowance expenditures do not equal 117.65  
3 percent or more of the poverty allowance for the most recently available  
4 complete data year, the department shall calculate a poverty allowance  
5 correction. The poverty allowance correction shall equal the poverty  
6 allowance minus eighty-five percent of the poverty allowance  
7 expenditures. For aid calculated for school fiscal years prior to school  
8 fiscal year 2016-17, if the poverty allowance expenditures do not equal  
9 fifty percent or more of the allowance for such school fiscal year, the  
10 school district shall also be disqualified from receiving a poverty  
11 allowance for the school fiscal year for which aid is being calculated.

12 (4)(a)(i) For aid calculated for school fiscal years prior to school  
13 fiscal year 2016-17, if the department determines that the school  
14 district did not meet the required elements of the poverty plan for the  
15 most recently available complete data year, the department shall  
16 calculate a poverty allowance correction equal to fifty percent of the  
17 poverty allowance for such school fiscal year and the school district  
18 shall also be disqualified from receiving a poverty allowance for the  
19 school fiscal year for which aid is being calculated.

20 (ii) For aid calculated for school fiscal ~~years~~ year 2016-17 through  
21 2018-19 and ~~each school fiscal year thereafter~~, if the department  
22 determines that the school district did not meet the required elements of  
23 the poverty plan for the most recently available complete data year, the  
24 department shall calculate a poverty allowance correction equal to five  
25 percent of the poverty allowance for such school fiscal year.

26 (b) Any poverty allowance correction calculated pursuant to this  
27 subsection shall be added to any poverty allowance correction calculated  
28 pursuant to subsection (3) of this section to arrive at the total poverty  
29 allowance correction.

30 (5) The department may request additional information from any  
31 school district to assist with calculations and determinations pursuant

1 to this section. If the school district does not provide information upon  
2 the request of the department pursuant to this section, the school  
3 district shall be disqualified from receiving a poverty allowance for the  
4 school fiscal year for which aid is being calculated.

5 (6) The department shall provide electronically an annual report to  
6 the Legislature containing a general description of the expenditures and  
7 funding sources for programs related to poverty statewide and specific  
8 descriptions of the expenditures and funding sources for programs related  
9 to poverty for each school district.

10 (7) The state board shall establish a procedure for appeal of  
11 decisions of the department to the state board for a final determination.

12 Sec. 81. Section 79-1007.08, Reissue Revised Statutes of Nebraska,  
13 is amended to read:

14 79-1007.08 (1) For school fiscal years ~~year~~ 2008-09 through 2018-19  
15 ~~and each school fiscal year thereafter~~, the department shall determine  
16 the limited English proficiency allowance for each school district that  
17 meets the requirements of this section and has not been disqualified  
18 pursuant to section 79-1007.09. Each school district shall designate a  
19 maximum limited English proficiency allowance on or before October 15 of  
20 the school fiscal year immediately preceding the school fiscal year for  
21 which aid is being calculated. The school district may decline to  
22 participate in the limited English proficiency allowance by providing the  
23 department with a maximum limited English proficiency allowance of zero  
24 dollars on such form on or before October 15 of the school fiscal year  
25 immediately preceding the school fiscal year for which aid is being  
26 calculated. Each school district designating a maximum limited English  
27 proficiency allowance greater than zero dollars shall submit a limited  
28 English proficiency plan pursuant to section 79-1014.

29 (2) The limited English proficiency allowance for each school  
30 district that has not been disqualified pursuant to section 79-1007.09  
31 shall equal the lesser of:

1 (a) The amount designated pursuant to subsection (1) of this section  
2 by the school district, if such school district designated a maximum  
3 amount, for the school fiscal year for which aid is being calculated; or

4 (b) The statewide average general fund operating expenditures per  
5 formula student multiplied by 0.25 then multiplied by:

6 (i) The number of students in the school district who are limited  
7 English proficient as defined under 20 U.S.C. 7801, as such section  
8 existed on January 1, 2006, if such number is greater than or equal to  
9 twelve;

10 (ii) Twelve, if the number of students in the school district who  
11 are limited English proficient as defined under 20 U.S.C. 7801, as such  
12 section existed on January 1, 2006, is greater than or equal to one and  
13 less than twelve; or

14 (iii) Zero, if the number of students in the school district who are  
15 limited English proficient as defined under 20 U.S.C. 7801, as such  
16 section existed on January 1, 2006, is less than one.

17 Sec. 82. Section 79-1007.10, Reissue Revised Statutes of Nebraska,  
18 is amended to read:

19 79-1007.10 (1) For state aid calculated for all school fiscal years  
20 through school fiscal year 2018-19 except school fiscal year 2010-11, the  
21 cost growth factor shall equal the sum of: (a) The basic allowable growth  
22 rate pursuant to section 79-1025 for the school fiscal year in which the  
23 aid is to be distributed; plus (b) the basic allowable growth rate  
24 pursuant to section 79-1025 for the school fiscal year immediately  
25 preceding the school fiscal year in which the aid is to be distributed.

26 (2) For state aid calculated for school fiscal year 2010-11, the  
27 cost growth factor shall equal the sum of: (a) ~~(i)~~ One; plus (b) ~~(ii)~~ the  
28 basic allowable growth rate pursuant to section 79-1025 for the school  
29 fiscal year in which the aid is to be distributed; plus (c) ~~(iii)~~ the  
30 basic allowable growth rate pursuant to section 79-1025 for the school  
31 fiscal year immediately preceding the school fiscal year in which the aid

1 is to be distributed; plus (d) ~~(iv)~~ two percent.

2 Sec. 83. Section 79-1007.11, Revised Statutes Supplement, 2017, is  
3 amended to read:

4 79-1007.11 (1) Except as otherwise provided in this section, for  
5 school fiscal years 2013-14 through 2015-16, each school district's  
6 formula need shall equal the difference of the sum of the school  
7 district's basic funding, poverty allowance, limited English proficiency  
8 allowance, focus school and program allowance, summer school allowance,  
9 special receipts allowance, transportation allowance, elementary site  
10 allowance, instructional time allowance, teacher education allowance,  
11 distance education and telecommunications allowance, averaging  
12 adjustment, new learning community transportation adjustment, student  
13 growth adjustment, any positive student growth adjustment correction, and  
14 new school adjustment, minus the sum of the limited English proficiency  
15 allowance correction, poverty allowance correction, and any negative  
16 student growth adjustment correction.

17 (2) Except as otherwise provided in this section, for school fiscal  
18 year 2016-17, each school district's formula need shall equal the  
19 difference of the sum of the school district's basic funding, poverty  
20 allowance, limited English proficiency allowance, focus school and  
21 program allowance, summer school allowance, special receipts allowance,  
22 transportation allowance, elementary site allowance, distance education  
23 and telecommunications allowance, averaging adjustment, new learning  
24 community transportation adjustment, student growth adjustment, any  
25 positive student growth adjustment correction, and new school adjustment,  
26 minus the sum of the limited English proficiency allowance correction,  
27 poverty allowance correction, and any negative student growth adjustment  
28 correction.

29 (3) Except as otherwise provided in this section, for school fiscal  
30 years 2017-18 and 2018-19, each school district's formula need shall  
31 equal the difference of the sum of the school district's basic funding,

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

10 ~~(4) Except as otherwise provided in this section, for school fiscal~~  
11 ~~year 2019-20 and each school fiscal year thereafter, each school~~  
12 ~~district's formula need shall equal the difference of the sum of the~~  
13 ~~school district's basic funding, poverty allowance, limited English~~  
14 ~~proficiency allowance, focus school and program allowance, summer school~~  
15 ~~allowance, special receipts allowance, transportation allowance,~~  
16 ~~elementary site allowance, distance education and telecommunications~~  
17 ~~allowance, community achievement plan allowance, averaging adjustment,~~  
18 ~~new community achievement plan adjustment, student growth adjustment, any~~  
19 ~~positive student growth adjustment correction, and new school adjustment~~  
20 ~~minus the sum of the limited English proficiency allowance correction,~~  
21 ~~poverty allowance correction, and any negative student growth adjustment~~  
22 ~~correction.~~

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

31 ~~(5)~~ (6) If the formula need calculated for a school district

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

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

24 Sec. 84. Section 79-1007.15, Reissue Revised Statutes of Nebraska,  
25 is amended to read:

26 79-1007.15 (1) For school fiscal year 2008-09, the department shall  
27 calculate an elementary site allowance for any district in which (a) the  
28 district has more than one elementary attendance site, (b) at least one  
29 of the elementary attendance sites does not offer any other grades, (c)  
30 the square miles in the district divided by the number of elementary  
31 attendance sites in the district equals one hundred square miles or more



1 per elementary attendance site, and (d) the fall membership in elementary  
2 site grades in the district divided by the number of elementary site  
3 grades then divided again by the number of elementary attendance sites  
4 equals fifteen or fewer students per grade per elementary attendance  
5 site. Qualifying elementary attendance sites for such districts shall  
6 only offer elementary site grades and shall have an average of fifteen or  
7 fewer students per grade in the fall membership.

8 (2) For school fiscal years ~~year~~ 2009-10 through 2018-19 ~~and each~~  
9 ~~school fiscal year thereafter~~, the department shall calculate an  
10 elementary site allowance for any district which has at least one  
11 qualifying elementary attendance site and which submits the information  
12 required for the calculation on a form prescribed by the department on or  
13 before October 15 of the school fiscal year preceding the school fiscal  
14 year for which aid is being calculated. A qualifying elementary  
15 attendance site shall be an elementary attendance site, in a district  
16 with multiple elementary attendance sites, which does not have another  
17 elementary attendance site within seven miles in the same school district  
18 or which is the only public elementary attendance site located in an  
19 incorporated city or village.

20 (3) The elementary site allowance for each qualifying district shall  
21 equal the sum of the elementary site allowances for each qualifying  
22 elementary attendance site in the district. The elementary site allowance  
23 for each qualifying elementary attendance site shall equal five hundred  
24 percent of the statewide average general fund operating expenditures per  
25 formula student multiplied by the result of rounding the ratio of the  
26 fall membership attributed to the elementary attendance site divided by  
27 eight up to the next whole number if the result was not a whole number,  
28 except that if the resulting whole number is greater than the number of  
29 elementary site grades, the whole number shall be reduced to equal the  
30 number of elementary site grades.

31 (4) For purposes of this section:

1 (a) Each district shall determine which grades are considered  
2 elementary site grades, except that (i) all grades designated as  
3 elementary site grades shall be offered in each elementary attendance  
4 site in the district, without any preference indicated by the school  
5 board or any school district administrator for students to attend  
6 different elementary attendance sites depending on their elementary site  
7 grade level, for the school fiscal year for which aid is being calculated  
8 and for each of the five school fiscal years preceding the school fiscal  
9 year for which aid is being calculated and (ii) elementary site grades  
10 shall not include grades nine, ten, eleven, or twelve;

11 (b) An elementary attendance site is an attendance site in which  
12 elementary site grades are offered;

13 (c) The primary elementary site shall be the elementary attendance  
14 site to which the most formula students are attributed in the district  
15 and shall not be a qualifying elementary attendance site; and

16 (d) Fall membership means the fall membership for the school fiscal  
17 year immediately preceding the school fiscal year for which aid is being  
18 calculated.

19 (5) If the elementary attendance site is new or is being reopened  
20 after being closed for at least one school year, the requirements of  
21 subdivision (4)(a)(i) of this section with respect to preceding school  
22 fiscal years shall not apply to school fiscal years in which the  
23 elementary attendance site was not in operation.

24 (6) The department shall determine if the qualifications for the  
25 elementary site allowance have been met for each elementary attendance  
26 site for which information has been submitted. The department may rely on  
27 the information submitted and any other information available to the  
28 department, including, but not limited to, past attendance patterns. The  
29 state board shall establish a procedure for appeal of decisions of the  
30 department to the state board for a final determination.

31 Sec. 85. Section 79-1007.16, Reissue Revised Statutes of Nebraska,

1 is amended to read:

2 79-1007.16 (1) The department shall calculate basic funding for each  
3 district as provided in this section.

4 (2) For state aid calculated for school fiscal years prior to school  
5 fiscal year 2011-12:

6 (a) A comparison group shall be established for each district  
7 consisting of the districts for which basic funding is being calculated,  
8 the five larger districts that are closest in size to the district for  
9 which basic funding is being calculated as measured by formula students,  
10 and the five smaller districts that are closest in size to the district  
11 for which basic funding is being calculated as measured by formula  
12 students. If there are not five districts that are larger than the  
13 district for which basic funding is being calculated or if there are not  
14 five districts that are smaller than the district for which basic funding  
15 is being calculated, the comparison group shall consist of only as many  
16 districts as fit the criteria. If more than one district has exactly the  
17 same number of formula students as the largest or smallest district in  
18 the comparison group, all of the districts with exactly the same number  
19 of formula students as the largest or smallest districts in the  
20 comparison group shall be included in the comparison group. If one or  
21 more districts have exactly the same number of formula students as the  
22 district for which basic funding is being calculated, all such districts  
23 shall be included in the comparison group in addition to the five larger  
24 districts and the five smaller districts. The comparison group shall  
25 remain the same for the final calculation of aid pursuant to section  
26 79-1065;

27 (b) For districts with nine hundred or more formula students, basic  
28 funding shall equal the formula students multiplied by the average of the  
29 adjusted general fund operating expenditures per formula student for each  
30 district in the comparison group, excluding both the district with the  
31 highest adjusted general fund operating expenditures per formula student

1 and the district with the lowest adjusted general fund operating  
2 expenditures per formula student of the districts in the comparison  
3 group; and

4 (c) For districts with fewer than nine hundred formula students,  
5 basic funding shall equal the product of the average of the adjusted  
6 general fund operating expenditures for each district in the comparison  
7 group, excluding both the district with the highest adjusted general fund  
8 operating expenditures and the district with the lowest adjusted general  
9 fund operating expenditures of the districts in the comparison group.

10 (3) For state aid calculated for school fiscal years ~~year~~ 2011-12  
11 through 2018-19 ~~and each school fiscal year thereafter~~:

12 (a) A comparison group shall be established for each district  
13 consisting of the districts for which basic funding is being calculated,  
14 the ten larger districts that are closest in size to the district for  
15 which basic funding is being calculated as measured by formula students,  
16 and the ten smaller districts that are closest in size to the district  
17 for which basic funding is being calculated as measured by formula  
18 students. If there are not ten districts that are larger than the  
19 district for which basic funding is being calculated or if there are not  
20 ten districts that are smaller than the district for which basic funding  
21 is being calculated, the comparison group shall consist of only as many  
22 districts as fit the criteria. If more than one district has exactly the  
23 same number of formula students as the largest or smallest district in  
24 the comparison group, all of the districts with exactly the same number  
25 of formula students as the largest or smallest districts in the  
26 comparison group shall be included in the comparison group. If one or  
27 more districts have exactly the same number of formula students as the  
28 district for which basic funding is being calculated, all such districts  
29 shall be included in the comparison group in addition to the ten larger  
30 districts and the ten smaller districts. The comparison group shall  
31 remain the same for the final calculation of aid pursuant to section

1 79-1065;

2 (b) For districts with nine hundred or more formula students, basic  
3 funding shall equal the formula students multiplied by the average of the  
4 adjusted general fund operating expenditures per formula student for each  
5 district in the comparison group, excluding both the two districts with  
6 the highest adjusted general fund operating expenditures per formula  
7 student and the two districts with the lowest adjusted general fund  
8 operating expenditures per formula student of the districts in the  
9 comparison group; and

10 (c) For districts with fewer than nine hundred formula students,  
11 basic funding shall equal the product of the average of the adjusted  
12 general fund operating expenditures for each district in the comparison  
13 group, excluding both the two districts with the highest adjusted general  
14 fund operating expenditures and the two districts with the lowest  
15 adjusted general fund operating expenditures of the districts in the  
16 comparison group.

17 Sec. 86. Section 79-1007.18, Revised Statutes Cumulative Supplement,  
18 2016, is amended to read:

19 79-1007.18 (1) For school fiscal years prior to school fiscal year  
20 2017-18:

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

1 district's formula students multiplied by the percentage specified in  
2 this subsection for such district of the difference between the averaging  
3 adjustment threshold minus such district's basic funding per formula  
4 student;

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

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

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

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

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

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

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

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

13           Sec. 87. Section 79-1007.21, Reissue Revised Statutes of Nebraska,  
14 is amended to read:

15           79-1007.21 (1) For school fiscal years ~~year~~ 2009-10 through 2018-19  
16 ~~and each school fiscal year thereafter~~, school districts may apply to the  
17 department for a two-year new school adjustment, on a form prescribed by  
18 the department, on or before October 15 of the school fiscal year  
19 immediately preceding the school fiscal year for which the first-year new  
20 school adjustment would be included in the calculation of state aid. Such  
21 form shall require evidence of recent and expected student growth,  
22 evidence that a new building or the expansion or remodeling of an  
23 existing building is being completed to provide additional student  
24 capacity to accommodate such growth and not to replace an existing  
25 building, evidence that the school fiscal year for which the district  
26 would receive the first-year adjustment will be the first full school  
27 fiscal year for which students will utilize such additional capacity, and  
28 evidence of the estimated additional student capacity to be provided by  
29 the project. On or before the immediately following December 1, the  
30 department shall approve the estimated additional capacity for use in the  
31 adjustment, approve a modified estimated additional capacity for use in

1 the adjustment, or deny the application based on the requirements of this  
2 section, the evidence submitted on the application, and any other  
3 information provided by the department. Each approval shall include an  
4 approved estimated additional student capacity for the new building. The  
5 state board shall establish procedures for appeal of decisions of the  
6 department to the state board for final determination.

7 (2) The first-year new school adjustment for each approved district  
8 shall equal the school district's basic funding per formula student  
9 multiplied by twenty percent of the approved estimated additional student  
10 capacity. The second-year new school adjustment for each approved  
11 district shall equal the school district's basic funding per formula  
12 student multiplied by ten percent of the approved estimated additional  
13 student capacity.

14 Sec. 88. Section 79-1008.01, Revised Statutes Cumulative Supplement,  
15 2016, is amended to read:

16 79-1008.01 Except as provided in section 79-1008.02 for school  
17 fiscal years prior to school fiscal year 2017-18 and section 79-1009, for  
18 each school fiscal year through school fiscal year 2018-19, each local  
19 system shall receive equalization aid in the amount that the total  
20 formula need of each local system, as determined pursuant to sections  
21 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its total formula  
22 resources as determined pursuant to sections 79-1015.01 to 79-1018.01.

23 Sec. 89. Section 79-1009, Revised Statutes Supplement, 2017, is  
24 amended to read:

25 79-1009 (1)(a) A district shall receive net option funding for any  
26 school fiscal year through school fiscal year 2018-19 if (i) option  
27 students as defined in section 79-233 were actually enrolled in the  
28 school year immediately preceding the school year in which the aid is to  
29 be paid, (ii) option students as defined in such section will be enrolled  
30 in the school year in which the aid is to be paid as converted contract  
31 option students, or (iii) for the calculation of aid for school fiscal



1 year 2017-18 for school districts that are members of a learning  
2 community, open enrollment students were actually enrolled for school  
3 year 2016-17 pursuant to section 79-2110.

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

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

30 (2)(a) For all school fiscal years prior to ~~except~~ school fiscal  
31 year ~~years~~ 2017-18 ~~and 2018-19~~, net option funding shall be the product

1 of the net number of option students multiplied by the statewide average  
2 basic funding per formula student.

3 (b) For school fiscal years 2017-18 and 2018-19, net option funding  
4 shall be the product of the net number of option students multiplied by  
5 ninety-five and five-tenths percent of the statewide average basic  
6 funding per formula student.

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

9 Payments made under this section for school fiscal years prior to  
10 school fiscal year 2017-18 shall be made from the funds to be disbursed  
11 under section 79-1005.01.

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

14 Sec. 90. Section 79-1009.01, Reissue Revised Statutes of Nebraska,  
15 is amended to read:

16 79-1009.01 For school fiscal years prior to school fiscal year  
17 2019-20 ~~2027-28~~, a district which will have converted contract option  
18 students shall apply to the department on a form approved by the  
19 department within fifteen days after April 27, 2011, for converted  
20 contract option students for school fiscal year 2011-12 and on or before  
21 November 1 of the calendar year preceding the beginning of all other  
22 school fiscal years for which there will be converted contract option  
23 students. The department shall determine the amount of tuition receipts  
24 from converted contracts to be excluded from the calculation of local  
25 system formula resources for each of the first two school fiscal years  
26 for which the converted contract will not be in effect and shall  
27 determine the number of converted contract option students to be  
28 attributed to the receiving district in the calculation of state aid for  
29 the first school fiscal year for which the converted contract will not be  
30 in effect, and the same number shall be attributed as optioning out of  
31 the resident school district. In the final calculation of state aid

1 pursuant to section 79-1065, students that were attributed as optioning  
2 into or out of a district shall be replaced with the actual number from  
3 fall membership. The department shall notify the applicant district  
4 within thirty days after receipt of the completed application.

5 Sec. 91. Section 79-1013, Revised Statutes Cumulative Supplement,  
6 2016, is amended to read:

7 79-1013 (1) On or before October 15 of each year through 2017, each  
8 school district designating a maximum poverty allowance greater than zero  
9 dollars shall submit a poverty plan for the next school fiscal year to  
10 the department and to the learning community coordinating council of any  
11 learning community of which the school district is a member. On or before  
12 the immediately following December 1, (a) the department shall approve or  
13 disapprove such plan for school districts that are not members of a  
14 learning community based on the inclusion of the elements required  
15 pursuant to this section and (b) the learning community coordinating  
16 council and, as to the applicable portions thereof, each achievement  
17 subcouncil, shall approve or disapprove such plan for school districts  
18 that are members of such learning community based on the inclusion of  
19 such elements. On or before the immediately following December 5, each  
20 learning community coordinating council shall certify to the department  
21 the approval or disapproval of the poverty plan for each member school  
22 district.

23 (2) In order to be approved pursuant to this section, a poverty plan  
24 shall include an explanation of how the school district will address the  
25 following issues for such school fiscal year:

26 (a) Attendance, including absence followup and transportation for  
27 students qualifying for free or reduced-price lunches, regardless of the  
28 method of qualification, who reside more than one mile from the  
29 attendance center;

30 (b) Student mobility, including transportation to allow a student to  
31 continue attendance at the same school if the student moves to another

1 attendance area within the same school district or within the same  
2 learning community;

3 (c) Parental involvement at the school-building level with a focus  
4 on the involvement of parents in poverty and from other diverse  
5 backgrounds;

6 (d) Parental involvement at the school-district level with a focus  
7 on the involvement of parents in poverty and from other diverse  
8 backgrounds;

9 (e) Class size reduction or maintenance of small class sizes in  
10 elementary grades;

11 (f) Scheduled teaching time on a weekly basis that will be free from  
12 interruptions;

13 (g) Access to early childhood education programs for children in  
14 poverty;

15 (h) Student access to social workers;

16 (i) Access to summer school, extended-school-day programs, or  
17 extended-school-year programs;

18 (j) Mentoring for new and newly reassigned teachers;

19 (k) Professional development for teachers and administrators,  
20 focused on addressing the educational needs of students in poverty and  
21 students from other diverse backgrounds;

22 (l) Coordination with elementary learning centers if the school  
23 district is a member of a learning community; and

24 (m) An evaluation to determine the effectiveness of the elements of  
25 the poverty plan.

26 (3) The state board shall establish a procedure for appeal of  
27 decisions of the department and of learning community coordinating  
28 councils to the state board for a final determination.

29 Sec. 92. Section 79-1014, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 79-1014 (1) On or before October 15 of each year through 2017, each

1 school district designating a maximum limited English proficiency  
2 allowance greater than zero dollars shall submit a limited English  
3 proficiency plan for the next school fiscal year to the department and to  
4 the learning community coordinating council of any learning community of  
5 which the school district is a member. On or before the immediately  
6 following December 1, (a) the department shall approve or disapprove such  
7 plans for school districts that are not members of a learning community,  
8 based on the inclusion of the elements required pursuant to this section  
9 and (b) the learning community coordinating council, and, as to the  
10 applicable portions thereof, each achievement subcouncil, shall approve  
11 or disapprove such plan for school districts that are members of such  
12 learning community, based on the inclusion of such elements. On or before  
13 the immediately following December 5, each learning community  
14 coordinating council shall certify to the department the approval or  
15 disapproval of the limited English proficiency plan for each member  
16 school district.

17 (2) In order to be approved pursuant to this section, a limited  
18 English proficiency plan must include an explanation of how the school  
19 district will address the following issues for such school fiscal year:

- 20 (a) Identification of students with limited English proficiency;
- 21 (b) Instructional approaches;
- 22 (c) Assessment of such students' progress toward mastering the  
23 English language; and
- 24 (d) An evaluation to determine the effectiveness of the elements of  
25 the limited English proficiency plan.

26 (3) The state board shall establish a procedure for appeal of  
27 decisions of the department and of learning community coordinating  
28 councils to the state board for a final determination.

29 Sec. 93. Section 79-1015.01, Revised Statutes Supplement, 2017, is  
30 amended to read:

31 79-1015.01 (1) Local system formula resources shall include local

1 effort rate yield which shall be computed as prescribed in this section.

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

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

1           Sec. 94. Section 79-1016, Revised Statutes Supplement, 2017, is  
2 amended to read:

3           79-1016 (1) On or before August 20 of each year through 2017, the  
4 county assessor shall certify to the Property Tax Administrator the total  
5 taxable value by school district in the county for the current assessment  
6 year on forms prescribed by the Tax Commissioner. The county assessor may  
7 amend the filing for changes made to the taxable valuation of the school  
8 district in the county if corrections or errors on the original  
9 certification are discovered. Amendments shall be certified to the  
10 Property Tax Administrator on or before August 31.

11           (2) On or before October 10 of each year through 2017, the Property  
12 Tax Administrator shall compute and certify to the State Department of  
13 Education the adjusted valuation for the current assessment year for each  
14 class of property in each school district and each local system. The  
15 adjusted valuation of property for each school district and each local  
16 system, for purposes of determining state aid pursuant to the Tax Equity  
17 and Educational Opportunities Support Act, shall reflect as nearly as  
18 possible state aid value as defined in subsection (3) of this section.  
19 The Property Tax Administrator shall notify each school district and each  
20 local system of its adjusted valuation for the current assessment year by  
21 class of property on or before October 10. Establishment of the adjusted  
22 valuation shall be based on the taxable value certified by the county  
23 assessor for each school district in the county adjusted by the  
24 determination of the level of value for each school district from an  
25 analysis of the comprehensive assessment ratio study or other studies  
26 developed by the Property Tax Administrator, in compliance with  
27 professionally accepted mass appraisal techniques, as required by section  
28 77-1327. The Tax Commissioner shall adopt and promulgate rules and  
29 regulations setting forth standards for the determination of level of  
30 value for state aid purposes.

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

1 (a) For real property other than agricultural and horticultural  
2 land, ninety-six percent of actual value;

3 (b) For agricultural and horticultural land, seventy-two percent of  
4 actual value as provided in sections 77-1359 to 77-1363. For agricultural  
5 and horticultural land that receives special valuation pursuant to  
6 section 77-1344, seventy-two percent of special valuation as defined in  
7 section 77-1343; and

8 (c) For personal property, the net book value as defined in section  
9 77-120.

10 (4) On or before November 10 of each year through 2017, any local  
11 system may file with the Tax Commissioner written objections to the  
12 adjusted valuations prepared by the Property Tax Administrator, stating  
13 the reasons why such adjusted valuations are not the valuations required  
14 by subsection (3) of this section. The Tax Commissioner shall fix a time  
15 for a hearing. Either party shall be permitted to introduce any evidence  
16 in reference thereto. On or before the immediately following January 1,  
17 the Tax Commissioner shall enter a written order modifying or declining  
18 to modify, in whole or in part, the adjusted valuations and shall certify  
19 the order to the State Department of Education. Modification by the Tax  
20 Commissioner shall be based upon the evidence introduced at hearing and  
21 shall not be limited to the modification requested in the written  
22 objections or at hearing. A copy of the written order shall be mailed to  
23 the local system within seven days after the date of the order. The  
24 written order of the Tax Commissioner may be appealed within thirty days  
25 after the date of the order to the Tax Equalization and Review Commission  
26 in accordance with section 77-5013.

27 (5) On or before November 10 of each year through 2017, any local  
28 system or county official may file with the Tax Commissioner a written  
29 request for a nonappealable correction of the adjusted valuation due to  
30 clerical error as defined in section 77-128 or, for agricultural and  
31 horticultural land, assessed value changes by reason of land qualified or



1 disqualified for special use valuation pursuant to sections 77-1343 to  
2 77-1347.01. On or before the immediately following January 1, the Tax  
3 Commissioner shall approve or deny the request and, if approved, certify  
4 the corrected adjusted valuations resulting from such action to the State  
5 Department of Education.

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

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

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

1 funds to be paid in a lump sum and the reduced amount of the monthly  
2 payments. The Director of Administrative Services shall, at the time of  
3 the next state aid payment made pursuant to section 79-1022, draw a  
4 warrant for the lump-sum amount from appropriated funds and forward such  
5 warrant to the district.

6 Sec. 95. Section 79-1017.01, Revised Statutes Supplement, 2017, is  
7 amended to read:

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

19 (2) For state aid calculated for school fiscal years ~~year~~ 2016-17  
20 through 2018-19 ~~and each school fiscal year thereafter~~, local system  
21 formula resources includes other actual receipts determined pursuant to  
22 section 79-1018.01, net option funding determined pursuant to section  
23 79-1009, allocated income tax funds determined pursuant to section  
24 79-1005.01, community achievement plan aid determined pursuant to section  
25 79-1005, and minimum levy adjustments determined pursuant to section  
26 79-1008.02 for school fiscal years prior to school fiscal year 2017-18,  
27 and is reduced by amounts paid by the district in the most recently  
28 available complete data year as property tax refunds pursuant to or in  
29 the manner prescribed by section 77-1736.06.

30 Sec. 96. Section 79-1021, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1           79-1021 The Tax Equity and Educational Opportunities Fund is  
2 created. The fund shall receive dedicated income tax appropriations and  
3 appropriations made by the Legislature to fund the Tax Equity and  
4 Educational Opportunities Support Act and shall be administered by the  
5 state board. Any money in the fund available for investment shall be  
6 invested by the state investment officer pursuant to the Nebraska Capital  
7 Expansion Act and the Nebraska State Funds Investment Act.

8           On June 30, 2019, the Tax Equity and Educational Opportunities Fund  
9 shall terminate and all assets of the fund shall be transferred to the  
10 Nebraska Education Formula Fund.

11           Sec. 97. Section 79-1022, Revised Statutes Supplement, 2017, is  
12 amended to read:

13           79-1022 (1) On or before June 1, 2017, and on or before March 1,  
14 2018 ~~of each year thereafter~~, for each ensuing fiscal year, the  
15 department shall determine the amounts to be distributed to each local  
16 system and each district for the ensuing school fiscal year pursuant to  
17 the Tax Equity and Educational Opportunities Support Act and shall  
18 certify the amounts to the Director of Administrative Services, the  
19 Auditor of Public Accounts, each learning community for school fiscal  
20 years prior to school fiscal year 2017-18, and each district. Except as  
21 otherwise provided in this section, the amount to be distributed to each  
22 district from the amount certified for a local system shall be  
23 proportional based on the formula students attributed to each district in  
24 the local system. For school fiscal years prior to school fiscal year  
25 2017-18, the amount to be distributed to each district that is a member  
26 of a learning community from the amount certified for the local system  
27 shall be proportional based on the formula needs calculated for each  
28 district in the local system. On or before June 1, 2017, and on or before  
29 March 1, 2018 ~~of each year thereafter~~, for each ensuing fiscal year, the  
30 department shall report the necessary funding level for the ensuing  
31 school fiscal year to the Governor, the Appropriations Committee of the

1 Legislature, and the Education Committee of the Legislature. The report  
2 submitted to the committees of the Legislature shall be submitted  
3 electronically. Except as otherwise provided in this subsection,  
4 certified state aid amounts, including adjustments pursuant to section  
5 79-1065.02, shall be shown as budgeted non-property-tax receipts and  
6 deducted prior to calculating the property tax request in the district's  
7 general fund budget statement as provided to the Auditor of Public  
8 Accounts pursuant to section 79-1024.

9 (2) Except as provided in this subsection, subsection (8) of section  
10 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts  
11 certified pursuant to subsection (1) of this section shall be distributed  
12 in ten as nearly as possible equal payments on the last business day of  
13 each month beginning in September of each ensuing school fiscal year and  
14 ending in June of the following year, except that when a school district  
15 is to receive a monthly payment of less than one thousand dollars, such  
16 payment shall be one lump-sum payment on the last business day of  
17 December during the ensuing school fiscal year.

18 Sec. 98. Section 79-1023, Revised Statutes Supplement, 2017, is  
19 amended to read:

20 79-1023 (1) On or before June 1, 2017, and on or before March 1,  
21 ~~2018~~ of each year thereafter, the department shall determine and certify  
22 to each school district budget authority for the general fund budget of  
23 expenditures for the ensuing school fiscal year.

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

1 expenditures for the immediately preceding school fiscal year minus  
2 exclusions pursuant to subsection (1) of section 79-1028.01 for such  
3 school fiscal year with the difference increased by an amount equal to  
4 any student growth adjustment calculated for the school fiscal year for  
5 which budget authority is being calculated, or (c) one hundred ten  
6 percent of formula need for the school fiscal year for which budget  
7 authority is being calculated minus the special education budget of  
8 expenditures as filed on the school district budget statement on or  
9 before September 20 for the immediately preceding school fiscal year,  
10 which special education budget of expenditures is increased by the basic  
11 allowable growth rate for the school fiscal year for which budget  
12 authority is being calculated.

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

19 Sec. 99. Section 79-1025, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 79-1025 The basic allowable growth rate for general fund  
22 expenditures other than expenditures for special education for each  
23 school fiscal year through school fiscal year 2018-19 shall be the base  
24 limitation established under section 77-3446. The budget authority for  
25 special education for all classes of school districts shall be the actual  
26 anticipated expenditures for special education subject to the approval of  
27 the state board. Such budget authority and funds generated pursuant to  
28 such budget authority shall be used only for special education  
29 expenditures.

30 Sec. 100. Section 79-1027, Revised Statutes Supplement, 2017, is  
31 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 June 1, 2017, and on or before March 1, 2018 ~~each year~~  
14 ~~thereafter~~, the department shall determine and certify each district's  
15 applicable allowable reserve percentage for the ensuing school fiscal  
16 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. 101. Section 79-1028.01, Revised Statutes Supplement, 2017, is  
26 amended to read:

27           79-1028.01 (1) For each school fiscal year through school fiscal  
28 year 2018-19, a school district may exceed its budget authority for the  
29 general fund budget of expenditures as calculated pursuant to section  
30 79-1023 for such school fiscal year by a specific dollar amount for the  
31 following exclusions:

1 (a) Expenditures for repairs to infrastructure damaged by a natural  
2 disaster which is declared a disaster emergency pursuant to the Emergency  
3 Management Act;

4 (b) Expenditures for judgments, except judgments or orders from the  
5 Commission of Industrial Relations, obtained against a school district  
6 which require or obligate a school district to pay such judgment, to the  
7 extent such judgment is not paid by liability insurance coverage of a  
8 school district;

9 (c) Expenditures pursuant to the Retirement Incentive Plan  
10 authorized in section 79-855 or the Staff Development Assistance  
11 authorized in section 79-856;

12 (d) Expenditures of amounts received from educational entities as  
13 defined in section 79-1201.01 for providing distance education courses  
14 through the Educational Service Unit Coordinating Council to such  
15 educational entities;

16 (e) Expenditures to pay for employer contributions pursuant to  
17 subsection (2) of section 79-958 to the School Employees Retirement  
18 System of the State of Nebraska to the extent that such expenditures  
19 exceed the employer contributions under such subsection that would have  
20 been made at a contribution rate of seven and thirty-five hundredths  
21 percent;

22 (f) Expenditures to pay for school district contributions pursuant  
23 to subdivision (1)(c)(i) of section 79-9,113 to the retirement system  
24 established pursuant to the Class V School Employees Retirement Act to  
25 the extent that such expenditures exceed the school district  
26 contributions under such subdivision that would have been made at a  
27 contribution rate of seven and thirty-seven hundredths percent;

28 (g) Expenditures for incentives agreed to be paid by a school  
29 district to certificated employees in exchange for a voluntary  
30 termination of employment occurring prior to July 1, 2009, occurring on  
31 or after the last day of the 2010-11 school year and prior to the first

1 day of the 2013-14 school year, or, to the extent that a district  
2 demonstrates to the State Board of Education pursuant to subsection (3)  
3 of this section that the agreement will result in a net savings in salary  
4 and benefit costs to the school district over a five-year period,  
5 occurring on or after the first day of the 2013-14 school year and prior  
6 to September 1, 2017;

7 (h) Expenditures by a school district with budgeted expenditures  
8 otherwise equal to the budget authority for the general fund budget of  
9 expenditures for such school district as calculated pursuant to section  
10 79-1023 for such school fiscal year for current and future qualified  
11 voluntary termination incentives for certificated teachers pursuant to  
12 subsection (3) of section 79-8,142 that are not otherwise included in an  
13 exclusion pursuant to this subsection;

14 (i) Expenditures by a school district with budgeted expenditures  
15 otherwise equal to the budget authority for the general fund budget of  
16 expenditures for such school district as calculated pursuant to section  
17 79-1023 for such school fiscal year for seventy-five percent of  
18 incentives agreed to be paid to certificated employees in exchange for a  
19 voluntary termination of employment occurring between September 1, 2017,  
20 and August 31, 2018, as a result of a collective-bargaining agreement in  
21 force and effect on September 1, 2017, that are not otherwise included in  
22 an exclusion pursuant to this subsection;

23 (j) Expenditures by a school district with budgeted expenditures  
24 otherwise equal to the budget authority for the general fund budget of  
25 expenditures for such school district as calculated pursuant to section  
26 79-1023 for such school fiscal year for fifty percent of incentives  
27 agreed to be paid to certificated employees in exchange for a voluntary  
28 termination of employment occurring between September 1, 2018, and August  
29 31, 2019, as a result of a collective-bargaining agreement in force and  
30 effect on September 1, 2017, that are not otherwise included in an  
31 exclusion pursuant to this subsection;



1       ~~(k) Expenditures by a school district with budgeted expenditures~~  
2 ~~otherwise equal to the budget authority for the general fund budget of~~  
3 ~~expenditures for such school district as calculated pursuant to section~~  
4 ~~79-1023 for such school fiscal year for twenty-five percent of incentives~~  
5 ~~agreed to be paid to certificated employees in exchange for a voluntary~~  
6 ~~termination of employment occurring between September 1, 2019, and August~~  
7 ~~31, 2020, as a result of a collective bargaining agreement in force and~~  
8 ~~effect on September 1, 2017, that are not otherwise included in an~~  
9 ~~exclusion pursuant to this subsection;~~

10       (k) ~~(l)~~ The special education budget of expenditures;

11       ~~(l)~~ ~~(m)~~ Expenditures of special grant funds; and

12       ~~(m)~~ ~~(n)~~ Expenditures of funds received as federal impact aid  
13 pursuant to 20 U.S.C. 7701 to 7714, as such sections existed on January  
14 1, 2016, due to a district having land within its boundaries that is  
15 federal property classified as Indian lands under 20 U.S.C. 7713(7), as  
16 such section existed on January 1, 2016, and funds received as impact aid  
17 due to children in attendance who resided on Indian lands in accordance  
18 with 20 U.S.C. 7703(a)(1)(C), as such section existed on January 1, 2016.

19       (2) For each school fiscal year through school fiscal year 2018-19,  
20 a school district may exceed its budget authority for the general fund  
21 budget of expenditures as calculated pursuant to section 79-1023 for such  
22 school fiscal year by a specific dollar amount and include such dollar  
23 amount in the budget of expenditures used to calculate budget authority  
24 for the general fund budget of expenditures pursuant to section 79-1023  
25 for future years through school fiscal year 2018-19 for the following  
26 exclusions:

27       (a) The first school fiscal year the district will be participating  
28 in Network Nebraska for the full school fiscal year, for the difference  
29 of the estimated expenditures for such school fiscal year for  
30 telecommunications services, access to data transmission networks that  
31 transmit data to and from the school district, and the transmission of

1 data on such networks as such expenditures are defined by the department  
2 for purposes of the distance education and telecommunications allowance  
3 minus the dollar amount of such expenditures for the second school fiscal  
4 year preceding the first full school fiscal year the district  
5 participates in Network Nebraska;

6 (b) Expenditures for new elementary attendance sites in the first  
7 year of operation or the first year of operation after being closed for  
8 at least one school year if such elementary attendance site will most  
9 likely qualify for the elementary site allowance in the immediately  
10 following school fiscal year as determined by the state board;

11 (c) For the first school fiscal year for which early childhood  
12 education membership is included in formula students for the calculation  
13 of state aid, expenditures for early childhood education equal to the  
14 amount the school district received in early childhood education grants  
15 pursuant to section 79-1103 for the prior school fiscal year, increased  
16 by the basic allowable growth rate; and

17 (d) For school fiscal year 2013-14, an amount not to exceed two  
18 percent over the previous school year if such increase is approved by a  
19 seventy-five percent majority vote of the school board of such district.

20 (3) The state board shall approve, deny, or modify the amount  
21 allowed for any exclusions to the budget authority for the general fund  
22 budget of expenditures pursuant to this section.

23 Sec. 102. Section 79-1029, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 79-1029 A Class II, III, IV, V, or VI district may exceed the budget  
26 authority for the general fund budget of expenditures prescribed in  
27 section 79-1023 for any school fiscal year through school fiscal year  
28 2018-19 by an amount approved by a majority of legal voters voting on the  
29 issue at a primary, general, or special election called for such purpose  
30 upon the recommendation of the board or upon the receipt by the county  
31 clerk or election commissioner of a petition requesting an election,

1 signed by at least five percent of the legal voters of the district. The  
2 recommendation of the board or the petition of the legal voters shall  
3 include the amount by which the board would increase its general fund  
4 budget of expenditures for the ensuing school year over and above the  
5 budget authority for the general fund budget of expenditures prescribed  
6 in section 79-1023. The county clerk or election commissioner shall place  
7 the question on the primary or general election ballot or call for a  
8 special election on the issue after the receipt of such board  
9 recommendation or legal voter petition. The election shall be held  
10 pursuant to the Election Act or section 77-3444, and all costs for a  
11 special election shall be paid by the district. A vote to exceed the  
12 budget authority for the general fund budget of expenditures prescribed  
13 in section 79-1023 may be approved on the same question as a vote to  
14 exceed the levy limits provided in section 77-3444.

15 Sec. 103. Section 79-1030, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 79-1030 A Class II, III, IV, V, or VI district may choose not to  
18 increase its general fund budget of expenditures by the full amount of  
19 budget authority for the general fund budget of expenditures as  
20 calculated pursuant to section 79-1023 for any school fiscal year through  
21 school fiscal year 2018-19. In such cases, the department shall calculate  
22 the amount of unused budget authority which shall be carried forward to  
23 future budget years through school fiscal year 2018-19. The amount of  
24 unused budget authority that may be used by a district in a single school  
25 fiscal year to increase its general fund budget of expenditures above the  
26 budget authority for the general fund budget of expenditures as  
27 calculated pursuant to section 79-1023 shall be limited to two percent of  
28 the difference of the general fund budget of expenditures minus the sum  
29 of special grant funds, the special education budget of expenditures, and  
30 exceptions pursuant to subsection (1) of section 79-1028.01 for the  
31 immediately preceding school fiscal year.

1           Sec. 104. Section 79-1031, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           79-1031 The department, with assistance from the Property Tax  
4 Administrator, the Legislative Fiscal Analyst, and the budget division of  
5 the Department of Administrative Services, shall annually, on or before  
6 November 15 of each year through 2017, provide an estimate of the  
7 necessary funding level for the next school fiscal year under the Tax  
8 Equity and Educational Opportunities Support Act to the Governor, the  
9 Appropriations Committee of the Legislature, and the Education Committee  
10 of the Legislature.

11          Sec. 105. Section 79-1031.01, Revised Statutes Supplement, 2017, is  
12 amended to read:

13          79-1031.01 The Appropriations Committee of the Legislature shall  
14 annually include the amount necessary to fund the state aid that will be  
15 certified to school districts on or before June 1, 2017, and on or before  
16 March 1, 2018, ~~of each year thereafter~~ for each ensuing school fiscal  
17 year in its recommendations to the Legislature to carry out the  
18 requirements of the Tax Equity and Educational Opportunities Support Act.

19          Sec. 106. Section 79-1065, Revised Statutes Supplement, 2017, is  
20 amended to read:

21          79-1065 The State Department of Education shall adjust payments of  
22 state funds provided under Chapter 79 or federal funds provided under  
23 federal law to school districts which, after final determination,  
24 received funds not equal to the appropriate allocation for the previous  
25 school fiscal year such that the district will receive the funds to which  
26 it was finally determined to be entitled. Except as otherwise provided in  
27 this section, if ~~If~~ the total adjustment cannot be made from the funds to  
28 be provided in the current school fiscal year, the adjustment shall be  
29 prorated, with additional adjustments made to payments for future school  
30 fiscal years. On and after July 1, 2019, any adjustment for funds  
31 distributed pursuant to the Tax Equity and Educational Opportunities

1 Support Act shall be made from the funds to be provided pursuant to the  
2 Nebraska Education Formula in the same manner as otherwise provided in  
3 this section. The department shall maintain an accurate account and a  
4 record of the reasons the adjustments were made and the amount of such  
5 adjustments.

6 Sec. 107. Section 79-1089, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 79-1089 In each school district the school board shall cause to be  
9 examined annually by a public accountant or by a certified public  
10 accountant all financial records which are maintained directly or  
11 indirectly in the administration and management of public school funds.  
12 Rules and regulations governing the scope, extent, pattern, and report of  
13 the examination shall be adopted and promulgated by the State Board of  
14 Education with the advice and counsel of the Auditor of Public Accounts.  
15 A copy of the report shall be filed with the Commissioner of Education  
16 and the Auditor of Public Accounts on or before November 5. A copy of the  
17 report regarding the examination of a Class I school district shall be  
18 filed with the Commissioner of Education on or before November 5. When  
19 any school district fails to comply with this section, the commissioner  
20 shall, after notice to the district and an opportunity to be heard,  
21 direct that any state aid granted pursuant to the Tax Equity and  
22 Educational Opportunities Support Act for school fiscal years prior to  
23 school fiscal year 2019-20 and the Nebraska Education Formula for school  
24 fiscal year 2019-20 and each school fiscal year thereafter be withheld  
25 until such time as the district has complied with this section. In  
26 addition, the commissioner shall direct the county treasurer to withhold  
27 all school money belonging to the school district until such time as the  
28 commissioner notifies the county treasurer of compliance by the district  
29 with this section. The county treasurer shall withhold such money. If the  
30 school district does not comply with this section prior to the end of the  
31 state's biennium following the biennium which included the fiscal year

1 for which state aid was calculated, the state aid funds shall revert to  
2 the General Fund. The amount of any reverted funds for state aid  
3 calculated pursuant to the Tax Equity and Educational Opportunities  
4 Support Act shall be included in data provided to the Governor in  
5 accordance with section 79-1031.

6 Sec. 108. Section 79-1090, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 79-1090 When a school board of any class of school district fails to  
9 approve a school district budget on or before the date required by  
10 subsection (1) of section 13-508, the superintendent of the primary high  
11 school district shall prepare and file a budget document in accordance  
12 with the Nebraska Budget Act for the school district's general fund and  
13 for each other fund for which the district budgeted in the immediately  
14 preceding fiscal year. The document shall use the total budget of  
15 expenditures and cash reserves from the immediately preceding school  
16 fiscal year, except that in no case shall the budget of expenditures or  
17 cash reserves exceed any limits prescribed in any applicable ~~the Tax~~  
18 ~~Equity and Educational Opportunities Support Act or other~~ state laws. The  
19 superintendent shall also estimate the revenue from sources other than  
20 property tax for each fund in accordance with subdivision (1)(c) of  
21 section 13-504 and, for school fiscal years through school fiscal year  
22 2018-19, section 79-1022.

23 Sec. 109. Section 79-10,143, Revised Statutes Cumulative Supplement,  
24 2016, is amended to read:

25 79-10,143 A parent or guardian of any student enrolled in, or in the  
26 process of enrolling in, any school district in the state may voluntarily  
27 provide information on any application submitted pursuant to Nebraska  
28 law, rules, and regulations regarding the applicant's potential to meet  
29 the qualifications for free or reduced-price lunches solely for  
30 determining eligibility pursuant to ~~subsection (4) of section 79-238,~~  
31 ~~subsection (2) of section 79-241,~~ section 79-2,131, section 79-2,133,

1 ~~subsection (2) of section 79-611, subdivision (1)(c) and subsection (3)~~  
2 ~~of section 79-2110,~~ or section 85-2104. Each school district shall  
3 process information provided pursuant to this section in the same manner  
4 as the district would to determine the qualification status of the  
5 student for free or reduced-price meals. Each school district shall  
6 comply with the federal Family Educational Rights and Privacy Act of  
7 1974, 20 U.S.C. 1232g, as such act and section existed on January 1,  
8 2015, and regulations adopted thereunder with regard to any information  
9 collected pursuant to this section. If no such information is provided  
10 pursuant to this section or on an application for free or reduced-price  
11 meals, the student shall be presumed not to qualify for free or reduced-  
12 price lunches.

13       Sec. 110. Section 79-1103, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15       79-1103 (1)(a) The State Department of Education shall establish and  
16 administer the Early Childhood Education Grant Program. Upon the  
17 effective date of an endowment agreement, administration of the Early  
18 Childhood Education Grant Program with respect to programs for children  
19 from birth to age three shall transfer to the board of trustees. If there  
20 is no endowment agreement in effect, the department shall request  
21 proposals in accordance with this section for all early childhood  
22 education programs from school districts, individually or in cooperation  
23 with other school districts or educational service units, working in  
24 cooperation with existing nonpublic programs which meet the requirements  
25 of subsection (2) of section 79-1104. If there is an endowment agreement  
26 in effect, the board of trustees shall administer the Early Childhood  
27 Education Grant Program with respect to programs for children from birth  
28 to age three pursuant to section 79-1104.02 and the department shall  
29 continue to administer the Early Childhood Education Grant Program with  
30 respect to other prekindergarten programs pursuant to sections 79-1101 to  
31 79-1104.05. All administrative procedures of the board of trustees,

1 including, but not limited to, rules, grant applications, and funding  
2 mechanisms, shall harmonize with those established by the department for  
3 other prekindergarten programs.

4 (b) The first priority shall be for ~~(i) continuation grants for~~  
5 ~~programs that received grants in the prior school fiscal year and for~~  
6 ~~which the state aid calculation pursuant to the Tax Equity and~~  
7 ~~Educational Opportunities Support Act does not include early childhood~~  
8 ~~education students, in an amount equal to the amount of such grant,~~  
9 ~~except that if the grant was a first-year grant the amount shall be~~  
10 ~~reduced by thirty-three percent, (ii) continuation grants for programs~~  
11 ~~for which the state aid calculation pursuant to the act includes early~~  
12 ~~childhood education students, in an amount equal to the amount of the~~  
13 ~~grant for the school fiscal year prior to the first school fiscal year~~  
14 ~~for which early childhood education students were included in the state~~  
15 ~~aid calculation for the school district's local system minus the~~  
16 ~~calculated state aid amount, and (iii) for school fiscal year 2007-08,~~  
17 ~~continuation grants for programs for which the state aid calculation~~  
18 ~~pursuant to the act includes early childhood education students, but such~~  
19 ~~state aid calculation does not result in the school district receiving~~  
20 ~~any equalization aid, in an amount equal to the amount of the grant~~  
21 ~~received in school fiscal year 2006-07. The calculated state aid amount~~  
22 ~~shall be calculated by multiplying the basic funding per formula student~~  
23 ~~for the school district by the formula students attributed to the early~~  
24 ~~childhood education programs pursuant to the Tax Equity and Educational~~  
25 ~~Opportunities Support Act.~~

26 (c) The second priority shall be for new grants and expansion grants  
27 for programs that will serve at-risk children who will be eligible to  
28 attend kindergarten the following school year. New grants may be given  
29 for up to three years in an amount up to one-half of the total budget of  
30 the program per year. Expansion grants may be given for one year in an  
31 amount up to one-half of the budget for expanding the capacity of the



1 program to serve additional children.

2 (d) The third priority shall be for new grants, expansion grants,  
3 and continuation grants for programs serving children younger than those  
4 who will be eligible to attend kindergarten the following school year.  
5 New grants may be given for up to three years in an amount up to one-half  
6 the total budget of the program per year. Expansion grants may be given  
7 for one year in an amount up to one-half the budget for expanding the  
8 capacity of the program to serve additional children. Continuation grants  
9 under this priority may be given annually in an amount up to one-half the  
10 total budget of the program per year minus any continuation grants  
11 received under the first priority.

12 (e) Programs serving children who will be eligible to attend  
13 kindergarten the following school year shall be accounted for separately  
14 for grant purposes from programs serving younger children, but the two  
15 types of programs may be combined within the same classroom to serve  
16 multi-age children. Programs that receive grants for school fiscal years  
17 prior to school fiscal year 2005-06 to serve both children who will be  
18 eligible to attend kindergarten the following school year and younger  
19 children shall account for the two types of programs separately for grant  
20 purposes beginning with school year 2005-06 and shall be deemed to have  
21 received grants prior to school fiscal year 2005-06 for each year that  
22 grants were received for the types of programs representing the age  
23 groups of the children served.

24 (2) Each program proposal which is approved by the department shall  
25 include (a) a planning period, (b) an agreement to participate in  
26 periodic evaluations of the program to be specified by the department,  
27 (c) evidence that the program will be coordinated or contracted with  
28 existing programs, including those listed in subdivision (d) of this  
29 subsection and nonpublic programs which meet the requirements of  
30 subsection (2) of section 79-1104, (d) a plan to coordinate and use a  
31 combination of local, state, and federal funding sources, including, but

1 not limited to, programs for children with disabilities below five years  
2 of age funded through the Special Education Act, the Early Intervention  
3 Act, funds available through the flexible funding provisions under the  
4 Special Education Act, the federal Head Start program, 42 U.S.C. 9831 et  
5 seq., the federal Even Start Family Literacy Program, 20 U.S.C. 6361 et  
6 seq., Title I of the federal Improving America's Schools Act of 1994, 20  
7 U.S.C. 6301 et seq., and child care assistance through the Department of  
8 Health and Human Services, (e) a plan to use sliding fee scales and the  
9 funding sources included in subdivision (d) of this subsection to  
10 maximize the participation of economically and categorically diverse  
11 groups and to ensure that participating children and families have access  
12 to comprehensive services, (f) the establishment of an advisory body  
13 which includes families and community members, (g) the utilization of  
14 appropriately qualified staff, (h) an appropriate child-to-staff ratio,  
15 (i) appropriate group size, (j) compliance with minimum health and safety  
16 standards, (k) appropriate facility size and equipment, (l) a strong  
17 family development and support component recognizing the central role of  
18 parents in their children's development, (m) developmentally and  
19 culturally appropriate curriculum, practices, and assessment, (n)  
20 sensitivity to the economic and logistical needs and circumstances of  
21 families in the provision of services, (o) integration of children of  
22 diverse social and economic characteristics, (p) a sound evaluation  
23 component, including at least one objective measure of child performance  
24 and progress, (q) continuity with programs in kindergarten and elementary  
25 grades, (r) instructional hours that are similar to or less than the  
26 instructional hours for kindergarten except that a summer session may be  
27 offered, (s) well-defined language development and early literacy  
28 emphasis, including the involvement of parents in family literacy  
29 activities, (t) a plan for ongoing professional development of staff, and  
30 (u) inclusion of children with disabilities as defined in the Special  
31 Education Act, all as specified by rules and regulations of the

1 department in accordance with sound early childhood educational practice.

2 (3) The department shall make an effort to fund programs widely  
3 distributed across the state in both rural and urban areas.

4 (4) The department, in collaboration with the board of trustees if  
5 an endowment agreement is in effect, shall provide a report evaluating  
6 the programs to the State Board of Education and the Legislature by  
7 January 1 of each odd-numbered year. The report submitted to the  
8 Legislature shall be submitted electronically. The Education Committee of  
9 the Legislature shall hold a public hearing regarding the report. Up to  
10 five percent of the total appropriation for the Early Childhood Education  
11 Grant Program for grants administered by the department may be reserved  
12 by the department for evaluation and technical assistance for the  
13 programs.

14 (5) Early childhood education programs, whether established pursuant  
15 to this section or section 79-1104, may be approved for purposes of ~~the~~  
16 ~~Tax Equity and Educational Opportunities Support Act~~, expansion grants,  
17 and continuation grants on the submission of a continuation plan  
18 demonstrating that the program will meet the requirements of subsection  
19 (2) of this section and a proposed operating budget demonstrating that  
20 the program will receive resources from other sources equal to or greater  
21 than the sum of any grant received pursuant to this section for the prior  
22 school year ~~plus any calculated state aid as calculated pursuant to~~  
23 ~~subsection (1) of this section for the prior school year.~~

24 (6) The State Board of Education may adopt and promulgate rules and  
25 regulations to implement the Early Childhood Education Grant Program,  
26 except that if there is an endowment agreement in effect, the board of  
27 trustees shall recommend any rules and regulations relating specifically  
28 to the Early Childhood Education Grant Program with respect to programs  
29 for children from birth to age three. It is the intent of the Legislature  
30 that the rules and regulations for programs for children from birth to  
31 age three be consistent to the greatest extent possible with those

1 established for other prekindergarten programs.

2 Sec. 111. Section 79-1108.02, Revised Statutes Supplement, 2017, is  
3 amended to read:

4 79-1108.02 (1) The department shall distribute funds appropriated  
5 for purposes of this section to school districts ~~local systems as defined~~  
6 ~~in section 79-1003~~ annually on or before October 15. The funds  
7 distributed pursuant to this section shall be distributed based on a pro  
8 rata share of the eligible costs submitted in grant applications.

9 (2) School districts ~~Local systems~~ may apply to the department for  
10 base funds and matching funds pursuant to this section to be spent on  
11 approved accelerated or differentiated curriculum programs. Each eligible  
12 school district ~~local system~~ shall receive one-tenth of one percent of  
13 the appropriation as base funds plus a pro rata share of the remainder of  
14 the appropriation based on identified students participating in an  
15 accelerated or differentiated curriculum program, up to ten percent of  
16 the prior year's fall membership ~~as defined in section 79-1003~~, as  
17 matching funds. Eligible local systems shall:

18 (a) Provide an approved accelerated or differentiated curriculum  
19 program for students identified as learners with high ability;

20 (b) Provide funds from other sources for the approved accelerated or  
21 differentiated curriculum program greater than or equal to fifty percent  
22 of the matching funds received pursuant to this subsection;

23 (c) Provide an accounting of the funds received pursuant to this  
24 section, funds required by subdivision (b) of this subsection, and the  
25 total cost of the program on or before August 1 of the year following the  
26 receipt of funds in a manner prescribed by the department, not to exceed  
27 one report per year; and

28 (d) Provide data regarding the academic progress of students  
29 participating in the accelerated or differentiated curriculum program in  
30 a manner prescribed by the department, not to exceed one report per  
31 year. ~~;~~ and

1       ~~(e) Include identified students from Class I districts that are part~~  
2 ~~of the local system in the accelerated or differentiated curriculum~~  
3 ~~program.~~

4       If a school district ~~local system~~ will not be providing the  
5 necessary matching funds pursuant to subdivision (b) of this subsection,  
6 the school district ~~local system~~ shall request a reduction in the amount  
7 received pursuant to this subsection such that the school district ~~local~~  
8 ~~system~~ will be in compliance with such subdivision. School districts  
9 ~~Local systems~~ not complying with the requirements of this subsection  
10 shall not be eligible school districts ~~local systems~~ in the following  
11 year.

12       Sec. 112. Section 79-1125.01, Reissue Revised Statutes of Nebraska,  
13 is amended to read:

14       79-1125.01 Support services means preventive services for those  
15 children from birth to age twenty-one years and, if the child's twenty-  
16 first birthday occurs during the school year, until the end of that  
17 school year, not identified or verified as children with disabilities  
18 pursuant to sections 79-1118.01, 79-1138, and 79-1139 but demonstrating a  
19 need for specially designed assistance in order to benefit from the  
20 school district's general education curriculum and to avoid the need for  
21 potentially expensive special education placement and services. Support  
22 services include the educational services provided to a child pursuant to  
23 subdivision (10)(c) of section 79-215 by an interim-program school or an  
24 approved or accredited school maintained by a residential setting if such  
25 child has not been identified or verified as a child with a disability  
26 pursuant to sections 79-1118.01 and 79-1138 but demonstrates a need for  
27 specially designed assistance by residing in a residential setting  
28 described in subdivision (9)(a) ~~(10)(a)~~ of section 79-215.

29       Sec. 113. Section 79-1140, Revised Statutes Cumulative Supplement,  
30 2016, is amended to read:

31       79-1140 Each ~~Except as provided in sections 79-232 to 79-246, each~~

1 school district shall pay an amount equal to the average per pupil cost  
2 of the service agency of the preceding year or the cost as agreed upon  
3 pursuant to the contract to the agency providing the educational program  
4 for every child with a disability who is a resident of the district and  
5 is attending an educational program not operated by the school district,  
6 including programs operated by the State Department of Education, the  
7 Department of Health and Human Services, and any other service agency  
8 whose programs are approved by the State Department of Education.

9 Sec. 114. Section 79-1142, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 79-1142 (1) Level I services refers to services provided to children  
12 with disabilities who require an aggregate of not more than three hours  
13 per week of special education services and support services and includes  
14 all administrative, diagnostic, consultative, and vocational-adjustment  
15 counselor services.

16 (2) The total allowable reimbursable cost for support services shall  
17 not exceed a percentage, established by the State Board of Education, of  
18 the school district's or approved cooperative's total allowable  
19 reimbursable cost for all special education programs and support  
20 services. The percentage established by the State Board of Education for  
21 support services shall not exceed the difference of ten percent minus the  
22 percentage of the appropriations for special education approved by the  
23 Legislature set aside for reimbursements for support services pursuant to  
24 subsection (5) of this section.

25 (3) For special education and support services provided in each  
26 school fiscal year, the State Department of Education shall reimburse  
27 each school district in the following school fiscal year a pro rata  
28 amount determined by the department. The reimbursement percentage shall  
29 be the ratio of the difference of the appropriations for special  
30 education approved by the Legislature minus the amounts set aside  
31 pursuant to subsection (5) of this section divided by the total allowable

1 excess costs for all special education programs and support services.

2 (4) Cooperatives of school districts or educational service units  
3 shall also be eligible for reimbursement for cooperative programs  
4 pursuant to this section if such cooperatives or educational service  
5 units have complied with the reporting and approval requirements of  
6 section 79-1155 for cooperative programs which were offered the preceding  
7 year. The payments shall be made by the department to the school district  
8 of residence, cooperative of school districts, or educational service  
9 unit each year in a minimum of seven payments between the fifth and  
10 twentieth day of each month beginning in December. Additional payments  
11 may be made based upon additional valid claims submitted. The State  
12 Treasurer shall, between the fifth and twentieth day of each month,  
13 notify the Director of Administrative Services of the amount of funds  
14 available in the General Fund for payment purposes. The director shall,  
15 upon receiving such certification, draw warrants against funds  
16 appropriated.

17 (5) On and after August 1, 2010, residential settings described in  
18 subdivision (9)(a) ~~(10)(c)~~ of section 79-215 shall be reimbursed for the  
19 educational services, including special education services and support  
20 services, provided pursuant to such subdivision on or after August 1,  
21 2010, in an amount determined pursuant to the average per pupil cost of  
22 the service agency. Reimbursements pursuant to this section shall be made  
23 from funds set aside for such purpose within sixty days after receipt of  
24 a reimbursement request submitted in the manner required by the  
25 department and including any documentation required by the department for  
26 educational services that have been provided, except that if there are  
27 not any funds available for the remainder of the state fiscal year for  
28 such reimbursements, the reimbursement shall occur within thirty days  
29 after the beginning of the immediately following state fiscal year. The  
30 department may audit any required documentation and subtract any payments  
31 made in error from future reimbursements. The State Board of Education

1 shall set aside separate amounts from the appropriations for special  
2 education approved by the Legislature for reimbursements pursuant to this  
3 subsection for students receiving special education services and for  
4 students receiving support services for each state fiscal year. The  
5 amounts set aside for each purpose shall be based on estimates of the  
6 reimbursements to be requested during the state fiscal year and shall not  
7 be less than the total amount of reimbursements requested in the prior  
8 state fiscal year plus any unpaid requests from the prior state fiscal  
9 year.

10 Sec. 115. Section 79-11,155, Revised Statutes Cumulative Supplement,  
11 2016, is amended to read:

12 79-11,155 The Commissioner of Education shall appoint a student  
13 achievement coordinator, subject to confirmation by a majority vote of  
14 the members of the State Board of Education. The coordinator shall have a  
15 background and training in addressing the unique educational needs of  
16 low-achieving students, including students in poverty, limited English  
17 proficient students, and highly mobile students.

18 The coordinator shall evaluate and coordinate existing resources for  
19 effective programs to increase achievement for such students across the  
20 state and shall ~~review poverty plans submitted to the State Department of~~  
21 ~~Education pursuant to section 79-1013 and limited English proficiency~~  
22 ~~plans submitted to the department pursuant to section 79-1014 to~~  
23 ascertain successful practices being used by school districts in Nebraska  
24 and ~~to~~ assist school districts in improving ~~their~~ poverty and limited  
25 English proficiency programs ~~plans~~, including the evaluation components.  
26 ~~The coordinator need not review the poverty and limited English~~  
27 ~~proficiency plans of each school district on an annual basis but shall~~  
28 ~~develop a review schedule which assures that plans are reviewed~~  
29 ~~periodically.~~

30 The coordinator or other department staff designated by the  
31 Commissioner of Education shall also consult with learning communities,



1 educational service units, and school districts on the development,  
2 implementation, and evaluation of community achievement plans. In  
3 addition, the coordinator or other department staff designated by the  
4 commissioner shall conduct an initial review of submitted community  
5 achievement plans and return the plans with any suggestions or comments  
6 prior to the final submission of the plan for approval by the State Board  
7 of Education.

8       Sec. 116. Section 79-1241.01, Reissue Revised Statutes of Nebraska,  
9 is amended to read:

10       79-1241.01 To carry out section 79-1241.03, it is the intent of the  
11 Legislature to appropriate for each fiscal year the amount appropriated  
12 in the prior year increased by the percentage growth in the fall  
13 membership of member districts plus the base limitation rate for  
14 educational service units pursuant to section 77-3446 ~~basic allowable~~  
15 ~~growth rate described in section 79-1025. For purposes of this section,~~  
16 ~~fall membership has the same meaning as in section 79-1003. Fall~~  
17 membership data used to compute growth shall be from the two most  
18 recently available fall membership reports.

19       Sec. 117. Section 79-1241.03, Revised Statutes Cumulative  
20 Supplement, 2016, is amended to read:

21       79-1241.03 (1) Two percent of the funds appropriated for core  
22 services and technology infrastructure shall be transferred to the  
23 Educational Service Unit Coordinating Council. The remainder of such  
24 funds shall be distributed pursuant to subsections (2) through (5) of  
25 this section.

26       (2)(a) The distance education and telecommunications allowance for  
27 each educational service unit shall equal eighty-five percent of the  
28 difference of the costs for telecommunications services, for access to  
29 data transmission networks that transmit data to and from the educational  
30 service unit, and for the transmission of data on such networks paid by  
31 the educational service unit as reported on the annual financial report

1 for the most recently available complete data year minus the receipts  
2 from the federal Universal Service Fund pursuant to 47 U.S.C. 254, as  
3 such section existed on January 1, 2007, for the educational service unit  
4 as reported on the annual financial report for the most recently  
5 available complete data year and minus any receipts from school districts  
6 or other educational entities for payment of such costs as reported on  
7 the annual financial report of the educational service unit.

8 (b) The base allocation of each educational service unit shall equal  
9 two and one-half percent of the funds appropriated for distribution  
10 pursuant to this section.

11 (c) The satellite office allocation for each educational service  
12 unit shall equal one percent of the funds appropriated for distribution  
13 pursuant to this section for each office of the educational service unit,  
14 except the educational service unit headquarters, up to the maximum  
15 number of satellite offices. The maximum number of satellite offices used  
16 for the calculation of the satellite office allocation for any  
17 educational service unit shall equal the difference of the ratio of the  
18 number of square miles within the boundaries of the educational service  
19 unit divided by four thousand minus one with the result rounded to the  
20 closest whole number.

21 (d)(i) For school fiscal years prior to school fiscal year 2019-20,  
22 the ~~(d)~~ The statewide adjusted valuation shall equal the total adjusted  
23 valuation for all member districts of educational service units pursuant  
24 to section 79-1016 used for the calculation of state aid for school  
25 districts pursuant to the Tax Equity and Educational Opportunities  
26 Support Act for the school fiscal year for which the distribution is  
27 being calculated pursuant to this section.

28 (ii) For school fiscal year 2019-20 and each school fiscal year  
29 thereafter, the statewide valuation shall equal the total taxable  
30 valuation for all member school districts of educational service units  
31 for the school fiscal year for which the distribution is being

1 calculated.

2 (e)(i) For school fiscal years prior to school fiscal year 2019-20,  
3 the (e) The adjusted valuation for each educational service unit shall  
4 equal the total adjusted valuation of the member school districts  
5 pursuant to section 79-1016 used for the calculation of state aid for  
6 school districts pursuant to the act for the school fiscal year for which  
7 the distribution is being calculated pursuant to this section, except  
8 that such adjusted valuation for member school districts that are also  
9 member districts of a learning community shall be reduced by ten percent.  
10 The adjusted valuation for each learning community shall equal ten  
11 percent of the total adjusted valuation of the member school districts  
12 pursuant to section 79-1016 used for the calculation of state aid for  
13 school districts pursuant to the act for the school fiscal year for which  
14 the distribution is being calculated pursuant to this section.

15 (ii) For school fiscal year 2019-20 and each school fiscal year  
16 thereafter, the taxable valuation for each educational service unit shall  
17 equal the total taxable valuation of the member school districts for the  
18 school fiscal year for which the distribution is being calculated, except  
19 that the taxable valuation for purposes of this calculation for member  
20 school districts that are also member school districts of a learning  
21 community shall be reduced by ten percent. The taxable valuation for each  
22 learning community shall equal ten percent of the total taxable valuation  
23 of the member school districts for the school fiscal year for which the  
24 distribution is being calculated.

25 (f) The local effort rate shall equal \$0.0135 per one hundred  
26 dollars of (i) adjusted valuation for school fiscal years prior to school  
27 fiscal year 2019-20 or (ii) taxable valuation for school fiscal year  
28 2019-20 and each school fiscal year thereafter.

29 (g) The statewide student allocation shall equal the difference of  
30 the sum of the amount appropriated for distribution pursuant to this  
31 section plus the product of the statewide (i) adjusted valuation for

1 school fiscal years prior to school fiscal year 2019-20 or (ii) taxable  
2 valuation for school fiscal year 2019-20 and each school fiscal year  
3 thereafter multiplied by the local effort rate minus the distance  
4 education and telecommunications allowance, base allocation, and  
5 satellite office allocation for all educational service units and minus  
6 any adjustments required by subsection (4) of this section.

7 (h) The sparsity adjustment for each educational service unit and  
8 learning community shall equal the sum of one plus one-tenth of the ratio  
9 of the square miles within the boundaries of the educational service unit  
10 divided by the fall membership of the member school districts for the  
11 school fiscal year immediately preceding the school fiscal year for which  
12 the distribution is being calculated pursuant to this section.

13 (i) The adjusted students for each multidistrict educational service  
14 unit shall equal the fall membership for the school fiscal year  
15 immediately preceding the school fiscal year for which aid is being  
16 calculated of the member school districts that will not be members of a  
17 learning community and ninety percent of the fall membership for such  
18 school fiscal year of the member school districts that will be members of  
19 a learning community pursuant to this section multiplied by the sparsity  
20 adjustment for the educational service unit. The adjusted students for  
21 each single-district educational service unit shall equal ninety-five  
22 percent of the fall membership for the school fiscal year immediately  
23 preceding the school fiscal year for which aid is being calculated if the  
24 member school district will not be a member of a learning community and  
25 eighty-five percent of the fall membership for such school fiscal year if  
26 the member school district will be a member of a learning community  
27 pursuant to this section, multiplied by the sparsity adjustment for the  
28 educational service unit. The adjusted students for each learning  
29 community shall equal ten percent of the fall membership for such school  
30 fiscal year of the member school districts multiplied by the sparsity  
31 adjustment for the learning community.

1 (j) The per student allocation shall equal the statewide student  
2 allocation divided by the total adjusted students for all educational  
3 service units and learning communities.

4 (k) The student allocation for each educational service unit and  
5 learning community shall equal the per student allocation multiplied by  
6 the adjusted students for the educational service unit or learning  
7 community.

8 (l) The needs for each educational service unit shall equal the sum  
9 of the distance education and telecommunications allowance, base  
10 allocation, satellite office allocation, and student allocation for the  
11 educational service unit and the needs for each learning community shall  
12 equal the student allocation for the learning community.

13 (m) The distribution of core services and technology infrastructure  
14 funds for each educational service unit and learning community shall  
15 equal the needs for each educational service unit or learning community  
16 minus the product of the (i) adjusted valuation for school fiscal years  
17 prior to school fiscal year 2019-20 or (ii) taxable valuation for school  
18 fiscal year 2019-20 and each school fiscal year thereafter for the  
19 educational service unit or learning community multiplied by the local  
20 effort rate.

21 (3) If an educational service unit is the result of a merger or  
22 received new member school districts from another educational service  
23 unit, the educational service unit shall be considered a new educational  
24 service unit for purposes of this section. For each new educational  
25 service unit, the needs minus the distance education and  
26 telecommunications allowance for such new educational service unit shall,  
27 for each of the three fiscal years following the fiscal year in which the  
28 merger takes place or the new member school districts are received, equal  
29 an amount not less than the needs minus the distance education and  
30 telecommunications allowance for the portions of the educational service  
31 units transferred to the new educational service unit for the fiscal year

1 immediately preceding the merger or receipt of new member school  
2 districts, except that if the total amount available to be distributed  
3 pursuant to subsections (2) through (5) of this section for the year for  
4 which needs are being calculated is less than the total amount  
5 distributed pursuant to such subsections for the fiscal year immediately  
6 preceding the merger or receipt of new member school districts, the  
7 minimum needs minus the distance education and telecommunications  
8 allowance for each educational service unit pursuant to this subsection  
9 shall be reduced by a percentage equal to the ratio of such difference  
10 divided by the total amount distributed pursuant to subsections (2)  
11 through (5) of this section for the fiscal year immediately preceding the  
12 merger or receipt of new member school districts. The needs minus the  
13 distance education and telecommunications allowance for the portions of  
14 educational service units transferred to the new educational service unit  
15 for the fiscal year immediately preceding a merger or receipt of new  
16 member school districts shall equal the needs minus the distance  
17 education and telecommunications allowance calculated for such fiscal  
18 year pursuant to subsections (2) through (5) of this section for any  
19 educational service unit affected by the merger or the transfer of school  
20 districts multiplied by a ratio equal to the valuation that was  
21 transferred to the new educational service unit for which the minimum is  
22 being calculated divided by the total valuation of the educational  
23 service unit transferring the territory.

24 (4) If the minimum needs minus the distance education and  
25 telecommunications allowance pursuant to subsection (3) of this section  
26 for any educational service unit exceeds the amount that would otherwise  
27 be calculated for such educational service unit pursuant to subsection  
28 (2) of this section, the statewide student allocation shall be reduced  
29 such that the total amount to be distributed pursuant to this section  
30 equals the appropriation for core services and technology infrastructure  
31 funds and no educational service unit has needs minus the distance

1 education and telecommunications allowance less than the greater of any  
2 minimum amounts calculated for such educational service unit pursuant to  
3 subsection (3) of this section.

4 (5) The State Department of Education shall certify the distribution  
5 of core services and technology infrastructure funds pursuant to  
6 subsections (2) through (5) of this section to each educational service  
7 unit and learning community on or before July 1 of each year for the  
8 following school fiscal year. Except as otherwise provided in this  
9 subsection, any funds appropriated for distribution pursuant to this  
10 section shall be distributed in ten as nearly as possible equal payments  
11 on the first business day of each month beginning in September of each  
12 school fiscal year and ending in June. Funds distributed to educational  
13 service units pursuant to this section shall be used for core services  
14 and technology infrastructure with the approval of representatives of  
15 two-thirds of the member school districts of the educational service  
16 unit, representing a majority of the adjusted students in the member  
17 school districts used in calculations pursuant to this section for such  
18 funds. The valuation of individual school districts shall not be  
19 considered in the utilization of such core services or technology  
20 infrastructure funds by member school districts for funds received after  
21 July 1, 2010. Funds distributed to learning communities shall be used for  
22 evaluation and research pursuant to section 79-2104.02 with the approval  
23 of the learning community coordinating council.

24 (6) For purposes of this section, the determination of whether or  
25 not a school district will be a member of an educational service unit or  
26 a learning community shall be based on the information available May 1  
27 for the following school fiscal year.

28 (7) It is the intent of the Legislature that:

29 (a) Funding for core services and technology infrastructure for each  
30 educational service unit consist of both amounts received pursuant to  
31 this section and an amount greater than or equal to the product of the

1 ~~taxable adjusted~~ valuation for the educational service unit multiplied by  
2 the local effort rate; and

3 (b) Each multidistrict educational service unit use an amount equal  
4 to at least five percent of such funding for core services and technology  
5 infrastructure for cooperative projects between member school districts  
6 and that each such educational service unit use an amount equal to at  
7 least five percent of such funding for core services and technology  
8 infrastructure for statewide projects managed by the Educational Service  
9 Unit Coordinating Council.

10 Sec. 118. Section 79-1337, Revised Statutes Cumulative Supplement,  
11 2016, is amended to read:

12 79-1337 (1) For fiscal years 2007-08 through 2020-21, the State  
13 Department of Education shall provide distance education incentives to  
14 school districts and educational service units for qualified distance  
15 education courses coordinated through the Educational Service Unit  
16 Coordinating Council as provided in this section. Through fiscal year  
17 2015-16, funding for such distance education incentives shall come from  
18 the Education Innovation Fund. For fiscal years 2016-17 through 2020-21,  
19 funding for such distance education incentives shall come from the  
20 Nebraska Education Improvement Fund.

21 (2) School districts and educational service units shall apply for  
22 incentives annually through calendar year 2020 to the department on or  
23 before August 1 on a form specified by the department. The application  
24 shall:

25 (a) For school districts, specify (i) the qualified distance  
26 education courses which were received by students in the membership of  
27 the district in the then-current school fiscal year and which were not  
28 taught by a teacher employed by the school district and (ii) for each  
29 such course (A) the number of students in the membership of the district  
30 who received the course, (B) the educational entity employing the  
31 teacher, and (C) whether the course was a two-way interactive video



1 distance education course; and

2 (b) For school districts and educational service units, specify (i)  
3 the qualified distance education courses which were received by students  
4 in the membership of another educational entity in the then-current  
5 school fiscal year and which were taught by a teacher employed by the  
6 school district or educational service unit, (ii) for each such course  
7 for school districts, the number of students in the membership of the  
8 district who received the course, and (iii) for each such course (A) the  
9 other educational entities in which students received the course and how  
10 many students received the course at such educational entities, (B) any  
11 school district that is sparse or very sparse as ~~such terms are defined~~  
12 ~~in section 79-1003~~ that had at least one student in the membership who  
13 received the course, and (C) whether the course was a two-way interactive  
14 video distance education course.

15 (3) On or before September 1 of each year through calendar year  
16 2020, the department shall certify the incentives for each school  
17 district and educational service unit which shall be paid on or before  
18 October 1 of such year. The incentives for each district shall be  
19 calculated as follows:

20 (a) Each district shall receive distance education units for each  
21 qualified distance education course as follows:

22 (i) One distance education unit for each qualified distance  
23 education course received as reported pursuant to subdivision (2)(a) of  
24 this section if the course was a two-way interactive video distance  
25 education course;

26 (ii) One distance education unit for each qualified distance  
27 education course sent as reported pursuant to subdivision (2)(b) of this  
28 section if the course was not received by at least one student who was in  
29 the membership of another school district which was sparse or very  
30 sparse;

31 (iii) One distance education unit for each qualified distance

1 education course sent as reported pursuant to subdivision (2)(b) of this  
2 section if the course was received by at least one student who was in the  
3 membership of another school district which was sparse or very sparse,  
4 but the course was not a two-way interactive video distance education  
5 course; and

6 (iv) Two distance education units for each qualified distance  
7 education course sent as reported pursuant to subdivision (2)(b) of this  
8 section if the course was received by at least one student who was in the  
9 membership of another school district which was sparse or very sparse and  
10 the course was a two-way interactive video distance education course;

11 (b) The difference of the amount available for distribution in the  
12 Education Innovation Fund on the August 1 when the applications were due  
13 minus any amount to be paid to school districts pursuant to section  
14 79-1336 shall be divided by the number of distance education units to  
15 determine the incentive per distance education unit, except that the  
16 incentive per distance education unit shall not equal an amount greater  
17 than one thousand dollars; and

18 (c) The incentives for each school district shall equal the number  
19 of distance education units calculated for the school district multiplied  
20 by the incentive per distance education unit.

21 (4) If there are additional funds available for distribution after  
22 equipment reimbursements pursuant to section 79-1336 and incentives  
23 calculated pursuant to subsections (1) through (3) of this section,  
24 school districts and educational service units may qualify for additional  
25 incentives for elementary distance education courses. Such incentives  
26 shall be calculated for sending and receiving school districts and  
27 educational service units as follows:

28 (a) The per-hour incentives shall equal the funds available for  
29 distribution after equipment reimbursements pursuant to section 79-1336  
30 and incentives calculated pursuant to subsections (1) through (3) of this  
31 section divided by the sum of the hours of elementary distance education

1 courses sent or received for each school district and educational service  
2 unit submitting an application, except that the per-hour incentives shall  
3 not be greater than ten dollars; and

4 (b) The elementary distance education incentives for each school  
5 district and educational service unit shall equal the per-hour incentive  
6 multiplied by the hours of elementary distance education courses sent or  
7 received by the school district or educational service unit.

8 (5) The department may verify any or all application information  
9 using annual curriculum reports and may request such verification from  
10 the council.

11 (6) On or before October 1 of each year through calendar year 2020,  
12 a school district or educational service unit may appeal the denial of  
13 incentives for any course by the department to the State Board of  
14 Education. The board shall allow a representative of the school district  
15 or educational service unit an opportunity to present information  
16 concerning the appeal to the board at the November board meeting. If the  
17 board finds that the course meets the requirements of this section, the  
18 department shall pay the district from the Education Innovation Fund as  
19 soon as practical in an amount for which the district or educational  
20 service unit should have qualified based on the incentive per distance  
21 education unit used in the original certification of incentives pursuant  
22 to this section.

23 (7) The State Board of Education shall adopt and promulgate rules  
24 and regulations to carry out this section.

25 Sec. 119. Section 79-2102, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 79-2102 On or before September 15, 2007, and on or before August 1  
28 of each odd-numbered year following the official designation of any new  
29 city of the metropolitan class or any valid request to form a new  
30 learning community, the Commissioner of Education shall certify the  
31 establishment of a new learning community with the effective date of the

1 first Thursday after the first Tuesday in January of the next odd-  
2 numbered year following such certification to the county clerks, election  
3 commissioners, and county assessors of the counties with territory in the  
4 new learning community, to the Property Tax Administrator, to the State  
5 Department of Education, and to the school boards of the member school  
6 districts of the new learning community. A learning community shall be  
7 established for each city of the metropolitan class and shall include all  
8 school districts for which the principal office of the school district is  
9 located in the county where the city of the metropolitan class is located  
10 and all school districts for which the principal office of the school  
11 district is located in a county that has a contiguous border of at least  
12 five miles in the aggregate with such city of the metropolitan class. A  
13 learning community may also be established at the request of at least  
14 three school boards if (1) all school districts for which the principal  
15 office of the school district is located in one or more specified  
16 counties are participating in the request and either (a) such school  
17 districts are all classified as sparse or very sparse as ~~determined~~  
18 ~~pursuant to the Tax Equity and Educational Opportunities Support Act~~ or  
19 (b) have a minimum combined total of at least two thousand students or  
20 (2) the school districts participating in the request have a minimum  
21 combined total of at least ten thousand students. Such requests shall be  
22 received by the Commissioner of Education on or before May 1 of each odd-  
23 numbered year.

24 Sec. 120. Section 79-2103, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 79-2103 The State Department of Education shall provide learning  
27 community funds to learning communities pursuant to this section.  
28 Learning community funds shall be distributed to each qualified learning  
29 community on or before January 30 of the school fiscal year during which  
30 the learning community is established and on or before September 15 of  
31 each school fiscal year thereafter in an amount equal to the product of

1 the ratio of the amount appropriated for learning community funds divided  
2 by the sum of the number of formula students in all learning communities  
3 that will be established during such fiscal year plus two times the  
4 number of formula students in all other learning communities for the  
5 calculation of state aid for member school districts for such school  
6 fiscal year multiplied by the number of such formula students in the  
7 learning community for learning communities that will be established in  
8 such school fiscal year or two times the number of such formula students  
9 for all other learning communities. It is the intent of the Legislature  
10 to appropriate for each fiscal year up to an amount equal to five hundred  
11 thousand dollars for each learning community to be established in such  
12 fiscal year plus one million dollars for each learning community that  
13 will be in the first full fiscal year for such learning community in such  
14 fiscal year plus the amount appropriated in the prior year for all other  
15 learning communities increased by the base limitation applicable to  
16 school districts for such school fiscal year pursuant to section 77-3446  
17 ~~basic allowable growth rate described in section 79-1025.~~

18 Sec. 121. Section 79-2104, Revised Statutes Cumulative Supplement,  
19 2016, is amended to read:

20 79-2104 A learning community coordinating council shall have the  
21 authority to:

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

25 ~~(1)~~ (2) Levy for elementary learning center facility leases, for  
26 remodeling of leased elementary learning center facilities, and for up to  
27 fifty percent of the estimated cost for focus school or program capital  
28 projects approved by the learning community coordinating council pursuant  
29 to subdivision (2)(f) of section 77-3442 and section 79-2111;

30 ~~(2)~~ (3) Levy for early childhood education programs for children in  
31 poverty, for elementary learning center employees, for contracts with

1 other entities or individuals who are not employees of the learning  
2 community for elementary learning center programs and services, and for  
3 pilot projects pursuant to subdivision (2)(g) of section 77-3442, except  
4 that not more than ten percent of such levy may be used for elementary  
5 learning center employees;

6 (3) ~~(4)~~ Develop, submit, administer, and evaluate community  
7 achievement plans in collaboration with the advisory committee,  
8 educational service units serving member school districts, member school  
9 districts, and the student achievement coordinator or other department  
10 staff designated by the Commissioner of Education;

11 (4) ~~(5)~~ Collect, analyze, and report data and information,  
12 including, but not limited to, information provided by a school district  
13 pursuant to subsection (5) of section 79-201;

14 (5) ~~(6)~~ Approve focus schools and focus programs to be operated by  
15 member school districts;

16 (6) ~~(7)~~ Adopt, approve, and implement a diversity plan pursuant to  
17 sections 79-2110 and 79-2118;

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

23 ~~(9) Annually conduct school fairs to provide students and parents~~  
24 ~~the opportunity to explore the educational opportunities available at~~  
25 ~~each school in the learning community and develop other methods for~~  
26 ~~encouraging access to such information and promotional materials;~~

27 (7) ~~(10)~~ Develop procedures for determining best practices for  
28 addressing student achievement barriers and for disseminating such  
29 practices within the learning community and to other school districts;

30 (8) ~~(11)~~ Establish and administer elementary learning centers  
31 through achievement subcouncils pursuant to sections 79-2112 to 79-2114;

1           (9) ~~(12)~~ Administer the learning community funds distributed to the  
2 learning community pursuant to section 79-2111;

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

6           (10) ~~(14)~~ Establish a procedure for receiving community input and  
7 complaints regarding the learning community;

8           (11) ~~(15)~~ Establish a procedure to assist parents, citizens, and  
9 member school districts in accessing an approved center pursuant to the  
10 Dispute Resolution Act to resolve disputes involving member school  
11 districts or the learning community. Such procedure may include payment  
12 by the learning community for some mediation services;

13           (12) ~~(16)~~ Establish and administer pilot projects related to  
14 enhancing the academic achievement of elementary students, particularly  
15 students who face challenges in the educational environment due to  
16 factors such as poverty, limited English skills, and mobility;

17           (13) ~~(17)~~ Provide funding to public or private entities engaged in  
18 the juvenile justice system providing profiling and diversion programming  
19 designed to reduce excessive absenteeism and unnecessary involvement with  
20 the juvenile justice system; and

21           (14) ~~(18)~~ Hold public hearings at its discretion in response to  
22 issues raised by residents regarding the learning community, a member  
23 school district, and academic achievement.

24           Sec. 122. Section 79-2110, Revised Statutes Cumulative Supplement,  
25 2016, is amended to read:

26           79-2110    ~~(1)(a) Each diversity plan shall provide for open~~  
27 ~~enrollment in all school buildings in the learning community for school~~  
28 ~~years prior to school year 2017-18, subject to specific limitations~~  
29 ~~necessary to bring about diverse enrollments in each school building in~~  
30 ~~the learning community. Such limitations, for school buildings other than~~  
31 ~~focus schools and programs other than focus programs, shall include~~

1 ~~giving preference at each school building first to siblings of students~~  
2 ~~who will be enrolled as continuing students in such school building or~~  
3 ~~program for the first school year for which enrollment is sought in such~~  
4 ~~school building and then to students that contribute to the socioeconomic~~  
5 ~~diversity of enrollment at each building and may include establishing~~  
6 ~~zone limitations in which students may access several schools other than~~  
7 ~~their home attendance area school. Notwithstanding the limitations~~  
8 ~~necessary to bring about diversity, open enrollment shall include~~  
9 ~~providing access to students who do not contribute to the socioeconomic~~  
10 ~~diversity of a school building, if, subsequent to the open enrollment~~  
11 ~~selection process that is subject to limitations necessary to bring about~~  
12 ~~diverse enrollments, capacity remains in a school building. In such a~~  
13 ~~case, students who have applied to attend such school building shall be~~  
14 ~~selected to attend such school building on a random basis up to the~~  
15 ~~remaining capacity of such building. A student who has otherwise been~~  
16 ~~disqualified from the school building pursuant to the school district's~~  
17 ~~code of conduct or related school discipline rules shall not be eligible~~  
18 ~~for open enrollment pursuant to this section. Any student who attended a~~  
19 ~~particular school building in the prior school year and who is seeking~~  
20 ~~education in the grades offered in such school building shall be allowed~~  
21 ~~to continue attending such school building as a continuing open~~  
22 ~~enrollment student through school year 2016-17.~~

23 ~~(b) To facilitate the open enrollment provisions of this subsection,~~  
24 ~~each school year each member school district in a learning community~~  
25 ~~shall establish a maximum capacity for each school building under such~~  
26 ~~district's control pursuant to procedures and criteria established by the~~  
27 ~~learning community coordinating council. Each member school district~~  
28 ~~shall also establish attendance areas for each school building under the~~  
29 ~~district's control, except that the school board shall not establish~~  
30 ~~attendance areas for focus schools or focus programs. The attendance~~  
31 ~~areas shall be established such that all of the territory of the school~~



1 ~~district is within an attendance area for each grade. Students residing~~  
2 ~~in a school district shall be allowed to attend a school building in such~~  
3 ~~school district.~~

4       ~~(1) A (c) For purposes of this section and sections 79-238 and~~  
5 ~~79-611,~~ student who contributes to the socioeconomic diversity of  
6 enrollment means (a) ~~(i)~~ a student who does not qualify for free or  
7 reduced-price lunches when, based upon the certification pursuant to  
8 section 79-2120, the school building the student will attend either has  
9 more students qualifying for free or reduced-price lunches than the  
10 average percentage of such students in all school buildings in the  
11 learning community or provides free meals to all students pursuant to the  
12 community eligibility provision or (b) ~~(ii)~~ a student who qualifies for  
13 free or reduced-price lunches based on information collected from parents  
14 and guardians when, based upon the certification pursuant to section  
15 79-2120, the school building the student will attend has fewer students  
16 qualifying for free or reduced-price lunches than the average percentage  
17 of such students in all school buildings in the learning community and  
18 does not provide free meals to all students pursuant to the community  
19 eligibility provision.

20       ~~(2)(a) On or before March 15 of each year prior to 2017, a parent or~~  
21 ~~guardian of a student residing in a member school district in a learning~~  
22 ~~community may submit an application to any school district in the~~  
23 ~~learning community on behalf of a student who is applying to attend a~~  
24 ~~school building for the following school year that is not in an~~  
25 ~~attendance area where the applicant resides or a focus school, focus~~  
26 ~~program, or magnet school as such terms are defined in section 79-769. On~~  
27 ~~or before April 1 of each year beginning with the year immediately~~  
28 ~~following the year in which the initial coordinating council for the~~  
29 ~~learning community takes office, the school district shall accept or~~  
30 ~~reject such applications based on the capacity of the school building,~~  
31 ~~the eligibility of the applicant for the school building or program, the~~

1 ~~number of such applicants that will be accepted for a given school~~  
2 ~~building, and whether or not the applicant contributes to the~~  
3 ~~socioeconomic diversity of the school or program to which he or she has~~  
4 ~~applied and for which he or she is eligible. The school district shall~~  
5 ~~notify such parent or guardian in writing of the acceptance or rejection.~~

6 ~~(b) A student may not apply to attend a school building in the~~  
7 ~~learning community for any grades that are offered by another school~~  
8 ~~building for which the student had previously applied and been accepted~~  
9 ~~pursuant to this section, absent a hardship exception as established by~~  
10 ~~the individual school district. On or before September 1 of each year~~  
11 ~~prior to 2017, each school district shall provide to the learning~~  
12 ~~community coordinating council a complete and accurate report of all~~  
13 ~~applications received, including the number of students who applied at~~  
14 ~~each grade level at each building, the number of students accepted at~~  
15 ~~each grade level at each building, the number of such students that~~  
16 ~~contributed to the socioeconomic diversity that applied and were~~  
17 ~~accepted, the number of applicants denied and the rationales for denial,~~  
18 ~~and other such information as requested by the learning community~~  
19 ~~coordinating council.~~

20 ~~(2) (3)~~ Each diversity plan may include establishment of one or more  
21 focus schools or focus programs and the involvement of every member  
22 school district in one or more pathways across member school districts.  
23 Enrollment in each focus school or focus program shall be designed to  
24 reflect the socioeconomic diversity of the learning community as a whole.  
25 School district selection of students for focus schools or focus programs  
26 shall be on a random basis from two pools of applicants, those who  
27 qualify for free and reduced-price lunches and those who do not qualify  
28 for free and reduced-price lunches. The percentage of students selected  
29 for focus schools from the pool of applicants who qualify for free and  
30 reduced-price lunches shall be as nearly equal as possible to the  
31 percentage of the student body of the learning community who qualify for

1 free and reduced-price lunches. The percentage of students selected for  
2 focus schools from the pool of applicants who do not qualify for free and  
3 reduced-price lunches shall be as nearly equal as possible to the  
4 percentage of the student body of the learning community who do not  
5 qualify for free and reduced-price lunches. If more capacity exists in a  
6 focus school or program than the number of applicants for such focus  
7 school or program that contribute to the socioeconomic diversity of the  
8 focus school or program, the school district shall randomly select  
9 applicants up to the number of applicants that will be accepted for such  
10 building. A student who resides in the school district and will complete  
11 the grades offered at a focus program, focus school, or magnet school  
12 that is part of a pathway shall be allowed to attend the focus program,  
13 focus school, or magnet school offering the next grade level as part of  
14 the pathway as a continuing student. A student who resides in the school  
15 district and completes the grades offered at a focus program, focus  
16 school, or magnet school shall be allowed to attend a school offering the  
17 next grade level in the school district responsible for the focus  
18 program, focus school, or magnet school as a continuing student. A  
19 student who resides in the school district and attended a program or  
20 school in the school year immediately preceding the first school year for  
21 which the program or school will operate as a focus program or focus  
22 school approved by the learning community and meeting the requirements of  
23 section 79-769 and who has not completed the grades offered at the focus  
24 program or focus school shall be a continuing student in the program or  
25 school. For school year 2016-17, students attending a focus program or  
26 focus school outside of the school district shall be considered open  
27 enrollment students and, for school years year 2017-18 and 2018-19 each  
28 ~~school year thereafter~~, students attending a focus program or focus  
29 school shall be considered option enrollment students.

30 ~~(4) On or before February 15 of each year, a parent or guardian of a~~  
31 ~~student who is currently attending a school building or program, except a~~

1 ~~magnet school, focus school, or focus program, outside of the school~~  
2 ~~district where the student resides and who will complete the grades~~  
3 ~~offered at such school building prior to the following school year shall~~  
4 ~~provide notice, on a form provided by the school district, to the school~~  
5 ~~board of the school district containing such school building (a) for~~  
6 ~~years prior to 2017, if such student will attend another school building~~  
7 ~~within such district as a continuing student and which school building~~  
8 ~~such student would prefer to attend or (b) for 2017 and each year~~  
9 ~~thereafter, if such student will apply to enroll as an option student in~~  
10 ~~another school building within such district and which school building~~  
11 ~~such student would prefer to attend. On or before March 1, such school~~  
12 ~~board shall provide a notice to such parent or guardian stating which~~  
13 ~~school building or buildings the student shall be allowed to attend in~~  
14 ~~such school district as a continuing student or an option student for the~~  
15 ~~following school year. If the student resides within the school district,~~  
16 ~~the notice shall include the school building offering the grade the~~  
17 ~~student will be entering for the following school year in the attendance~~  
18 ~~area where the student resides. This subsection shall not apply to focus~~  
19 ~~schools or programs.~~

20 ~~(5) Prior to the beginning of school year 2017-18, a parent or~~  
21 ~~guardian of a student who moves to a new residence in the learning~~  
22 ~~community after April 1 may apply directly to a school board within the~~  
23 ~~learning community within ninety days after moving for the student to~~  
24 ~~attend a school building outside of the attendance area where the student~~  
25 ~~resides. Such school board shall accept or reject such application within~~  
26 ~~fifteen days after receiving the application, based on the number of~~  
27 ~~applications and qualifications pursuant to subsection (2) or (3) of this~~  
28 ~~section for all other students.~~

29 ~~(3) (6) A parent or guardian of a student who wishes to change~~  
30 ~~school buildings for emergency or hardship reasons may apply directly to~~  
31 ~~a school board within the learning community at any time for the student~~

1 to attend a school building in the school district where the student  
2 resides, but outside of the attendance area where the student resides.  
3 Such application shall state the emergency or hardship and shall be kept  
4 confidential by the school board. Such school board shall accept or  
5 reject such application within fifteen days after receiving the  
6 application. Applications shall only be accepted if an emergency or  
7 hardship was presented which justifies an exemption from the normal  
8 ~~procedures in subsection (4) of this section~~ based on the judgment of  
9 such school board, and such acceptance shall not exceed the number of  
10 applications that will be accepted for the school year pursuant to  
11 subsection (2) or (3) of this section for such building.

12 ~~(7) Each student attending a school building in the resident school~~  
13 ~~district as an open enrollment student for any part of school year~~  
14 ~~2016-17 shall be allowed to continue attending such school building~~  
15 ~~without submitting an additional application unless the student has~~  
16 ~~completed the grades offered in such school building or has been expelled~~  
17 ~~and is disqualified pursuant to section 79-266.01.~~

18 Sec. 123. Section 79-2404, Reissue Revised Statutes of Nebraska, is  
19 amended to read:

20 79-2404 If the school board of any school district or the board of  
21 any educational service unit fails to timely file a copy of an approved  
22 contract, or contract amendment, for superintendent services or  
23 educational service unit administrator services with the State Department  
24 of Education as required in section 79-2403, the Commissioner of  
25 Education, after notice to the board president and either the  
26 superintendent or educational service unit administrator and an  
27 opportunity to be heard, shall direct that any state aid granted pursuant  
28 to the Tax Equity and Educational Opportunities Support Act for school  
29 fiscal years prior to 2019-20 or the Nebraska Education Formula for  
30 school fiscal year 2019-20 and each school fiscal year thereafter to the  
31 school district or core services and technology infrastructure funds

1 granted pursuant to section 79-1241.03 to the educational service unit be  
2 withheld until such time as the contract or amendment is received by the  
3 department. In addition, the commissioner shall direct each county  
4 treasurer of a county with territory in the school district or  
5 educational service unit to withhold all money belonging to the school  
6 district or educational service unit until such time as the commissioner  
7 notifies such county treasurer of receipt of such contract or amendment.  
8 Each such county treasurer shall withhold such money. ~~For school~~  
9 ~~districts that are members of learning communities, a determination of~~  
10 ~~school money belonging to the school district shall be based on the~~  
11 ~~proportionate share of property tax receipts allocated to the school~~  
12 ~~district pursuant to section 79-1073 in addition to the other property~~  
13 ~~tax receipts belonging to the school district.~~ If the board does not  
14 comply with this section prior to October 1 following the school fiscal  
15 year for which the state aid or core services and technology  
16 infrastructure funding was calculated, the funds shall revert to the  
17 General Fund. ~~The amount of any reverted funds shall be included in data~~  
18 ~~provided to the Governor, the Appropriations Committee of the~~  
19 ~~Legislature, and the Education Committee of the Legislature in accordance~~  
20 ~~with section 79-1031.~~

21 Sec. 124. Sections 20, 24, 30, 31, 32, 33, 38, 42, 94, 127, and 130  
22 of this act become operative on January 1, 2019. Sections 56, 57, 61, 62,  
23 65, 66, 109, 113, 121, 128, and 131 of this act become operative on July  
24 1, 2019. Sections 21, 23, 25, 28, 67, 68, 69, 72, 110, 129, and 132 of  
25 this act become operative on July 1, 2020. All other sections of this act  
26 become operative on their effective date.

27 Sec. 125. If any section in this act or any part of any section is  
28 declared invalid or unconstitutional, the declaration shall not affect  
29 the validity or constitutionality of the remaining portions.

30 Sec. 126. Original sections 10-704, 77-2701.02, 77-2715.09,  
31 77-4209, 77-4211, 79-213, 79-236, 79-240, 79-246, 79-266.01, 79-458,

1 79-479, 79-1007.05, 79-1007.08, 79-1007.10, 79-1007.15, 79-1007.16,  
2 79-1007.21, 79-1009.01, 79-1014, 79-1021, 79-1025, 79-1029, 79-1030,  
3 79-1031, 79-1089, 79-1090, 79-1125.01, 79-1142, 79-1241.01, 79-2102,  
4 79-2103, and 79-2404, Reissue Revised Statutes of Nebraska, sections  
5 70-651.04, 77-2715.07, 77-2715.08, 79-101, 79-215, 79-234, 79-235,  
6 79-235.01, 79-241, 79-4,123, 79-528, 79-8,137, 79-8,137.04, 79-1001,  
7 79-1003.01, 79-1005, 79-1005.01, 79-1007.06, 79-1007.07, 79-1007.18,  
8 79-1008.01, 79-1013, 79-11,155, 79-1241.03, 79-1337, and 79-2110, Revised  
9 Statutes Cumulative Supplement, 2016, and sections 77-3442, 77-4212,  
10 79-237, 79-1003, 79-1007.11, 79-1009, 79-1015.01, 79-1017.01, 79-1022,  
11 79-1023, 79-1027, 79-1028.01, 79-1031.01, 79-1065, and 79-1108.02,  
12 Revised Statutes Supplement, 2017, are repealed.

13 Sec. 127. Original sections 2-2701, 43-2515, 77-913, 77-2704.30,  
14 and 77-2704.47, Reissue Revised Statutes of Nebraska, sections  
15 77-2701.16, 77-2704.13, and 77-5007, Revised Statutes Cumulative  
16 Supplement, 2016, and section 79-1016, Revised Statutes Supplement, 2017,  
17 are repealed.

18 Sec. 128. Original sections 79-2,127, 79-2,134, 79-498, and 79-605,  
19 Reissue Revised Statutes of Nebraska, and sections 79-499, 79-611,  
20 79-10,143, 79-1140, and 79-2104, Revised Statutes Cumulative Supplement,  
21 2016, are repealed.

22 Sec. 129. Original sections 79-769, 79-855, 79-856, and 79-1103,  
23 Reissue Revised Statutes of Nebraska, sections 48-818.01 and 77-1736.06,  
24 Revised Statutes Cumulative Supplement, 2016, and sections 9-812, 13-508,  
25 and 79-8,142, Revised Statutes Supplement, 2017, are repealed.

26 Sec. 130. The following sections are outright repealed: Sections  
27 77-2704.04, 77-2704.05, 77-2704.07, 77-2704.14, 77-2704.22, 77-2704.27,  
28 77-2704.38, 77-2704.52, and 77-2704.55, Reissue Revised Statutes of  
29 Nebraska, and 77-2704.36, 77-2704.50, 77-2704.56, 77-2704.64, 77-2704.65,  
30 and 77-2704.67, Revised Statutes Cumulative Supplement, 2016.

31 Sec. 131. The following section is outright repealed: Section

1 79-2110.01, Reissue Revised Statutes of Nebraska.

2       Sec. 132. The following sections are outright repealed: Sections  
3 43-2513, 79-529, 79-977, 79-1065.02, and 79-1083.01, Reissue Revised  
4 Statutes of Nebraska, sections 79-245, 79-1041, 79-1065.01, 79-1073, and  
5 79-10,126.01, Revised Statutes Cumulative Supplement, 2016, and section  
6 79-10,145, Revised Statutes Supplement, 2017.