

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 432

Introduced by Groene, 42.

Read first time January 18, 2019

Committee:

- 1 A BILL FOR AN ACT relating to school finance; to amend section 77-3442,
2 Reissue Revised Statutes of Nebraska, and sections 79-1003 and
3 79-1016, Revised Statutes Cumulative Supplement, 2018; to change
4 provisions relating to levy authority; to define and redefine terms;
5 to change the calculation of adjusted valuation; to harmonize
6 provisions; to repeal the original sections; and to declare an
7 emergency.
- 8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3442, Reissue Revised Statutes of Nebraska, is
2 amended to read:

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

7 (2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this
8 section, school districts and multiple-district school systems may levy a
9 maximum levy of one dollar and five cents per one hundred dollars of
10 taxable valuation of property subject to the levy.

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

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

25 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)
26 of this section are (i) amounts levied to pay for current and future sums
27 agreed to be paid by a school district to certificated employees in
28 exchange for a voluntary termination of employment occurring prior to
29 September 1, 2017, (ii) amounts levied by a school district otherwise at
30 the maximum levy pursuant to subdivision (2)(a) of this section to pay
31 for current and future qualified voluntary termination incentives for

1 certificated teachers pursuant to subsection (3) of section 79-8,142 that
2 are not otherwise included in an exclusion pursuant to subdivision (2)(d)
3 of this section, (iii) amounts levied by a school district otherwise at
4 the maximum levy pursuant to subdivision (2)(a) of this section to pay
5 for seventy-five percent of the current and future sums agreed to be paid
6 to certificated employees in exchange for a voluntary termination of
7 employment occurring between September 1, 2017, and August 31, 2018, as a
8 result of a collective-bargaining agreement in force and effect on
9 September 1, 2017, that are not otherwise included in an exclusion
10 pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a
11 school district otherwise at the maximum levy pursuant to subdivision (2)
12 (a) of this section to pay for fifty percent of the current and future
13 sums agreed to be paid to certificated employees in exchange for a
14 voluntary termination of employment occurring between September 1, 2018,
15 and August 31, 2019, as a result of a collective-bargaining agreement in
16 force and effect on September 1, 2017, that are not otherwise included in
17 an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts
18 levied by a school district otherwise at the maximum levy pursuant to
19 subdivision (2)(a) of this section to pay for twenty-five percent of the
20 current and future sums agreed to be paid to certificated employees in
21 exchange for a voluntary termination of employment occurring between
22 September 1, 2019, and August 31, 2020, as a result of a collective-
23 bargaining agreement in force and effect on September 1, 2017, that are
24 not otherwise included in an exclusion pursuant to subdivision (2)(d) of
25 this section, (vi) amounts levied in compliance with sections 79-10,110
26 and 79-10,110.02, (vii) for fiscal year 2020-21 and each fiscal year
27 thereafter, amounts levied by a school district up to the amount that
28 would have been generated by a levy at the rate levied on taxable
29 property pursuant to subdivision (2)(a) of this section for such fiscal
30 year applied to the tax-increment financing valuation, as defined in
31 section 79-1016, if such amounts levied are approved by at least seventy-

1 five percent of the school board of such school district and such school
2 district is receiving equalization aid pursuant to the Tax Equity and
3 Educational Opportunities Support Act for such fiscal year, and (viii)
4 ~~(vii)~~ amounts levied to pay for special building funds and sinking funds
5 established for projects commenced prior to April 1, 1996, for
6 construction, expansion, or alteration of school district buildings. For
7 purposes of this subsection, commenced means any action taken by the
8 school board on the record which commits the board to expend district
9 funds in planning, constructing, or carrying out the project.

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

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

25 (g) For each fiscal year, learning communities may levy a maximum
26 levy of one and one-half cents on each one hundred dollars of taxable
27 property subject to the levy for early childhood education programs for
28 children in poverty, for elementary learning center employees, for
29 contracts with other entities or individuals who are not employees of the
30 learning community for elementary learning center programs and services,
31 and for pilot projects, except that no more than ten percent of such levy

1 may be used for elementary learning center employees.

2 (3) For each fiscal year, community college areas may levy the
3 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in
4 accordance with the provisions of such subdivisions. A community college
5 area may exceed the levy provided in subdivision (2)(b) of section
6 85-1517 by the amount necessary to retire general obligation bonds
7 assumed by the community college area or issued pursuant to section
8 85-1515 according to the terms of such bonds or for any obligation
9 pursuant to section 85-1535 entered into prior to January 1, 1997.

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

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

22 (c) In addition, natural resources districts located in a river
23 basin, subbasin, or reach that has been determined to be fully
24 appropriated pursuant to section 46-714 or designated as overappropriated
25 pursuant to section 46-713 by the Department of Natural Resources shall
26 also have the power and authority to levy a tax equal to the dollar
27 amount by which their restricted funds budgeted to administer and
28 implement ground water management activities and integrated management
29 activities under the Nebraska Ground Water Management and Protection Act
30 exceed their restricted funds budgeted to administer and implement ground
31 water management activities and integrated management activities for

1 FY2005-06, not to exceed three cents on each one hundred dollars of
2 taxable valuation on all of the taxable property within the district for
3 fiscal year 2006-07 and each fiscal year thereafter through fiscal year
4 2017-18.

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

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

21 (b) Incorporated cities and villages which are within the boundaries
22 of a municipal county may levy a maximum levy of ninety cents per one
23 hundred dollars of taxable valuation of property subject to the levy. The
24 maximum levy shall include amounts paid to a municipal county for county
25 services, amounts levied to pay for sums to support a library pursuant to
26 section 51-201, a museum pursuant to section 51-501, a visiting community
27 nurse, home health nurse, or home health agency pursuant to section
28 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

29 (7) Sanitary and improvement districts which have been in existence
30 for more than five years may levy a maximum levy of forty cents per one
31 hundred dollars of taxable valuation of property subject to the levy, and

1 sanitary and improvement districts which have been in existence for five
2 years or less shall not have a maximum levy. Unconsolidated sanitary and
3 improvement districts which have been in existence for more than five
4 years and are located in a municipal county may levy a maximum of eighty-
5 five cents per hundred dollars of taxable valuation of property subject
6 to the levy.

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

31 (9) Municipal counties may levy or authorize a maximum levy of one

1 dollar per one hundred dollars of taxable valuation of property subject
2 to the levy. The municipal county may allocate levy authority to any
3 political subdivision or entity subject to allocation under section
4 77-3443.

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

16 (11) Property tax levies (a) for judgments, except judgments or
17 orders from the Commission of Industrial Relations, obtained against a
18 political subdivision which require or obligate a political subdivision
19 to pay such judgment, to the extent such judgment is not paid by
20 liability insurance coverage of a political subdivision, (b) for
21 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)
22 for bonds as defined in section 10-134 approved according to law and
23 secured by a levy on property except as provided in section 44-4317 for
24 bonded indebtedness issued by educational service units and school
25 districts, and (d) for payments by a public airport to retire interest-
26 free loans from the Division of Aeronautics of the Department of
27 Transportation in lieu of bonded indebtedness at a lower cost to the
28 public airport are not included in the levy limits established by this
29 section.

30 (12) The limitations on tax levies provided in this section are to
31 include all other general or special levies provided by law.

1 Notwithstanding other provisions of law, the only exceptions to the
2 limits in this section are those provided by or authorized by sections
3 77-3442 to 77-3444.

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

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

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

23 Sec. 2. Section 79-1003, Revised Statutes Cumulative Supplement,
24 2018, is amended to read:

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

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

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

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

1 declared to be nontaxable or exempt from taxation;

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

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

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

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

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

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

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

31 (10) Converted contract option student means a student who will be

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

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

7 (12) District means any school district or unified system as defined
8 in section 79-4,108;

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

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

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

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

20 (17) Formula students means:

21 (a) For state aid certified pursuant to section 79-1022, the sum of
22 the product of fall membership from the school fiscal year immediately
23 preceding the school fiscal year in which the aid is to be paid
24 multiplied by the average ratio of average daily membership to fall
25 membership for the second school fiscal year immediately preceding the
26 school fiscal year in which the aid is to be paid and the prior two
27 school fiscal years plus sixty percent of the qualified early childhood
28 education fall membership plus tuitioned students from the school fiscal
29 year immediately preceding the school fiscal year in which aid is to be
30 paid minus the product of the number of students enrolled in kindergarten
31 that is not full-day kindergarten from the fall membership multiplied by

1 0.5; and

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

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

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

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

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

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

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

17 (22) General fund expenditures means all expenditures from the
18 general fund;

19 (23) General fund operating expenditures means for state aid
20 calculated for school fiscal years 2012-13 and each school fiscal year
21 thereafter, as reported on the annual financial report for the second
22 school fiscal year immediately preceding the school fiscal year in which
23 aid is to be paid, the total general fund expenditures minus (a) the
24 amount of all receipts to the general fund, to the extent that such
25 receipts are not included in local system formula resources, from early
26 childhood education tuition, summer school tuition, educational entities
27 as defined in section 79-1201.01 for providing distance education courses
28 through the Educational Service Unit Coordinating Council to such
29 educational entities, private foundations, individuals, associations,
30 charitable organizations, the textbook loan program authorized by section
31 79-734, federal impact aid, and levy override elections pursuant to

1 section 77-3444, (b) the amount of expenditures for categorical funds,
2 tuition paid, transportation fees paid to other districts, adult
3 education, community services, redemption of the principal portion of
4 general fund debt service, retirement incentive plans authorized by
5 section 79-855, and staff development assistance authorized by section
6 79-856, (c) the amount of any transfers from the general fund to any bond
7 fund and transfers from other funds into the general fund, (d) any legal
8 expenses in excess of fifteen-hundredths of one percent of the formula
9 need for the school fiscal year in which the expenses occurred, (e)(i)
10 for state aid calculated for school fiscal years prior to school fiscal
11 year 2018-19, expenditures to pay for sums agreed to be paid by a school
12 district to certificated employees in exchange for a voluntary
13 termination occurring prior to July 1, 2009, occurring on or after the
14 last day of the 2010-11 school year and prior to the first day of the
15 2013-14 school year, or, to the extent that a district has demonstrated
16 to the State Board of Education pursuant to section 79-1028.01 that the
17 agreement will result in a net savings in salary and benefit costs to the
18 school district over a five-year period, occurring on or after the first
19 day of the 2013-14 school year or (ii) for state aid calculated for
20 school fiscal year 2018-19 and each school fiscal year thereafter,
21 expenditures to pay for incentives agreed to be paid by a school district
22 to certificated employees in exchange for a voluntary termination of
23 employment for which the State Board of Education approved an exclusion
24 pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,
25 (f)(i) expenditures to pay for employer contributions pursuant to
26 subsection (2) of section 79-958 to the School Employees Retirement
27 System of the State of Nebraska to the extent that such expenditures
28 exceed the employer contributions under such subsection that would have
29 been made at a contribution rate of seven and thirty-five hundredths
30 percent or (ii) expenditures to pay for school district contributions
31 pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the

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

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

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

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

20 (26) Limited English proficiency students means the number of
21 students with limited English proficiency in a district from the most
22 recent data available on November 1 of the school fiscal year preceding
23 the school fiscal year in which aid is to be paid plus the difference of
24 such students with limited English proficiency minus the average number
25 of limited English proficiency students for such district, prior to such
26 addition, for the three immediately preceding school fiscal years if such
27 difference is greater than zero;

28 (27) Local system means a unified system or a school district;

29 (28) Low-income child means (a) for school fiscal years prior to
30 2016-17, a child under nineteen years of age living in a household having
31 an annual adjusted gross income for the second calendar year preceding

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

19 (29) Low-income students means the number of low-income children
20 within the district multiplied by the ratio of the formula students in
21 the district divided by the total children under nineteen years of age
22 residing in the district as derived from income tax information;

23 (30) Most recently available complete data year means the most
24 recent single school fiscal year for which the annual financial report,
25 fall school district membership report, annual statistical summary,
26 Nebraska income tax liability by school district for the calendar year in
27 which the majority of the school fiscal year falls, and adjusted
28 valuation data are available;

29 (31) Poverty students means (a) for school fiscal years prior to
30 2016-17, the number of low-income students or the number of students who
31 are free lunch and free milk students in a district plus the difference

1 of the number of low-income students or the number of students who are
2 free lunch and free milk students in a district, whichever is greater,
3 minus the average number of poverty students for such district, prior to
4 such addition, for the three immediately preceding school fiscal years if
5 such difference is greater than zero and (b) for school fiscal year
6 2016-17 and each school fiscal year thereafter, the unadjusted poverty
7 students plus the difference of such unadjusted poverty students minus
8 the average number of poverty students for such district, prior to such
9 addition, for the three immediately preceding school fiscal years if such
10 difference is greater than zero;

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

25 (33) Qualified early childhood education fall membership means the
26 product of membership on October 1 of each school year of students who
27 will be eligible to attend kindergarten the following school year and are
28 enrolled in an early childhood education program approved by the
29 department pursuant to section 79-1103 for such school district for such
30 school year multiplied by the ratio of the planned instructional hours of
31 the program divided by one thousand thirty-two if: (a) The program is

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

7 (34) Regular route transportation means the transportation of
8 students on regularly scheduled daily routes to and from the attendance
9 center;

10 (35) Reorganized district means any district involved in a
11 consolidation and currently educating students following consolidation;

12 (36) School year or school fiscal year means the fiscal year of a
13 school district as defined in section 79-1091;

14 (37) Sparse local system means a local system that is not a very
15 sparse local system but which meets the following criteria:

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

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

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

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

1 (38) Special education means specially designed kindergarten through
2 grade twelve instruction pursuant to section 79-1125, and includes
3 special education transportation;

4 (39) Special grant funds means the budgeted receipts for grants,
5 including, but not limited to, categorical funds, reimbursements for
6 wards of the court, short-term borrowings including, but not limited to,
7 registered warrants and tax anticipation notes, interfund loans,
8 insurance settlements, and reimbursements to county government for
9 previous overpayment. The state board shall approve a listing of grants
10 that qualify as special grant funds;

11 (40) State aid means the amount of assistance paid to a district
12 pursuant to the Tax Equity and Educational Opportunities Support Act;

13 (41) State board means the State Board of Education;

14 (42) State support means all funds provided to districts by the
15 State of Nebraska for the general fund support of elementary and
16 secondary education;

17 (43) Statewide average basic funding per formula student means the
18 statewide total basic funding for all districts divided by the statewide
19 total formula students for all districts;

20 (44) Statewide average general fund operating expenditures per
21 formula student means the statewide total general fund operating
22 expenditures for all districts divided by the statewide total formula
23 students for all districts;

24 (45) Teacher has the definition found in section 79-101;

25 (46) Temporary aid adjustment factor means (a) for school fiscal
26 years before school fiscal year 2007-08, one and one-fourth percent of
27 the sum of the local system's transportation allowance, the local
28 system's special receipts allowance, and the product of the local
29 system's adjusted formula students multiplied by the average formula cost
30 per student in the local system's cost grouping and (b) for school fiscal
31 year 2007-08, one and one-fourth percent of the sum of the local system's

1 transportation allowance, special receipts allowance, and distance
2 education and telecommunications allowance and the product of the local
3 system's adjusted formula students multiplied by the average formula cost
4 per student in the local system's cost grouping;

5 (47) Tuition receipts from converted contracts means tuition
6 receipts received by a district from another district in the most
7 recently available complete data year pursuant to a converted contract
8 prior to the expiration of the contract;

9 (48) Tuitioned students means students in kindergarten through grade
10 twelve of the district whose tuition is paid by the district to some
11 other district or education agency;

12 (49) Unadjusted poverty students means, for school fiscal year
13 2016-17 and each school fiscal year thereafter, the greater of the number
14 of low-income students or the free lunch and free milk calculated
15 students in a district; and

16 (50) Very sparse local system means a local system that has:

17 (a)(i) Less than one-half student per square mile in each county in
18 which each high school attendance center is located based on the school
19 district census, (ii) less than one formula student per square mile in
20 the local system, and (iii) more than fifteen miles between the high
21 school attendance center and the next closest high school attendance
22 center on paved roads; or

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

28 Sec. 3. Section 79-1016, Revised Statutes Cumulative Supplement,
29 2018, is amended to read:

30 79-1016 (1) On or before August 20, each ~~the~~ county assessor shall
31 certify to the Property Tax Administrator the full assessed total taxable

1 value by school district in the county for the current assessment year on
2 forms prescribed by the Tax Commissioner. The county assessor may amend
3 the filing for changes made to the full assessed value ~~taxable valuation~~
4 of any ~~the~~ school district in the county if corrections or errors on the
5 original certification are discovered. Amendments shall be certified to
6 the Property Tax Administrator on or before August 31.

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

25 The Tax Commissioner shall adopt and promulgate rules and
26 regulations setting forth standards for the determination of level of
27 value for state aid purposes.

28 (3) For purposes of this section:

29 (a) Full assessed value means the taxable valuation of the property,
30 except that for any real property that is having its ad valorem taxes
31 divided under section 18-2147, full assessed value means the taxable

1 valuation of the property plus the property's tax-increment financing
2 valuation;

3 (b) State ~~state~~ aid value means:

4 (i) (a) For real property other than agricultural and horticultural
5 land, ninety-six percent of actual value;

6 (ii) (b) For agricultural and horticultural land, seventy-two
7 percent of actual value as provided in sections 77-1359 to 77-1363. For
8 agricultural and horticultural land that receives special valuation
9 pursuant to section 77-1344, seventy-two percent of special valuation as
10 defined in section 77-1343; and

11 (iii) (c) For personal property, the net book value as defined in
12 section 77-120; and -

13 (b) Tax-increment financing valuation means the total current
14 assessed valuation of any taxable real property which is having its ad
15 valorem taxes divided under section 18-2147 minus the redevelopment
16 project valuation as defined in section 18-2103 for such property.

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

1 Equalization and Review Commission in accordance with section 77-5013.

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

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

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

30 (8) A school district whose state aid is to be calculated pursuant
31 to subsection (5) of this section and whose state aid payment is

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

12 Sec. 4. Original section 77-3442, Reissue Revised Statutes of
13 Nebraska, and sections 79-1003 and 79-1016, Revised Statutes Cumulative
14 Supplement, 2018, are repealed.

15 Sec. 5. Since an emergency exists, this act takes effect when
16 passed and approved according to law.