

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 431**

Introduced by Groene, 42.

Read first time January 18, 2019

Committee:

1 A BILL FOR AN ACT relating to school finance; to amend section 77-3446,  
2 Reissue Revised Statutes of Nebraska, and sections 79-1015.01,  
3 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised  
4 Statutes Cumulative Supplement, 2018; to change the base limitation;  
5 to change the local effort rate; to change the determination and  
6 certification dates relating to the distribution of aid,  
7 certification of certain budget limitations as prescribed, and  
8 duties of the Appropriations Committee of the Legislature; to  
9 harmonize provisions; to repeal the original sections; and to  
10 declare an emergency.

11 Be it enacted by the people of the State of Nebraska,

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

3 77-3446 Base limitation means the budget limitation rate applicable  
4 to school districts and the limitation on growth of restricted funds  
5 applicable to other political subdivisions prior to any increases in the  
6 rate as a result of special actions taken by a supermajority of any  
7 governing board or of any exception allowed by law. The base limitation  
8 is two and one-half percent until adjusted, except that the base  
9 limitation for school districts for school fiscal years 2017-18 and  
10 2018-19 is one and one-half percent and for school fiscal year 2019-20 is  
11 XX percent. The base limitation may be adjusted annually by the  
12 Legislature to reflect changes in the prices of services and products  
13 used by school districts and political subdivisions.

14 Sec. 2. Section 79-1015.01, Revised Statutes Cumulative Supplement,  
15 2018, is amended to read:

16 79-1015.01 (1) Local system formula resources shall include local  
17 effort rate yield which shall be computed as prescribed in this section.

18 (2) For each school fiscal year except school fiscal years 2017-18  
19 through 2019-20 ~~and 2018-19~~: (a) For state aid certified pursuant to  
20 section 79-1022, the local effort rate shall be the maximum levy, for the  
21 school fiscal year for which aid is being certified, authorized pursuant  
22 to subdivision (2)(a) of section 77-3442 less five cents; (b) for the  
23 final calculation of state aid pursuant to section 79-1065, the local  
24 effort rate shall be the rate which, when multiplied by the total  
25 adjusted valuation of all taxable property in local systems receiving  
26 equalization aid pursuant to the Tax Equity and Educational Opportunities  
27 Support Act, will produce the amount needed to support the total formula  
28 need of such local systems when added to state aid appropriated by the  
29 Legislature and other actual receipts of local systems described in  
30 section 79-1018.01; and (c) the local effort rate yield for such school  
31 fiscal years shall be determined by multiplying each local system's total

1 adjusted valuation by the local effort rate.

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

17 (4) For school fiscal year 2019-20: (a) For state aid certified  
18 pursuant to section 79-1022, the local effort rate shall be the maximum  
19 levy, for the school fiscal year for which aid is being certified,  
20 authorized pursuant to subdivision (2)(a) of section 77-3442 less XX  
21 cents; (b) for the final calculation of state aid pursuant to section  
22 79-1065, the local effort rate shall be the rate which, when multiplied  
23 by the total adjusted valuation of all taxable property in local systems  
24 receiving equalization aid pursuant to the Tax Equity and Educational  
25 Opportunities Support Act, will produce the amount needed to support the  
26 total formula need of such local systems when added to state aid  
27 appropriated by the Legislature and other actual receipts of local  
28 systems described in section 79-1018.01; and (c) the local effort rate  
29 yield for such school fiscal years shall be determined by multiplying  
30 each local system's total adjusted valuation by the local effort rate.

31 Sec. 3. Section 79-1022, Revised Statutes Cumulative Supplement,

1 2018, is amended to read:

2 79-1022 (1) On or before June 10, 2019 ~~1, 2017~~, and on or before  
3 March 1 of each year thereafter, for each ensuing fiscal year, the  
4 department shall determine the amounts to be distributed to each local  
5 system and each district for the ensuing school fiscal year pursuant to  
6 the Tax Equity and Educational Opportunities Support Act and shall  
7 certify the amounts to the Director of Administrative Services, the  
8 Auditor of Public Accounts, ~~each learning community for school fiscal~~  
9 ~~years prior to school fiscal year 2017-18~~, and each district. Except as  
10 otherwise provided in this section, the amount to be distributed to each  
11 district from the amount certified for a local system shall be  
12 proportional based on the formula students attributed to each district in  
13 the local system. ~~For school fiscal years prior to school fiscal year~~  
14 ~~2017-18, the amount to be distributed to each district that is a member~~  
15 ~~of a learning community from the amount certified for the local system~~  
16 ~~shall be proportional based on the formula needs calculated for each~~  
17 ~~district in the local system.~~ On or before June 10, 2019 ~~1, 2017~~, and on  
18 or before March 1 of each year thereafter, for each ensuing fiscal year,  
19 the department shall report the necessary funding level for the ensuing  
20 school fiscal year to the Governor, the Appropriations Committee of the  
21 Legislature, and the Education Committee of the Legislature. The report  
22 submitted to the committees of the Legislature shall be submitted  
23 electronically. Except as otherwise provided in this subsection,  
24 certified state aid amounts, including adjustments pursuant to section  
25 79-1065.02, shall be shown as budgeted non-property-tax receipts and  
26 deducted prior to calculating the property tax request in the district's  
27 general fund budget statement as provided to the Auditor of Public  
28 Accounts pursuant to section 79-1024.

29 (2) Except as provided in this subsection, subsection (8) of section  
30 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts  
31 certified pursuant to subsection (1) of this section shall be distributed

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

7 Sec. 4. Section 79-1022.02, Revised Statutes Cumulative Supplement,  
8 2018, is amended to read:

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

15 Sec. 5. Section 79-1023, Revised Statutes Cumulative Supplement,  
16 2018, is amended to read:

17 79-1023 (1) On or before June 10, 2019 ~~1, 2017~~, and on or before  
18 March 1 of each year thereafter, the department shall determine and  
19 certify to each school district budget authority for the general fund  
20 budget of expenditures for the ensuing school fiscal year.

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

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

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

16 Sec. 6. Section 79-1027, Revised Statutes Cumulative Supplement,  
17 2018, is amended to read:

18 79-1027 No district shall adopt a budget, which includes total  
19 requirements of depreciation funds, necessary employee benefit fund cash  
20 reserves, and necessary general fund cash reserves, exceeding the  
21 applicable allowable reserve percentages of total general fund budget of  
22 expenditures as specified in the schedule set forth in this section.

23	Average daily	Allowable
24	membership of	reserve
25	district	percentage
26	0 - 471	45
27	471.01 - 3,044	35
28	3,044.01 - 10,000	25
29	10,000.01 and over	20

30 On or before June 10, 2019 ~~1, 2017~~, and on or before March 1 each  
31 year thereafter, the department shall determine and certify each

1 district's applicable allowable reserve percentage for the ensuing school  
2 fiscal year.

3 Each district with combined necessary general fund cash reserves,  
4 total requirements of depreciation funds, and necessary employee benefit  
5 fund cash reserves less than the applicable allowable reserve percentage  
6 specified in this section may, notwithstanding the district's applicable  
7 allowable growth rate, increase its necessary general fund cash reserves  
8 such that the total necessary general fund cash reserves, total  
9 requirements of depreciation funds, and necessary employee benefit fund  
10 cash reserves do not exceed such applicable allowable reserve percentage.

11 Sec. 7. Section 79-1031.01, Revised Statutes Cumulative Supplement,  
12 2018, is 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 10, 2019 ~~1, 2017~~, and on  
16 or before March 1 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. 8. Original section 77-3446, Reissue Revised Statutes of  
20 Nebraska, and sections 79-1015.01, 79-1022, 79-1022.02, 79-1023, 79-1027,  
21 and 79-1031.01, Revised Statutes Cumulative Supplement, 2018, are  
22 repealed.

23 Sec. 9. Since an emergency exists, this act takes effect when  
24 passed and approved according to law.