

AMENDMENTS TO LB890

Introduced by Education.

1 1. Strike the original sections and insert the following new
2 sections:

3 Section 1. Section 79-1001, Revised Statutes Cumulative Supplement,
4 2020, is amended to read:

5 79-1001 Sections 79-1001 to 79-1033 and sections 3, 10, 11, 12, 16,
6 17, 18, 25, and 26 of this act shall be known and may be cited as the Tax
7 Equity and Educational Opportunities Support Act.

8 Sec. 2. Section 79-1002, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-1002 It is the intent, purpose, and goal of the Legislature to
11 revise the current ~~create~~ a system of financing the public school system
12 so that it ~~which~~ will:

13 (1) Provide state support from all sources of state funding
14 sufficient to match ~~support~~ the statewide aggregate general fund
15 operating expenditures for Nebraska elementary and secondary public
16 education ~~that cannot be met~~ by local resources;

17 (2) Reduce the reliance on the property tax for the support of the
18 public school system to the median level of reliance on property taxes
19 for the support of public schools in all other states;

20 (3) Broaden financial support for the public school system by
21 dedicating twenty percent ~~a portion~~ of the revenue received from the
22 state income tax for support of the system;

23 (4) Keep pace with the increasing cost of operating the public
24 school system;

25 (5) Assure a foundation support level for the operation of the
26 public school system through education stabilization base aid ~~, taking~~
27 ~~local resources into consideration;~~

1 (6) Reserve funds, as available, in a trust to assist the state in
2 meeting education funding goals during economic downturns;

3 (7) ~~(6)~~ Recognize a portion of the costs of programs to address the
4 unique educational needs of students who are in poverty or who have
5 limited English proficiency as being specific to the local system
6 providing such programs;

7 (8) ~~(7)~~ Create a process to collect information regarding the
8 programs and the cost of the programs provided to address the unique
9 educational needs of students who are in poverty or who have limited
10 English proficiency in order to analyze which programs may be appropriate
11 to receive state support and to analyze the poverty and limited English
12 proficiency allowances;

13 (9) ~~(8)~~ Assure a greater level of equity of educational
14 opportunities for all public school students;

15 (10) ~~(9)~~ Assure a greater level of equity in property tax rates for
16 the support of the public school system; and

17 (11) ~~(10)~~ Assure measured growth in the state aid appropriation
18 through the continuation of limits on the growth of general fund budgets
19 of districts.

20 Sec. 3. (1) For school fiscal years prior to school fiscal year
21 2022-23, the state aid for each school district shall equal the sum to be
22 paid to such school district for such school fiscal year as equalization
23 aid calculated pursuant to section 79-1008.01, allocated income tax funds
24 calculated pursuant to section 79-1005.01, net option funding calculated
25 pursuant to section 79-1009, community achievement plan aid calculated
26 pursuant to section 79-1005, and adjustments due to changes in school
27 district boundaries pursuant to section 79-1065.02.

28 (2) For school fiscal years 2022-23 and 2023-24, the state aid for
29 each school district shall equal the sum to be paid to such school
30 district for such school fiscal year as education stabilization base aid
31 calculated pursuant to section 10 of this act, equalization aid

1 calculated pursuant to section 79-1008.01, allocated income tax funds
2 calculated pursuant to section 79-1005.01, community achievement plan aid
3 calculated pursuant to section 79-1005, hold harmless adjustments
4 calculated pursuant to section 12 of this act, and adjustments due to
5 changes in school district boundaries pursuant to section 79-1065.02. If
6 the amount of state aid calculated under this subsection for any school
7 district is less than twenty percent of such school district's basic
8 funding, the state aid for such school district shall be increased to an
9 amount equal to twenty percent of such school district's basic funding.

10 (3) For school fiscal year 2024-25 and each school fiscal year
11 thereafter, the state aid for each school district shall equal the sum to
12 be paid to such school district for such school fiscal year as education
13 stabilization base aid calculated pursuant to section 10 of this act,
14 equalization aid calculated pursuant to section 79-1008.01, allocated
15 income tax funds calculated pursuant to section 79-1005.01, community
16 achievement plan aid calculated pursuant to section 79-1005, and any
17 adjustments due to changes in school district boundaries pursuant to
18 section 79-1065.02. If the amount of state aid calculated under this
19 subsection for any school district is less than twenty percent of such
20 school district's basic funding, the state aid for such school district
21 shall be increased to an amount equal to twenty percent of such school
22 district's basic funding.

23 Sec. 4. Section 79-1003, Revised Statutes Supplement, 2021, is
24 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 the
28 difference of the general fund operating expenditures increased by the
29 cost growth factor calculated pursuant to section 79-1007.10, minus the
30 transportation allowance, special receipts allowance, poverty allowance,
31 limited English proficiency allowance, distance education and

1 telecommunications allowance, elementary site allowance, summer school
2 allowance, community achievement plan allowance, and focus school and
3 program allowance;

4 (2) Adjusted valuation means the assessed valuation of taxable
5 property of each local system in the state, adjusted pursuant to the
6 adjustment factors described in section 79-1016. Adjusted valuation means
7 the adjusted valuation for the property tax year ending during the school
8 fiscal year immediately preceding the school fiscal year in which the aid
9 based upon that value is to be paid. For purposes of determining the
10 local effort rate yield pursuant to section 79-1015.01, adjusted
11 valuation does not include the value of any property which a court, by a
12 final judgment from which no appeal is taken, has declared to be
13 nontaxable or exempt from taxation;

14 (3) Allocated income tax funds means the amount of assistance paid
15 to a local system pursuant to section 79-1005.01;

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

21 (5) Base fiscal year means the first school fiscal year following
22 the school fiscal year in which the reorganization or unification
23 occurred;

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

25 (7) Categorical funds means funds limited to a specific purpose by
26 federal or state law, including, but not limited to, Title I funds, Title
27 VI funds, federal career and technical education funds, federal school
28 lunch funds, Indian education funds, Head Start funds, and funds received
29 ~~prior to July 1, 2022,~~ from the Nebraska Education Improvement Fund;

30 (8) Consolidate means to voluntarily reduce the number of school
31 districts providing education to a grade group and does not include

1 dissolution pursuant to section 79-498;

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

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

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

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

19 (13) Ensuing school fiscal year means the school fiscal year
20 following the current school fiscal year;

21 (14) Equalization aid means the amount of assistance calculated to
22 be paid to a local system pursuant to section 79-1008.01;

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

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

29 (17) Formula students means:

30 (a) For state aid certified pursuant to section 79-1022, the sum of
31 the product of fall membership from the school fiscal year immediately

1 preceding the school fiscal year in which the aid is to be paid
2 multiplied by the average ratio of average daily membership to fall
3 membership for the second school fiscal year immediately preceding the
4 school fiscal year in which the aid is to be paid and the prior two
5 school fiscal years plus (i) for school fiscal years prior to school
6 fiscal year 2022-23, sixty percent or (ii) for school fiscal year 2022-23
7 and each school fiscal year thereafter, one hundred percent of the
8 qualified early childhood education fall membership plus tuitioned
9 students from the school fiscal year immediately preceding the school
10 fiscal year in which aid is to be paid minus the product of the number of
11 students enrolled in kindergarten that is not full-day kindergarten from
12 the fall membership multiplied by 0.5; and

13 (b) For the final calculation of state aid pursuant to section
14 79-1065, the sum of average daily membership plus (i) for school fiscal
15 years prior to school fiscal year 2022-23, sixty percent or (ii) for
16 school fiscal year 2022-23 and each school fiscal year thereafter, one
17 hundred percent of the qualified early childhood education average daily
18 membership plus tuitioned students minus the product of the number of
19 students enrolled in kindergarten that is not full-day kindergarten from
20 the average daily membership multiplied by 0.5 from the school fiscal
21 year immediately preceding the school fiscal year in which aid was paid;

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

25 (a) for schools that did not provide free meals to all students pursuant
26 to the community eligibility provision, students who individually
27 qualified for free lunches or free milk pursuant to the federal Richard
28 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
29 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
30 and sections existed on January 1, 2021, and rules and regulations
31 adopted thereunder, plus (b) for schools that provided free meals to all

1 students pursuant to the community eligibility provision, the greater of
2 the number of students in such school who individually qualified for free
3 lunch or free milk using the most recent school fiscal year for which the
4 school did not provide free meals to all students pursuant to the
5 community eligibility provision or one hundred ten percent of the product
6 of the students who qualified for free meals at such school pursuant to
7 the community eligibility provision multiplied by the identified student
8 percentage calculated pursuant to such federal provision, except that the
9 free lunch and free milk calculated students for any school pursuant to
10 subdivision (18)(b) of this section shall not exceed one hundred percent
11 of the students qualified for free meals at such school pursuant to the
12 community eligibility provision;

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

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

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

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

1 Coordinating Council to such educational entities, private foundations,
2 individuals, associations, charitable organizations, the textbook loan
3 program authorized by section 79-734, federal impact aid, and levy
4 override elections pursuant to section 77-3444, (b) the amount of
5 expenditures for categorical funds, tuition paid to other school
6 districts, tuition paid to postsecondary institutions for college credit,
7 transportation fees paid to other districts, adult education, community
8 services, redemption of the principal portion of general fund debt
9 service, retirement incentive plans authorized by section 79-855, and
10 staff development assistance authorized by section 79-856, (c) the amount
11 of any transfers from the general fund to any bond fund and transfers
12 from other funds into the general fund, (d) any legal expenses in excess
13 of fifteen-hundredths of one percent of the formula need for the school
14 fiscal year in which the expenses occurred, (e) expenditures to pay for
15 incentives agreed to be paid by a school district to certificated
16 employees in exchange for a voluntary termination of employment for which
17 the State Board of Education approved an exclusion pursuant to
18 subdivision (1)(h), (i), (j), or (k) of section 79-1028.01, (f)(i)
19 expenditures to pay for employer contributions pursuant to subsection (2)
20 of section 79-958 to the School Employees Retirement System of the State
21 of Nebraska to the extent that such expenditures exceed the employer
22 contributions under such subsection that would have been made at a
23 contribution rate of seven and thirty-five hundredths percent or (ii)
24 expenditures to pay for school district contributions pursuant to
25 subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the retirement
26 system established pursuant to the Class V School Employees Retirement
27 Act to the extent that such expenditures exceed the school district
28 contributions under such subdivision that would have been made at a
29 contribution rate of seven and thirty-seven hundredths percent, and (g)
30 any amounts paid by the district for lobbyist fees and expenses reported
31 to the Clerk of the Legislature pursuant to section 49-1483.

1 For purposes of this subdivision (22) of this section, receipts from
2 levy override elections shall equal ninety-nine percent of the difference
3 of the total general fund levy minus the maximum levy authorized pursuant
4 to subdivision (2)(a) of section 77-3442 for the same fiscal year a levy
5 of one dollar and five cents per one hundred dollars of taxable valuation
6 multiplied by the assessed valuation for school districts that have voted
7 pursuant to section 77-3444 to override the maximum levy provided
8 pursuant to section 77-3442;

9 (23) Income tax liability means the amount of the reported income
10 tax liability for resident individuals pursuant to the Nebraska Revenue
11 Act of 1967 less all nonrefundable credits earned and refunds made;

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

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

23 (26) Local system means a unified system or a school district;

24 (27) Low-income child means a child under nineteen years of age
25 living in a household having an annual adjusted gross income for the
26 second calendar year preceding the beginning of the school fiscal year
27 for which aid is being calculated equal to or less than the maximum
28 household income pursuant to sections 9(b)(1) and 17(c)(4) of the Richard
29 B. Russell National School Lunch Act, 42 U.S.C. 1758(b)(1) and 42 U.S.C.
30 1766(c)(4), respectively, and sections 3(a)(6) and 4(e)(1)(A) of the
31 Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6) and 42 U.S.C. 1773(e)

1 (1)(A), respectively, as such acts and sections existed on January 1,
2 2021, for a household of that size that would have allowed the child to
3 meet the income qualifications for free meals during the school fiscal
4 year immediately preceding the school fiscal year for which aid is being
5 calculated;

6 (28) Low-income students means the number of low-income children
7 within the district multiplied by the ratio of the formula students in
8 the district divided by the total children under nineteen years of age
9 residing in the district as derived from income tax information;

10 (29) Most recently available complete data year means the most
11 recent single school fiscal year for which the annual financial report,
12 fall school district membership report, annual statistical summary,
13 Nebraska income tax liability by school district for the calendar year in
14 which the majority of the school fiscal year falls, and adjusted
15 valuation data are available;

16 (30) Poverty students means the unadjusted poverty students plus the
17 difference of such unadjusted poverty students minus the average number
18 of poverty students for such district, prior to such addition, for the
19 three immediately preceding school fiscal years if such difference is
20 greater than zero;

21 (31) Qualified early childhood education average daily membership
22 means the product of the average daily membership of students who will be
23 eligible to attend kindergarten the following school year and are
24 enrolled in an early childhood education program approved by the
25 department pursuant to section 79-1103 for such school district for such
26 school year multiplied by the ratio of the actual instructional hours of
27 the program divided by one thousand thirty-two if: (a) The program is
28 receiving a grant pursuant to such section for the third year; (b) the
29 program has already received grants pursuant to such section for three
30 years; or (c) the program has been approved pursuant to subsection (5) of
31 section 79-1103 for such school year and the two preceding school years,

1 including any such students in portions of any of such programs receiving
2 an expansion grant;

3 (32) Qualified early childhood education fall membership means the
4 product of membership on October 1 of each school year of students who
5 will be eligible to attend kindergarten the following school year and are
6 enrolled in an early childhood education program approved by the
7 department pursuant to section 79-1103 for such school district for such
8 school year multiplied by the ratio of the planned instructional hours of
9 the program divided by one thousand thirty-two if: (a) The program is
10 receiving a grant pursuant to such section for the third year; (b) the
11 program has already received grants pursuant to such section for three
12 years; or (c) the program has been approved pursuant to subsection (5) of
13 section 79-1103 for such school year and the two preceding school years,
14 including any such students in portions of any of such programs receiving
15 an expansion grant;

16 (33) Regular route transportation means the transportation of
17 students on regularly scheduled daily routes to and from the schools such
18 students attend;

19 (34) Reorganized district means any district involved in a
20 consolidation and currently educating students following consolidation;

21 (35) School year or school fiscal year means the fiscal year of a
22 school district as defined in section 79-1091;

23 (36) Sparse local system means a local system that is not a very
24 sparse local system but which meets the following criteria:

25 (a)(i) Less than two students per square mile in the county in which
26 each high school is located, based on the school district census, (ii)
27 less than one formula student per square mile in the local system, and
28 (iii) more than ten miles between each high school and the next closest
29 high school on paved roads;

30 (b)(i) Less than one and one-half formula students per square mile
31 in the local system and (ii) more than fifteen miles between each high

1 school and the next closest high school on paved roads;

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

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

9 (37) Special education means specially designed kindergarten through
10 grade twelve instruction pursuant to section 79-1125, and includes
11 special education transportation;

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

19 (39) State aid means the amount of assistance paid to a district
20 pursuant to the Tax Equity and Educational Opportunities Support Act;

21 (40) State board means the State Board of Education;

22 (41) State support means all funds provided to districts by the
23 State of Nebraska for the general fund support of elementary and
24 secondary education;

25 (42) Statewide average basic funding per formula student means the
26 statewide total basic funding for all districts divided by the statewide
27 total formula students for all districts;

28 (43) Statewide average general fund operating expenditures per
29 formula student means the statewide total general fund operating
30 expenditures for all districts divided by the statewide total formula
31 students for all districts;

1 (44) Teacher has the definition found in section 79-101;

2 (45) Tuition receipts from converted contracts means tuition
3 receipts received by a district from another district in the most
4 recently available complete data year pursuant to a converted contract
5 prior to the expiration of the contract;

6 (46) Tuitioned students means students in kindergarten through grade
7 twelve of the district whose tuition is paid by the district to some
8 other district or education agency;

9 (47) Unadjusted poverty students means the greater of the number of
10 low-income students or the free lunch and free milk calculated students
11 in a district; and

12 (48) Very sparse local system means a local system that has:

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

18 (b)(i) More than four hundred fifty square miles in the local
19 system, (ii) less than one-half student per square mile in the local
20 system, and (iii) more than fifteen miles between each high school and
21 the next closest high school on paved roads.

22 Sec. 5. Section 79-1005.01, Revised Statutes Cumulative Supplement,
23 2020, is amended to read:

24 79-1005.01 (1) Not later than November 15 of each year, the Tax
25 Commissioner shall certify to the department for the preceding tax year
26 the income tax liability of resident individuals for each local system.

27 ~~(2) For school fiscal years prior to 2017-18, one hundred two~~
28 ~~million two hundred eighty-nine thousand eight hundred seventeen dollars~~
29 ~~which is equal to the amount appropriated to the School District Income~~
30 ~~Tax Fund for distribution in school fiscal year 1992-93 shall be~~
31 ~~disbursed as option payments as determined under section 79-1009 and as~~

1 ~~allocated income tax funds as determined in this section and sections~~
2 ~~79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01. For school fiscal~~
3 ~~years prior to school fiscal year 2017-18, funds not distributed as~~
4 ~~allocated income tax funds due to minimum levy adjustments shall not~~
5 ~~increase the amount available to local systems for distribution as~~
6 ~~allocated income tax funds.~~

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

18 ~~(2) (4) For school fiscal years prior to school fiscal year 2022-23~~
19 ~~year 2017-18 and each school fiscal year thereafter, each local system's~~
20 ~~allocated income tax funds shall be calculated by multiplying the local~~
21 ~~system's income tax liability certified pursuant to subsection (1) of~~
22 ~~this section by two and twenty-three hundredths percent.~~

23 ~~(3) For school fiscal year 2022-23, each local system's allocated~~
24 ~~income tax funds shall be calculated by multiplying the local system's~~
25 ~~income tax liability certified pursuant to subsection (1) of this section~~
26 ~~by ten percent.~~

27 ~~(4) For school fiscal year 2023-24 and each school fiscal year~~
28 ~~thereafter, each local system's allocated income tax funds shall be~~
29 ~~calculated by multiplying the local system's income tax liability~~
30 ~~certified pursuant to subsection (1) of this section by twenty percent.~~

31 Sec. 6. Section 79-1007.13, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

2 79-1007.13 The department shall calculate a special receipts
3 allowance for each district equal to the amount of special education,
4 state ward, and accelerated or differentiated curriculum program receipts
5 included in local system formula resources under ~~subdivisions (7), (8),~~
6 ~~(15), and (16)~~ of section 79-1018.01 attributable to the school district.

7 Sec. 7. Section 79-1008.01, Revised Statutes Cumulative Supplement,
8 2020, is amended to read:

9 79-1008.01 (1) Except as otherwise provided in this section, each
10 ~~Each~~ local system shall receive equalization aid in the amount that the
11 total formula need, as determined pursuant to section 79-1007.11, exceeds
12 its total formula resources, as determined pursuant to section
13 79-1017.01.

14 (2) The equalization aid for a local system shall be zero if the
15 total formula resources equals or exceeds the total formula need for such
16 local system.

17 (3) For school fiscal year 2022-23 and each school fiscal year
18 thereafter, if the state and local spending authority aid adjustment
19 calculated for any local system pursuant to section 17 of this act is
20 greater than zero, the equalization aid for such local system shall equal
21 the equalization aid calculated pursuant to subsections (1) and (2) of
22 this section minus such state and local spending authority aid
23 adjustment.

24 Sec. 8. Section 79-1009, Revised Statutes Cumulative Supplement,
25 2020, is amended to read:

26 79-1009 (1)(a) For school fiscal years prior to school fiscal year
27 2022-23, a A district shall receive net option funding if (i) option
28 students as defined in section 79-233 were actually enrolled in the
29 school year immediately preceding the school year in which the aid is to
30 be paid or ~~τ~~ (ii) option students as defined in such section will be
31 enrolled in the school year in which the aid is to be paid as converted

1 contract option students, ~~or (iii) for the calculation of aid for school~~
2 ~~fiscal year 2017-18 for school districts that are members of a learning~~
3 ~~community, open enrollment students were actually enrolled for school~~
4 ~~year 2016-17 pursuant to section 79-2110.~~

5 (b) The determination of the net number of option students shall be
6 based on (i) the number of students enrolled in the district as option
7 students and the number of students residing in the district but enrolled
8 in another district as option students as of the day of the fall
9 membership count pursuant to section 79-528, for the school fiscal year
10 immediately preceding the school fiscal year in which aid is to be paid
11 and ~~7~~ (ii) the number of option students that will be enrolled in the
12 district or enrolled in another district as converted contract option
13 students for the fiscal year in which the aid is to be paid, ~~and (iii)~~
14 ~~for the calculation of aid for school fiscal year 2017-18 for school~~
15 ~~districts that are members of a learning community, the number of~~
16 ~~students enrolled in the district as open enrollment students and the~~
17 ~~number of students residing in the district but enrolled in another~~
18 ~~district as open enrollment students as of the day of the fall membership~~
19 ~~count pursuant to section 79-528 for school fiscal year 2016-17.~~

20 (c) Net ~~Except as otherwise provided in this subsection, net number~~
21 ~~of option students means the difference of the number of option students~~
22 ~~enrolled in the district minus the number of students residing in the~~
23 ~~district but enrolled in another district as option students.—For~~
24 ~~purposes of the calculation of aid for school fiscal year 2017-18 for~~
25 ~~school districts that are members of a learning community, net number of~~
26 ~~option students means the difference of the number of students residing~~
27 ~~in another school district who are option students or open enrollment~~
28 ~~students enrolled in the district minus the number of students residing~~
29 ~~in the district but enrolled in another district as option students or~~
30 ~~open enrollment students.~~

31 (2) Net ~~(2)(a) For all school fiscal years except school fiscal~~

1 ~~years 2017-18 and 2018-19, net option funding shall be the product of the~~
2 ~~net number of option students multiplied by the statewide average basic~~
3 ~~funding per formula student.~~

4 ~~(b) For school fiscal years 2017-18 and 2018-19, net option funding~~
5 ~~shall be the product of the net number of option students multiplied by~~
6 ~~ninety-five and five-tenths percent of the statewide average basic~~
7 ~~funding per formula student.~~

8 (3) A district's net option funding shall be zero if the calculation
9 produces a negative result.

10 ~~Payments made under this section for school fiscal years prior to~~
11 ~~school fiscal year 2017-18 shall be made from the funds to be disbursed~~
12 ~~under section 79-1005.01.~~

13 Such payments shall go directly to the option school district but
14 shall count as a formula resource for the local system.

15 Sec. 9. Section 79-1009.01, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-1009.01 For school fiscal years prior to school fiscal year
18 2022-23 ~~2027-28~~, a district which will have converted contract option
19 students shall apply to the department on a form approved by the
20 department within fifteen days after April 27, 2011, for converted
21 contract option students for school fiscal year 2011-12 and on or before
22 November 1 of the calendar year preceding the beginning of all other
23 school fiscal years for which there will be converted contract option
24 students. The department shall determine the amount of tuition receipts
25 from converted contracts to be excluded from the calculation of local
26 system formula resources for each of the first two school fiscal years
27 for which the converted contract will not be in effect and shall
28 determine the number of converted contract option students to be
29 attributed to the receiving district in the calculation of state aid for
30 the first school fiscal year for which the converted contract will not be
31 in effect, and the same number shall be attributed as optioning out of

1 the resident school district. In the final calculation of state aid
2 pursuant to section 79-1065, students that were attributed as optioning
3 into or out of a district shall be replaced with the actual number from
4 fall membership. The department shall notify the applicant district
5 within thirty days after receipt of the completed application.

6 Sec. 10. (1) For school fiscal year 2022-23 and each school fiscal
7 year thereafter, the department shall determine the education
8 stabilization base aid to be paid to each school district from money
9 appropriated from the Education Stabilization Base Aid Trust Fund and any
10 additional appropriations by the Legislature as provided in this section.

11 (2) For school fiscal year 2022-23, the education stabilization base
12 shall equal five hundred fifty dollars per formula student.

13 (3) For school fiscal year 2023-24, the education stabilization base
14 shall equal one thousand one hundred dollars per formula student.

15 (4) For school fiscal year 2024-25 and each school fiscal year
16 thereafter, the education stabilization base shall equal the education
17 stabilization base for the school fiscal year immediately preceding the
18 school fiscal year for which the education stabilization base is being
19 calculated multiplied by the basic allowable growth rate pursuant to
20 section 79-1025 for the school fiscal year for which education
21 stabilization base aid is being calculated.

22 (5) The education stabilization base aid to be paid to each school
23 district in each school fiscal year shall equal the education
24 stabilization base multiplied by the number of formula students for such
25 school district.

26 (6) For each school fiscal year, if the total education
27 stabilization base aid for all school districts is less than the total
28 amount transferred to the Education Stabilization Base Aid Trust Fund
29 during the state fiscal year immediately preceding the state fiscal year
30 during which the calculation is being made, such difference shall be
31 reserved in the fund for future education stabilization base aid payments

1 pursuant to subsection (7) of this section.

2 (7) For each school fiscal year, if the total education
3 stabilization base aid for all school districts is greater than the total
4 amount transferred to the Education Stabilization Base Aid Trust Fund
5 during the state fiscal year immediately preceding the state fiscal year
6 during which the calculation is being made:

7 (i) Any money in the Education Stabilization Base Aid Trust Fund
8 reserved for future payments pursuant to subsection (6) of this section
9 shall be used to, if possible, fund education stabilization base aid as
10 calculated pursuant to subsection (5) of this section; and

11 (ii) If there is not enough money in the Education Stabilization
12 Base Aid Trust Fund to fund education stabilization base aid as
13 calculated pursuant to subsection (5) of this section, the State
14 Treasurer shall transfer from the General Fund to the Education
15 Stabilization Base Aid Trust Fund the amount necessary to pay education
16 stabilization base aid at such level.

17 (8) Education stabilization base aid shall be paid directly to the
18 school district, but shall count as a formula resource for the local
19 system.

20 Sec. 11. (1) The Education Stabilization Base Aid Trust Fund is
21 created.

22 (2) The Education Stabilization Base Aid Trust Fund shall consist of
23 money transferred to the fund by the State Treasurer, and all such money
24 shall be held in trust solely for the purposes described in this section.

25 (3) The State Treasurer shall disburse money transferred into the
26 Education Stabilization Base Aid Trust Fund to the State Department of
27 Education monthly as appropriated by the Legislature to provide education
28 stabilization base aid pursuant to section 10 of this act. Any excess
29 money in the fund shall be reserved for future payments of education
30 stabilization base aid.

31 (4) Any money in the Education Stabilization Base Aid Trust Fund

1 available for investment shall be invested by the state investment
2 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
3 State Funds Investment Act, and the earnings, if any, shall be credited
4 to the fund.

5 Sec. 12. For school fiscal years 2022-23 and 2023-24, the
6 department shall calculate a hold harmless adjustment for each school
7 district. The hold harmless adjustment shall equal the greater of zero or
8 the difference of the state aid calculated prior to any hold harmless
9 adjustment for the school district for such school fiscal year minus the
10 state aid certified for such school district for school fiscal year
11 2021-22. The hold harmless adjustment shall be paid directly to the
12 school district as part of the school district's state aid.

13 Sec. 13. Section 79-1015.01, Revised Statutes Cumulative Supplement,
14 2020, is amended to read:

15 79-1015.01 (1) Local system formula resources shall include local
16 effort rate yield which shall be computed as prescribed in this section.

17 (2) ~~For each school fiscal years prior to school fiscal year 2022-23~~
18 ~~year except school fiscal years 2017-18 and 2018-19:~~ (a) For state aid
19 certified pursuant to section 79-1022, the local effort rate shall be the
20 maximum levy, for the school fiscal year for which aid is being
21 certified, authorized pursuant to subdivision (2)(a) of section 77-3442
22 less five cents; (b) for the final calculation of state aid pursuant to
23 section 79-1065, the local effort rate shall be the rate which, when
24 multiplied by the total adjusted valuation of all taxable property in
25 local systems receiving equalization aid pursuant to the Tax Equity and
26 Educational Opportunities Support Act, will produce the amount needed to
27 support the total formula need of such local systems when added to state
28 aid appropriated by the Legislature and other actual receipts of local
29 systems described in section 79-1018.01; and (c) the local effort rate
30 yield for such school fiscal years shall be determined by multiplying
31 each local system's total adjusted valuation by the local effort rate.

1 (3) For school fiscal year 2022-23 ~~years 2017-18 and 2018-19~~: (a)
2 For state aid certified pursuant to section 79-1022, the local effort
3 rate shall be the maximum levy, for the school fiscal year for which aid
4 is being certified, authorized pursuant to subdivision (2)(a) of section
5 77-3442 less ten two and ninety seven hundredths cents; (b) for the final
6 calculation of state aid pursuant to section 79-1065, the local effort
7 rate shall be the rate which, when multiplied by the total adjusted
8 valuation of all taxable property in local systems receiving equalization
9 aid pursuant to the Tax Equity and Educational Opportunities Support Act,
10 will produce the amount needed to support the total formula need of such
11 local systems when added to state aid appropriated by the Legislature and
12 other actual receipts of local systems described in section 79-1018.01;
13 and (c) the local effort rate yield for such school fiscal years shall be
14 determined by multiplying each local system's total adjusted valuation by
15 the local effort rate.

16 (4) Except as provided in subsection (5) of this section, for school
17 fiscal year 2023-24 and each school fiscal year thereafter: (a) For state
18 aid certified pursuant to section 79-1022, the local effort rate shall be
19 the 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 twenty cents; (b) for the final calculation of state aid pursuant to
22 section 79-1065, the local effort rate shall be the rate which, when
23 multiplied by the total adjusted valuation of all taxable property in
24 local systems receiving equalization aid pursuant to the Tax Equity and
25 Educational Opportunities Support Act, will produce the amount needed to
26 support the total formula need of such local systems when added to state
27 aid 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 (5) For school fiscal year 2023-24 and each school fiscal year

1 thereafter, if (a) the total sales and use tax collected for the
2 immediately preceding fiscal year has dropped to a rate lower than the
3 amount collected in the second preceding fiscal year and (b) the total
4 General Fund revenues collected for the state during the immediately
5 preceding fiscal year have dropped to a rate lower than the amount
6 collected in the second preceding fiscal year, the Legislature may adjust
7 the local effort rate for one year to a rate no less than seventy-five
8 cents and no greater than eighty-five cents.

9 Sec. 14. Section 79-1017.01, Revised Statutes Cumulative Supplement,
10 2020, is amended to read:

11 79-1017.01 (1) For state aid calculated for each school fiscal year
12 prior to school fiscal year 2022-23, local system formula resources
13 includes other actual receipts determined pursuant to section 79-1018.01,
14 net option funding determined pursuant to section 79-1009, allocated
15 income tax funds determined pursuant to section 79-1005.01, and community
16 achievement plan aid determined pursuant to section 79-1005, and is
17 reduced by amounts paid by the district in the most recently available
18 complete data year as property tax refunds pursuant to or in the manner
19 prescribed by section 77-1736.06.

20 (2) For state aid calculated for school fiscal year 2022-23 and each
21 school fiscal year thereafter, local system formula resources includes
22 education stabilization base aid determined pursuant to section 10 of
23 this act, other actual receipts determined pursuant to section
24 79-1018.01, local effort rate yield determined pursuant to section
25 79-1015.01, allocated income tax funds determined pursuant to section
26 79-1005.01, and community achievement plan aid determined pursuant to
27 section 79-1005, and is reduced by amounts paid by the district in the
28 most recently available complete data year as property tax refunds
29 pursuant to or in the manner prescribed by section 77-1736.06.

30 Sec. 15. Section 79-1018.01, Revised Statutes Cumulative Supplement,
31 2020, is amended to read:

1 79-1018.01 (1)(a) Except as otherwise provided in this section,
2 local system formula resources include other actual receipts available
3 for the funding of general fund operating expenditures as determined by
4 the department for the second school fiscal year immediately preceding
5 the school fiscal year in which aid is to be paid.

6 (b) For school fiscal years prior to school fiscal year 2022-23,
7 other ~~Other~~ actual receipts include:

8 (i) ~~(1)~~ Public power district sales tax revenue;

9 (ii) ~~(2)~~ Fines and license fees;

10 (iii) ~~(3)~~ Tuition receipts from individuals, other districts, or any
11 other source except receipts derived from adult education, receipts
12 derived from summer school tuition, receipts derived from early childhood
13 education tuition, tuition receipts from converted contracts beginning
14 with the calculation of state aid to be distributed in school fiscal year
15 2011-12, and receipts from educational entities as defined in section
16 79-1201.01 for providing distance education courses through the
17 Educational Service Unit Coordinating Council to such educational
18 entities;

19 (iv) ~~(4)~~ Transportation receipts;

20 (v) ~~(5)~~ Interest on investments;

21 (vi) ~~(6)~~ Other miscellaneous noncategorical local receipts, not
22 including receipts from private foundations, individuals, associations,
23 or charitable organizations;

24 (vii) ~~(7)~~ Special education receipts;

25 (viii) ~~(8)~~ Special education receipts and non-special education
26 receipts from the state for wards of the court and wards of the state;

27 (ix) ~~(9)~~ All receipts from the temporary school fund. Receipts from
28 the temporary school fund shall only include (A) ~~(a)~~ receipts pursuant to
29 section 79-1035 and (B) ~~(b)~~ the receipt of funds pursuant to section
30 79-1036 for property leased for a public purpose as set forth in
31 subdivision (1)(a) of section 77-202;

- 1 ~~(x)~~ ~~(10)~~ Motor vehicle tax receipts received;
- 2 ~~(xi)~~ ~~(11)~~ Pro rata motor vehicle license fee receipts;
- 3 ~~(xii)~~ ~~(12)~~ Other miscellaneous state receipts excluding revenue from
- 4 the textbook loan program authorized by section 79-734;
- 5 ~~(xiii)~~ ~~(13)~~ Impact aid entitlements for the school fiscal year which
- 6 have actually been received by the district to the extent allowed by
- 7 federal law;
- 8 ~~(xiv)~~ ~~(14)~~ All other noncategorical federal receipts;
- 9 ~~(xv)~~ ~~(15)~~ Receipts under the federal Medicare Catastrophic Coverage
- 10 Act of 1988, as such act existed on January 1, 2014, as authorized
- 11 pursuant to sections 43-2510 and 43-2511 for services to school-age
- 12 children, excluding amounts designated as reimbursement for costs
- 13 associated with the implementation and administration of the billing
- 14 system pursuant to section 43-2511;
- 15 ~~(xvi)~~ ~~(16)~~ Receipts for accelerated or differentiated curriculum
- 16 programs pursuant to sections 79-1106 to 79-1108.03; and
- 17 ~~(xvii)~~ ~~(17)~~ Revenue received from the nameplate capacity tax
- 18 distributed pursuant to section 77-6204.
- 19 (c) For school fiscal year 2022-23 and each school fiscal year
- 20 thereafter, other actual receipts include:
- 21 (i) Tuition receipts from individuals, other districts, or any other
- 22 source except receipts derived from adult education, receipts derived
- 23 from summer school tuition, receipts derived from early childhood
- 24 education tuition, tuition receipts from converted contracts beginning
- 25 with the calculation of state aid to be distributed in school fiscal year
- 26 2011-12, and receipts from educational entities as defined in section
- 27 79-1201.01 for providing distance education courses through the
- 28 Educational Service Unit Coordinating Council to such educational
- 29 entities;
- 30 (ii) Transportation receipts;
- 31 (iii) Special education receipts;

1 (iv) Special education receipts and non-special education receipts
2 from the state for wards of the court and wards of the state;

3 (v) Impact aid entitlements for the school fiscal year which have
4 actually been received by the school district to the extent allowed by
5 federal law;

6 (vi) Accelerated or differentiated curriculum program receipts
7 pursuant to sections 79-1106 to 79-1108.03; and

8 (vii) Receipts under the federal Medicare Catastrophic Coverage Act
9 of 1988, as such act existed on January 1, 2014, as authorized pursuant
10 to sections 43-2510 and 43-2511 for services to school-age children,
11 excluding amounts designated as reimbursement for costs associated with
12 the implementation and administration of the billing system pursuant to
13 section 43-2511.

14 (2) For school fiscal year 2022-23 and each school fiscal year
15 thereafter, except as otherwise provided in this section, total state and
16 local spending authority includes additional revenue receipts available
17 for the funding of general fund operating expenditures as determined by
18 the department for the second school fiscal year immediately preceding
19 the school fiscal year in which aid is to be paid. Additional revenue
20 receipts include:

21 (a) Public power district sales tax revenue;

22 (b) Fines and license fees;

23 (c) Interest on investments;

24 (d) Other miscellaneous noncategorical local receipts, not including
25 receipts from private foundations, individuals, associations, or
26 charitable organizations;

27 (e) All receipts from the temporary school fund. Receipts from the
28 temporary school fund shall only include (i) receipts pursuant to section
29 79-1035 and (ii) the receipt of funds pursuant to section 79-1036 for
30 property leased for a public purpose as set forth in subdivision (1)(a)
31 of section 77-202;

- 1 (f) Motor vehicle tax receipts received;
- 2 (g) Pro rata motor vehicle license fee receipts;
- 3 (h) Other miscellaneous state receipts excluding revenue from the
- 4 textbook loan program authorized by section 79-734; and
- 5 (i) Revenue received from the nameplate capacity tax distributed
- 6 pursuant to section 77-6204.

7 Sec. 16. (1) For school fiscal year 2022-23 and each school fiscal

8 year thereafter, the total state and local spending authority for each

9 school district shall equal the sum of the budget authority for the

10 general fund budget of expenditures pursuant to section 79-1023 for the

11 same school fiscal year for which aid is being certified, exclusions to

12 the budget authority pursuant to section 79-1028.01 for the previous

13 school fiscal year, and the projected state and local special education

14 expenditures as would be reported for federal special education

15 maintenance of effort purposes for the previous school fiscal year.

16 (2) For school fiscal year 2022-23 and each school fiscal year

17 thereafter, no school district shall collect state and local revenue in

18 excess of the total state and local spending authority for such school

19 district.

20 Sec. 17. (1) The State Department of Education shall calculate a

21 total state and local spending authority aid adjustment for each school

22 district as follows:

23 (a) Add additional revenue receipts pursuant to section 79-1018.01

24 to the school district's formula need calculated pursuant to section

25 79-1007.11;

26 (b) Subtract the total calculated pursuant to subdivision (a) of

27 this subsection from the total state and local spending authority

28 calculated pursuant to section 16 of this act;

29 (c) If the difference calculated pursuant to subdivision (b) of this

30 subsection is less than zero, the state and local spending authority aid

31 adjustment shall equal such difference except that the state and local

1 pending authority aid adjustment shall not exceed the equalization aid
2 calculated pursuant to subsection (1) of section 79-1008.01; and

3 (d) If the difference calculated pursuant to subdivision (b) of this
4 subsection is greater than or equal to zero, the state and local spending
5 authority aid adjustment shall equal zero.

6 (2) Equalization aid shall be reduced by the state and local
7 spending authority aid adjustment pursuant to section 79-1008.01.

8 Sec. 18. (1) For school fiscal year 2022-23 and each school fiscal
9 year thereafter, the department shall calculate a projected general fund
10 tax asking for the immediately following school fiscal year for each
11 school district.

12 (2) The projected general fund tax asking shall equal the total
13 state and local spending authority pursuant to section 16 of this act
14 minus the sum of the education stabilization base aid to be paid pursuant
15 to section 10 of this act, allocated income tax funds pursuant to section
16 79-1005.01, community achievement plan aid pursuant to section 79-1005,
17 equalization aid pursuant to section 79-1008.01, other actual receipts
18 and additional revenue receipts determined pursuant to section
19 79-1018.01, and, for school fiscal years 2022-23 and 2023-24, any hold
20 harmless adjustment pursuant to section 12 of this act, less any state
21 and local spending authority aid adjustment pursuant to section 17 of
22 this act.

23 (3) Each school district shall calculate a district-specific maximum
24 levy on the proposed budget statement prescribed by the Auditor of Public
25 Accounts pursuant to subsection (1) of section 13-504. Except as provided
26 in subsection (4) of this section, the district-specific maximum levy
27 shall equal the projected general fund tax asking calculated pursuant to
28 subsection (2) of this section multiplied by one hundred and divided by
29 the total current taxable value of all taxable property in such school
30 district as certified by the county assessor pursuant to section 13-509.

31 (4) If the district-specific maximum levy calculated pursuant to

1 subsection (3) of this section for a school district is greater than the
2 maximum levy authorized pursuant to subdivision (2)(a) of section
3 77-3442, the district-specific maximum levy for such school district
4 shall equal such maximum levy.

5 (5) A school district may exceed the district-specific maximum levy
6 determined pursuant to subsections (3) and (4) of this section by an
7 amount approved by a two-thirds majority of all members of the school
8 board of such school district, not to exceed the maximum levy authorized
9 pursuant to subdivision (2)(a) of section 77-3442.

10 Sec. 19. Section 79-1022, Revised Statutes Cumulative Supplement,
11 2020, is amended to read:

12 79-1022 (1) On or before May 15, 2022 ~~1, 2020~~, and on or before
13 March 1 of each year thereafter, the department shall determine, publish
14 on its website for the public, and certify to the Director of
15 Administrative Services, the Auditor of Public Accounts, the State
16 Treasurer, and each school district the following information for each
17 local system and school district for the ensuing school fiscal year: the
18 ~~amounts to be distributed to each local system for the ensuing school~~
19 ~~fiscal year pursuant to the Tax Equity and Educational Opportunities~~
20 ~~Support Act~~

21 (a) For school fiscal years 2022-23 and 2023-24:

22 (i) The state aid to be paid pursuant to section 3 of this act;

23 (ii) Allocated income tax funds to be paid as a part of state aid
24 pursuant to section 79-1005.01;

25 (iii) Education stabilization base aid to be paid as a part of state
26 aid pursuant to section 10 of this act;

27 (iv) Equalization aid to be paid as a part of state aid pursuant to
28 section 79-1008.01;

29 (v) Community achievement plan aid to be paid as a part of state aid
30 pursuant to section 79-1005;

31 (vi) Any hold harmless adjustment to be paid as a part of state aid

1 pursuant to section 12 of this act;

2 (vii) The projected general fund tax asking calculated pursuant to
3 section 18 of this act;

4 (viii) The budget authority for the general fund budget of
5 expenditures calculated pursuant to section 79-1023; and

6 (ix) The applicable allowable reserve percentage determined pursuant
7 to section 79-1027.

8 (b) For school fiscal year 2024-25 and each school fiscal year
9 thereafter:

10 (i) The state aid to be paid pursuant to section 3 of this act;

11 (ii) Allocated income tax funds to be paid as a part of state aid
12 pursuant to section 79-1005.01;

13 (iii) Education stabilization base aid to be paid as a part of state
14 aid pursuant to section 10 of this act;

15 (iv) Equalization aid to be paid as a part of state aid pursuant to
16 section 79-1008.01;

17 (v) Community achievement plan aid to be paid as a part of state aid
18 pursuant to section 79-1005;

19 (vi) The projected general fund tax asking calculated pursuant to
20 section 18 of this act;

21 (vii) The budget authority for the general fund budget of
22 expenditures for the ensuing school fiscal year calculated pursuant to
23 section 79-1023; and

24 (viii) The applicable allowable reserve percentage determined
25 pursuant to section 79-1027.

26 ~~(2) and shall certify the amounts to the Director of Administrative~~
27 ~~Services, the Auditor of Public Accounts, and each local system. On or~~
28 ~~before May 15, 2022 ~~1, 2020~~, and on or before March 1 of each year~~
29 ~~thereafter, the department shall report the necessary funding level for~~
30 ~~the ensuing school fiscal year to the Governor, the Appropriations~~
31 ~~Committee of the Legislature, and the Education Committee of the~~

1 Legislature. The report submitted to the committees of the Legislature
2 shall be submitted electronically.

3 (3) State aid certified pursuant to subsection (1) of this section
4 ~~Except as otherwise provided in this subsection, certified state aid~~
5 ~~amounts~~, including adjustments pursuant to section 79-1065.02, shall be
6 shown as budgeted non-property-tax receipts and deducted prior to
7 calculating the property tax request in the local system's general fund
8 budget statement as provided to the Auditor of Public Accounts pursuant
9 to section 79-1024.

10 (4) (2) Except as provided in this subsection, subsection (8) of
11 section 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the state
12 aid amounts certified pursuant to subsection (1) of this section shall be
13 distributed in ten as nearly as possible equal payments on the last
14 business day of each month beginning in September of each ensuing school
15 fiscal year and ending in June of the following year, except that when a
16 local system is to receive a monthly payment of less than one thousand
17 dollars, such payment shall be one lump-sum payment on the last business
18 day of December during the ensuing school fiscal year.

19 Sec. 20. Section 79-1022.02, Revised Statutes Cumulative Supplement,
20 2020, is amended to read:

21 79-1022.02 Notwithstanding any other provision of law, any
22 certification of state aid pursuant to section 79-1022, certification of
23 budget authority pursuant to section 79-1023, and certification of
24 applicable allowable reserve percentages pursuant to section 79-1027
25 completed prior to March 2, 2022 ~~February 13, 2020~~, for school fiscal
26 year 2022-23 ~~2020-21~~ are null and void.

27 Sec. 21. Section 79-1023, Revised Statutes Supplement, 2021, is
28 amended to read:

29 79-1023 (1) ~~The~~ On or before May 1, 2020, and on or before March 1
30 ~~of each year thereafter,~~ the department shall determine and certify
31 pursuant to section 79-1022 ~~to each school district~~ budget authority for

1 the general fund budget of expenditures for each school district for the
2 ensuing school fiscal year.

3 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
4 81-829.51, each school district shall have budget authority for the
5 general fund budget of expenditures equal to the greater of (a) the
6 general fund budget of expenditures for the immediately preceding school
7 fiscal year minus exclusions pursuant to subsection (1) of section
8 79-1028.01 for such school fiscal year with the difference increased by
9 the basic allowable growth rate for the school fiscal year for which
10 budget authority is being calculated, (b) the general fund budget of
11 expenditures for the immediately preceding school fiscal year minus
12 exclusions pursuant to subsection (1) of section 79-1028.01 for such
13 school fiscal year with the difference increased by an amount equal to
14 any student growth adjustment calculated for the school fiscal year for
15 which budget authority is being calculated, or (c) one hundred ten
16 percent of formula need for the school fiscal year for which budget
17 authority is being calculated minus the special education budget of
18 expenditures as filed on the school district budget statement on or
19 before September 30 for the immediately preceding school fiscal year,
20 which special education budget of expenditures is increased by the basic
21 allowable growth rate for the school fiscal year for which budget
22 authority is being calculated.

23 (3) For any school fiscal year for which the budget authority for
24 the general fund budget of expenditures for a school district is based on
25 a student growth adjustment, the budget authority for the general fund
26 budget of expenditures for such school district shall be adjusted in
27 future years to reflect any student growth adjustment corrections related
28 to such student growth adjustment.

29 Sec. 22. Section 79-1027, Revised Statutes Cumulative Supplement,
30 2020, is amended to read:

31 79-1027 No district shall adopt a budget, which includes total

1 requirements of depreciation funds, necessary employee benefit fund cash
2 reserves, and necessary general fund cash reserves, exceeding the
3 applicable allowable reserve percentages of total general fund budget of
4 expenditures as specified in the schedule set forth in this section.

5	Average daily	Allowable
6	membership of	reserve
7	district	percentage
8	0 - 471	45
9	471.01 - 3,044	35
10	3,044.01 - 10,000	25
11	10,000.01 and over	20

12 ~~The On or before May 1, 2020, and on or before March 1 each year~~
13 ~~thereafter,~~ the department shall determine and certify pursuant to
14 section 79-1022 each district's applicable allowable reserve percentage
15 for the ensuing school fiscal year.

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

24 Sec. 23. Section 79-1031, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 79-1031 The department, with assistance from the Property Tax
27 Administrator, the Tax Commissioner or the Tax Commissioner's designee,
28 the Legislative Fiscal Analyst, and the budget division of the Department
29 of Administrative Services, shall annually, on or before November 15,
30 provide an estimate of the necessary funding level for the next school

1 fiscal year under the Tax Equity and Educational Opportunities Support
2 Act to the Governor, the Appropriations Committee of the Legislature, and
3 the Education Committee of the Legislature.

4 Sec. 24. Section 79-1031.01, Revised Statutes Cumulative Supplement,
5 2020, is amended to read:

6 79-1031.01 The Appropriations Committee of the Legislature shall
7 annually include the amount necessary to fund the state aid that will be
8 certified pursuant to section 79-1022 to school districts on or before
9 May 1, 2020, and on or before March 1 of each year thereafter for each
10 ensuing school fiscal year in its recommendations to the Legislature to
11 carry out the requirements of the Tax Equity and Educational
12 Opportunities Support Act.

13 Sec. 25. (1) On or before December 15, 2026, and on or before
14 December 15 every fourth year thereafter, the Education Committee of the
15 Legislature shall submit a report and recommendations regarding the Tax
16 Equity and Educational Opportunities Support Act electronically to the
17 Clerk of the Legislature as provided in this section.

18 (2) The report required by this section shall include, but not be
19 limited to, the following:

20 (a) An analysis of the effectiveness of the Tax Equity and
21 Educational Opportunities Support Act in meeting the legislative intent
22 described in section 79-1002;

23 (b) A summary of any changes that were made to the act since the
24 enactment of this legislative bill, with a focus on the changes made
25 since the last time a report was submitted under this section;

26 (c) A breakdown of the annual funding from the Insurance Tax Fund
27 pursuant to section 77-913, the Education Stabilization Base Aid Trust
28 Fund pursuant to section 11 of this act, and the General Fund;

29 (d) A financial summary of the Education Stabilization Base Aid
30 Trust Fund;

31 (e) A review of property valuation fluctuations by sector;

1 (f) A year-over-year graphical representation of the local effort
2 rate pursuant to section 79-1015.01, the allocated income tax rate
3 pursuant to section 79-1005.01, the basic allowable growth rate pursuant
4 to section 79-1025, the maximum levy for general fund budgets pursuant to
5 section 77-3442, and the per student education stabilization base
6 pursuant to section 10 of this act;

7 (g) A brief narrative of any extenuating factors that impacted the
8 economy, school districts, or school finance during the reporting period
9 including, but not limited to, enacted policy changes that have affected
10 revenue receipts; and

11 (h) Any proposed statutory changes to the calculations for formula
12 need pursuant to section 79-1007.11, the budget authority for the general
13 fund budget of expenditures pursuant to section 79-1023, and education
14 stabilization base aid pursuant to section 10 of this act that are needed
15 to better reflect the current economic conditions in the state.

16 (3) The committee may receive assistance from the State Department
17 of Education, the Property Tax Administrator, the Tax Commissioner or the
18 Tax Commissioner's designee, the Legislative Fiscal Analyst, or the
19 budget division of the Department of Administrative Services in preparing
20 the report required by this section.

21 (4) At the discretion of the chairperson of the Education Committee,
22 or at the request of the chairperson of the Appropriations Committee,
23 such report may be submitted on a more frequent basis than required under
24 subsection (1) of this section.

25 Sec. 26. The Legislature finds that adjustments to the Tax Equity
26 and Educational Opportunities Support Act may be necessary during
27 economic downturns in order for the state to continue to meet its
28 education funding goals. In such cases, it is the intent of the
29 Legislature that adjustments be made to the act in the following order of
30 priority:

31 (1) The first priority shall be to, for one year, increase the

1 education stabilization base amount to be paid for each formula student
2 pursuant to section 10 of this act to an amount no greater than necessary
3 to cover the deficit, to the extent funds are available for such purpose;

4 (2) The second priority shall be to adjust the local effort rate as
5 described in subsection (5) of section 79-1015.01; and

6 (3) The third priority shall be to adjust the base limitation as
7 described in section 77-3446.

8 Sec. 27. Section 79-1065.02, Revised Statutes Supplement, 2021, is
9 amended to read:

10 79-1065.02 (1) State aid payments pursuant to the Tax Equity and
11 Educational Opportunities Support Act and payments of core services and
12 technology infrastructure funds pursuant to section 79-1241.03 shall be
13 adjusted when property within the boundaries of a school district or
14 educational service unit is transferred to another school district or
15 educational service unit in response to annexation of the transferred
16 property by a city or village.

17 (2)(a) For a school district to qualify for additional state aid
18 pursuant to this section, the school district from which property is
19 being transferred shall apply on a form prescribed by the State
20 Department of Education on or before August 20 preceding the first school
21 fiscal year for which the property will not be available for taxation for
22 the school district's general fund levy.

23 (b) For an educational service unit to qualify for additional core
24 services and technology infrastructure funds pursuant to this section,
25 the educational service unit from which property is being transferred
26 shall apply on a form prescribed by the State Department of Education on
27 or before August 20 preceding the first school fiscal year for which the
28 property will not be available for taxation for the educational service
29 unit's general fund levy.

30 (3)(a) Upon receipt of an application from a school district, the
31 department, with the assistance of the Property Tax Administrator, shall

1 calculate the amount of additional state aid, if any, that the local
2 system, as defined in section 79-1003, for the applicant school district
3 would have received for such school fiscal year if the adjusted valuation
4 for the transferred property had not been included in the adjusted
5 valuation of such local system for the calculation of state aid for such
6 school fiscal year. On or before September 20 of such school fiscal year,
7 the department shall certify to the applicant school district the amount
8 of additional state aid, if any, such school district will receive.
9 Except as otherwise provided in this subdivision, if such school district
10 receives a lump-sum payment pursuant to subsection (4) ~~(2)~~ of section
11 79-1022, such lump-sum payment shall be increased by the amount of
12 additional state aid. Except as otherwise provided in this subdivision,
13 if such school district does not receive a lump-sum payment pursuant to
14 subsection (4) ~~(2)~~ of section 79-1022, state aid payments shall be
15 increased by one-tenth of the amount of additional state aid for each of
16 the ten state aid payments for such school fiscal year. If a portion of
17 the total reduction calculated pursuant to subdivision (4)(a) of this
18 section for local systems receiving valuation in the transfer of property
19 that is the subject of the application is delayed until future years, the
20 additional state aid to be paid in the school fiscal year described in
21 subdivision (2)(a) of this section shall be reduced by the amount of the
22 total reduction that is delayed until future years. The amount of the
23 reduction shall be paid as additional aid in the next school fiscal year.

24 (b) Upon receipt of an application from an educational service unit,
25 the department, with the assistance of the Property Tax Administrator,
26 shall calculate the amount of additional core services and technology
27 infrastructure funds, if any, that such educational service unit would
28 have received for such school fiscal year if the adjusted valuation for
29 the transferred property had not been included in the adjusted valuation
30 of such educational service unit for the calculation of core services and
31 technology infrastructure funds for such school fiscal year. On or before

1 September 20 of such school fiscal year, the department shall certify to
2 the applicant educational service unit the amount of additional core
3 services and technology infrastructure funds, if any, such educational
4 service unit will receive. Except as otherwise provided in this
5 subdivision, payments of core services and technology infrastructure
6 funds shall be increased by one-tenth of the amount of any additional
7 core services and technology infrastructure funds for each of the ten
8 payments of core services and technology infrastructure funds for such
9 school fiscal year. If a portion of the total reduction calculated
10 pursuant to subdivision (4)(b) of this section for an educational service
11 unit receiving valuation in the transfer of property that is the subject
12 of the application is delayed until future years, the additional state
13 aid or core services and technology infrastructure funds to be paid to
14 the applicant educational service unit in the school fiscal year
15 described in subdivision (2)(b) of this section shall be reduced by the
16 amount of the total reduction that is delayed until future years. The
17 amount of the reduction shall be paid as additional core services and
18 technology infrastructure funds to such educational service unit in the
19 next school fiscal year.

20 (4)(a) The state aid payments shall be reduced for the school
21 districts of each receiving local system. An amount equal to the
22 additional state aid calculated pursuant to subdivision (3)(a) of this
23 section for the local system of an applicant school district shall be
24 attributed to the local systems receiving valuation in such transfer
25 based upon the ratio of the adjusted valuation received by each local
26 system divided by the total adjusted valuation transferred from the
27 applicant school district. For any school district of a receiving local
28 system that receives a lump-sum payment pursuant to subsection ~~(4)~~ (2) of
29 section 79-1022, such lump-sum payment shall be reduced by the amount
30 attributed to the receiving local system. For any school district of a
31 receiving local system that does not receive a lump-sum payment pursuant

1 to subsection (4) ~~(2)~~ of section 79-1022, state aid payments shall be
2 reduced by one-tenth of the amount attributed to such receiving local
3 system for each of the ten state aid payments for such school fiscal
4 year. If the total reduction is greater than the total state aid payments
5 for such school fiscal year, the remainder shall be subtracted from state
6 aid payments in future school fiscal years until the total reduction has
7 been subtracted from state aid payments. On or before September 20 of
8 such school fiscal year, the department shall certify to each school
9 district of the receiving local system the amount of the reduction in
10 state aid.

11 (b) Core services and technology infrastructure funds shall be
12 reduced for each receiving educational service unit. An amount equal to
13 the additional core services and technology infrastructure funds
14 calculated pursuant to subdivision (3)(b) of this section for the
15 applicant educational service unit shall be attributed to the educational
16 service units receiving valuation in such transfer based upon the ratio
17 of the adjusted valuation received by each educational service unit
18 divided by the total adjusted valuation transferred from the applicant
19 educational service unit. Core services and technology infrastructure
20 funds shall be reduced by one-tenth of the amount attributed to any such
21 receiving educational service unit for each of the ten payments of core
22 services and technology infrastructure funds for such school fiscal year.
23 If the total reduction is greater than the total payments of core
24 services and technology infrastructure funds for any such educational
25 service unit for such school fiscal year, the remainder shall be
26 subtracted from payments of core services and technology infrastructure
27 funds in future school fiscal years until the total reduction has been
28 subtracted from such payments. On or before September 20 of such school
29 fiscal year, the department shall certify to the receiving educational
30 service units the amount of the reduction in core services and technology
31 infrastructure funds.

1 (5) For purposes of the final calculation of state aid for school
2 districts pursuant to section 79-1065, the adjusted valuation of the
3 property that was transferred shall also be transferred for purposes of
4 adjusted valuation for the final calculation of state aid. For
5 determining adjustments in state aid pursuant to section 79-1065, the
6 final calculation of state aid shall be compared to the state aid
7 certified for such school fiscal year combined with any adjustments in
8 state aid payments and transfers from other districts pursuant to this
9 section.

10 Sec. 28. Original sections 79-1002, 79-1009.01, and 79-1031,
11 Reissue Revised Statutes of Nebraska, sections 79-1001, 79-1005.01,
12 79-1007.13, 79-1008.01, 79-1009, 79-1015.01, 79-1017.01, 79-1018.01,
13 79-1022, 79-1022.02, 79-1027, and 79-1031.01, Revised Statutes Cumulative
14 Supplement, 2020, and sections 79-1003, 79-1023, and 79-1065.02, Revised
15 Statutes Supplement, 2021, are repealed.

16 Sec. 29. Since an emergency exists, this act takes effect when
17 passed and approved according to law.