

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 506**

Introduced by Briese, 41.

Read first time January 22, 2019

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to adopt the Property
- 2 Tax Request Limitation Act; and to provide an operative date.
- 3 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 8 of this act shall be known and may be  
2 cited as the Property Tax Request Limitation Act.

3           Sec. 2. For purposes of the Property Tax Request Limitation Act:

4           (1) Approved bonds means bonds that are issued by a school district  
5 after the question of issuing such bonds has been approved by the voters  
6 of such school district;

7           (2) Average daily membership has the same meaning as in section  
8 79-1003;

9           (3) Base growth percentage means the greater of (a) two and one-half  
10 percent or (b) the percentage increase in the Consumer Price Index for  
11 All Urban Consumers, as prepared by the United States Department of  
12 Labor, Bureau of Labor Statistics, for the twelve-month period ending on  
13 June 30 of the year in which the property tax request is made;

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

15           (5) Non-property-tax revenue means revenue of a school district from  
16 all sources other than real and personal property taxes. Non-property-tax  
17 revenue includes, but is not limited to, revenue from all state sources  
18 except reimbursements for special education programs and support services  
19 pursuant to sections 79-1129, 79-1132, and 79-1144;

20           (6) Property tax request means the amount of property taxes  
21 requested by a school district pursuant to section 77-1601.02;

22           (7) Property tax request authority means the amount that may be  
23 included in a property tax request as determined pursuant to the Property  
24 Tax Request Limitation Act;

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

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

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

30           Sec. 3. (1) Except as provided in sections 4 and 5 of this act, a  
31 school district's property tax request for any year shall not exceed the

1 school district's property tax request authority.

2 (2) The school board of each school district shall calculate the  
3 school district's property tax request authority each year as follows:

4 (a) The school district's property tax request from the prior year  
5 shall be increased by whichever of the following percentages is the  
6 highest:

7 (i) The base growth percentage;

8 (ii) The annual percentage increase in the student enrollment of the  
9 school district multiplied by four-tenths;

10 (iii) The percentage obtained by first dividing the annual increase  
11 in the total number of limited English proficiency students in the school  
12 district by the student enrollment of the school district and then  
13 multiplying the quotient by twenty-five hundredths; or

14 (iv) The percentage obtained by first dividing the annual increase  
15 in the total number of poverty students in the school district by the  
16 student enrollment of the school district and then multiplying the  
17 quotient by twenty-five hundredths; and

18 (b) The amount determined under subdivision (2)(a) of this section  
19 shall then be:

20 (i) Decreased by an amount equal to the amount by which total non-  
21 property-tax revenue for the current year exceeds the total non-property-  
22 tax revenue for the prior year. In determining the total non-property-tax  
23 revenue for the current year, any category of non-property-tax revenue  
24 for which there is insufficient data as of August 1 to make an accurate  
25 determination shall be deemed to be equal to the prior year's amount; or

26 (ii) Increased by an amount equal to the amount by which total non-  
27 property-tax revenue for the prior year exceeds the total non-property-  
28 tax revenue for the current year. In determining the total non-property-  
29 tax revenue for the current year, any category of non-property-tax  
30 revenue for which there is insufficient data as of August 1 to make an  
31 accurate determination shall be deemed to be equal to the prior year's

1 amount.

2 (3) The school board shall report the amount determined under this  
3 section to the department upon forms prescribed by the department. If the  
4 department determines that such amount was calculated correctly, the  
5 department shall approve and certify the amount to the school board. Such  
6 certified amount shall be the school district's property tax request  
7 authority.

8 Sec. 4. The Property Tax Request Limitation Act shall not apply to  
9 that portion of a school district's property tax request that is needed  
10 to pay the principal and interest on approved bonds.

11 Sec. 5. (1) A school district's property tax request may exceed its  
12 property tax request authority by an amount approved by a sixty percent  
13 majority of legal voters voting on the issue at a special election called  
14 for such purpose upon the recommendation of the school board of such  
15 school district or upon the receipt by the county clerk or election  
16 commissioner of a petition requesting an election signed by at least five  
17 percent of the legal voters of the school district. The recommendation of  
18 the school board or the petition of the legal voters shall include the  
19 amount by which the school board would increase its property tax request  
20 for the year over and above the property tax request authority of such  
21 school district. The county clerk or election commissioner shall call for  
22 a special election on the issue within thirty days after the receipt of  
23 such school board recommendation or legal voter petition. The election  
24 shall be held pursuant to the Election Act, and all costs shall be paid  
25 by the school board.

26 (2) A school district's property tax request may exceed its property  
27 tax request authority by a percentage approved by an affirmative vote of  
28 at least seventy-five percent of the school board. Such percentage shall  
29 not exceed:

30 (a) Seven percent for school districts with an average daily  
31 membership of up to four hundred seventy-one students;

1       (b) Six percent for school districts with an average daily  
2 membership of more than four hundred seventy-one students but no more  
3 than three thousand forty-four students;

4       (c) Five percent for school districts with an average daily  
5 membership of more than three thousand forty-four students but no more  
6 than ten thousand students; or

7       (d) Four percent for school districts with an average daily  
8 membership of more than ten thousand students.

9       (3) A school district's property tax request may exceed its property  
10 tax request authority pursuant to any property tax authority approved by  
11 the voters at a levy override election prior to January 1, 2020, pursuant  
12 to section 77-3444.

13       Sec. 6. A school district may choose not to increase its property  
14 tax request by the full amount allowed by the school district's property  
15 tax request authority in a particular year. In such cases, the school  
16 district may carry forward to future years the amount of unused property  
17 tax request authority. The school board shall calculate its unused  
18 property tax request authority and submit an accounting of such amount to  
19 the department on forms prescribed by the department. Such unused  
20 property tax request authority may then be used in later years for  
21 increases in the school district's property tax request.

22       Sec. 7. The department shall prepare documents to be used by school  
23 boards when calculating a school district's property tax request  
24 authority and unused property tax request authority. Each school board  
25 shall submit such documents to the department on or before September 20  
26 of each year. If a school board fails to submit such documents to the  
27 department or if the department determines from such documents that a  
28 school district is not complying with the limits provided in the Property  
29 Tax Request Limitation Act, the department shall notify the school board  
30 of its determination. The Commissioner of Education shall then direct  
31 that any state aid granted pursuant to the Tax Equity and Educational

1 Opportunities Support Act be withheld until such time as the school board  
2 submits the required documents or complies with the Property Tax Request  
3 Limitation Act. The state aid shall be held for six months. If the school  
4 board complies within the six-month period, it shall receive the  
5 suspended state aid. If the school board fails to comply within the six-  
6 month period, the suspended state aid shall revert to the General Fund.

7       Sec. 8. The department may adopt and promulgate rules and  
8 regulations to carry out the Property Tax Request Limitation Act.

9       Sec. 9. This act becomes operative on January 1, 2020.