

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1150**

Introduced by Brandt, 32; Conrad, 46; Dorn, 30; Hughes, 24; Jacobson, 42.

Read first time January 11, 2024

Committee: Education

1 A BILL FOR AN ACT relating to the Tax Equity and Educational  
2 Opportunities Support Act; to amend section 79-1016, Revised  
3 Statutes Cumulative Supplement, 2022, and sections 79-1006,  
4 79-1017.01, 79-1021, 79-1022, 79-1022.02, 79-1023, 79-1027, and  
5 79-1031.01, Revised Statutes Supplement, 2023; to change provisions  
6 relating to foundation aid, adjusted valuations of property, local  
7 system formula resources, the Education Future Fund, and certain  
8 certification dates; to harmonize provisions; to repeal the original  
9 sections; and to declare an emergency.  
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1006, Revised Statutes Supplement, 2023, is  
2 amended to read:

3 79-1006 (1) For school fiscal year 2023-24 and each school fiscal  
4 year thereafter, the department shall determine the foundation aid to be  
5 paid to each school district in accordance with subsection (2) of this  
6 section.

7 (2) The foundation aid to be paid to each school district in each  
8 school fiscal year shall equal one thousand five hundred dollars  
9 multiplied by the number of formula students for such school district.

10 (3) Twenty-four percent of the total amount of foundation aid paid  
11 each school fiscal year shall be paid from money appropriated from the  
12 Education Future Fund.

13 (4) For school fiscal year ~~years~~ 2023-24 and each school fiscal year  
14 thereafter, ~~2024-25, one hundred percent of~~ foundation aid shall be  
15 included as a formula resource pursuant to section 79-1017.01. ~~For school~~  
16 ~~fiscal year 2025-26 and each school fiscal year thereafter, sixty percent~~  
17 ~~of foundation aid shall be included as a formula resource pursuant to~~  
18 ~~section 79-1017.01.~~

19 Sec. 2. Section 79-1016, Revised Statutes Cumulative Supplement,  
20 2022, is amended to read:

21 79-1016 (1) On or before August 20, the county assessor shall  
22 certify to the Property Tax Administrator the total taxable value by  
23 school district in the county for the current assessment year on forms  
24 prescribed by the Tax Commissioner. The county assessor may amend the  
25 filing for changes made to the taxable valuation of the school district  
26 in the county if corrections or errors on the original certification are  
27 discovered. Amendments shall be certified to the Property Tax  
28 Administrator on or before August 31.

29 (2) On or before October 10, the Property Tax Administrator shall  
30 compute and certify to the State Department of Education the adjusted  
31 valuation for the current assessment year for each class of property in

1 each school district and each local system. The adjusted valuation of  
2 property for each school district and each local system, for purposes of  
3 determining state aid pursuant to the Tax Equity and Educational  
4 Opportunities Support Act, shall reflect as nearly as possible state aid  
5 value as defined in subsection (3) of this section. The Property Tax  
6 Administrator shall notify each school district and each local system of  
7 its adjusted valuation for the current assessment year by class of  
8 property on or before October 10. Establishment of the adjusted valuation  
9 shall be based on the taxable value certified by the county assessor for  
10 each school district in the county adjusted by the determination of the  
11 level of value for each school district from an analysis of the  
12 comprehensive assessment ratio study or other studies developed by the  
13 Property Tax Administrator, in compliance with professionally accepted  
14 mass appraisal techniques, as required by section 77-1327. The Tax  
15 Commissioner shall adopt and promulgate rules and regulations setting  
16 forth standards for the determination of level of value for state aid  
17 purposes.

18 (3) For purposes of this section, state aid value means:

19 (a) For real property other than agricultural and horticultural  
20 land:  $\tau$

21 (i) For the adjusted valuation used for the calculation of aid for  
22 school fiscal years prior to school fiscal year 2024-25, ninety-six  
23 percent of actual value; and

24 (ii) For the adjusted valuation used for the calculation of aid for  
25 school fiscal year 2024-25 and each school fiscal year thereafter,  
26 eighty-six percent of actual value;

27 (b) For agricultural and horticultural land:  $\tau$

28 (i) For the adjusted valuation used for the calculation of aid for  
29 school fiscal years prior to school fiscal year 2024-25, seventy-two  
30 percent of actual value as provided in sections 77-1359 and ~~to~~ 77-1363;  
31 and  $\tau$

1        (ii) For the adjusted valuation used for the calculation of aid for  
2 school fiscal year 2024-25 and each school fiscal year thereafter, forty-  
3 two percent of actual value as provided in sections 77-1359 and 77-1363;

4        (c) For agricultural and horticultural land that receives special  
5 valuation pursuant to section 77-1344; ~~7~~

6        (i) For the adjusted valuation used for the calculation of aid for  
7 school fiscal years prior to school fiscal year 2024-25, seventy-two  
8 percent of special valuation as defined in section 77-1343; and

9        (ii) For the adjusted valuation used for the calculation of aid for  
10 school fiscal year 2024-25 and each school fiscal year thereafter, forty-  
11 two percent of special valuation as defined in section 77-1343; and

12        (d) ~~(e)~~ For personal property, the net book value as defined in  
13 section 77-120.

14        (4) On or before November 10, any local system may file with the Tax  
15 Commissioner written objections to the adjusted valuations prepared by  
16 the Property Tax Administrator, stating the reasons why such adjusted  
17 valuations are not the valuations required by subsection (3) of this  
18 section. The Tax Commissioner shall fix a time for a hearing. Either  
19 party shall be permitted to introduce any evidence in reference thereto.  
20 On or before January 1, the Tax Commissioner shall enter a written order  
21 modifying or declining to modify, in whole or in part, the adjusted  
22 valuations and shall certify the order to the State Department of  
23 Education. Modification by the Tax Commissioner shall be based upon the  
24 evidence introduced at hearing and shall not be limited to the  
25 modification requested in the written objections or at hearing. A copy of  
26 the written order shall be mailed to the local system within seven days  
27 after the date of the order. The written order of the Tax Commissioner  
28 may be appealed within thirty days after the date of the order to the Tax  
29 Equalization and Review Commission in accordance with section 77-5013.

30        (5) On or before November 10, any local system or county official  
31 may file with the Tax Commissioner a written request for a nonappealable

1 correction of the adjusted valuation due to clerical error as defined in  
2 section 77-128 or, for agricultural and horticultural land, assessed  
3 value changes by reason of land qualified or disqualified for special use  
4 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the  
5 following January 1, the Tax Commissioner shall approve or deny the  
6 request and, if approved, certify the corrected adjusted valuations  
7 resulting from such action to the State Department of Education.

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

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

26 (8) A school district whose state aid is to be calculated pursuant  
27 to subsection (5) of this section and whose state aid payment is  
28 postponed as a result of failure to calculate state aid pursuant to such  
29 subsection may apply to the state board for lump-sum payment of such  
30 postponed state aid. Such application may be for any amount up to one  
31 hundred percent of the postponed state aid. The state board may grant the

1 entire amount applied for or any portion of such amount. The state board  
2 shall notify the Director of Administrative Services of the amount of  
3 funds to be paid in a lump sum and the reduced amount of the monthly  
4 payments. The Director of Administrative Services shall, at the time of  
5 the next state aid payment made pursuant to section 79-1022, draw a  
6 warrant for the lump-sum amount from appropriated funds and forward such  
7 warrant to the district.

8 Sec. 3. Section 79-1017.01, Revised Statutes Supplement, 2023, is  
9 amended to read:

10 79-1017.01 (1) For state aid calculated for each school fiscal year  
11 prior to school fiscal year 2023-24, local system formula resources  
12 includes other actual receipts determined pursuant to section 79-1018.01,  
13 net option funding determined pursuant to section 79-1009, allocated  
14 income tax funds determined pursuant to section 79-1005.01, and community  
15 achievement plan aid determined pursuant to section 79-1005, and is  
16 reduced by amounts paid by the district in the most recently available  
17 complete data year as property tax refunds pursuant to or in the manner  
18 prescribed by section 77-1736.06.

19 (2) For state aid calculated for school fiscal year 2023-24 and each  
20 school fiscal year thereafter, local system formula resources includes  
21 other actual receipts determined pursuant to section 79-1018.01, net  
22 option funding determined pursuant to section 79-1009, allocated income  
23 tax funds determined pursuant to section 79-1005.01, community  
24 achievement plan aid determined pursuant to section 79-1005, and a  
25 ~~percentage of~~ foundation aid determined pursuant to section 79-1006, and  
26 is reduced by amounts paid by the district in the most recently available  
27 complete data year as property tax refunds pursuant to or in the manner  
28 prescribed by section 77-1736.06.

29 Sec. 4. Section 79-1021, Revised Statutes Supplement, 2023, is  
30 amended to read:

31 79-1021 (1) The Education Future Fund is created. The fund shall be

1 administered by the department and shall consist of money transferred to  
2 the fund by the Legislature. Any money in the fund available for  
3 investment shall be invested by the state investment officer pursuant to  
4 the Nebraska Capital Expansion Act and the Nebraska State Funds  
5 Investment Act.

6 (2) The fund shall be used only for the following purposes, in order  
7 of priority:

8 (a) To fully fund equalization aid under the Tax Equity and  
9 Educational Opportunities Support Act;

10 (b) To fund reimbursements related to special education under  
11 section 79-1142;

12 (c) To fund foundation aid under the Tax Equity and Educational  
13 Opportunities Support Act;

14 (d) To increase funding for school districts in a way that results  
15 in direct property tax relief, which means a dollar-for-dollar  
16 replacement of property taxes by a state funding source;

17 (e) To provide funding for a grant program created by the  
18 Legislature to address teacher turnover rates and keep existing teachers  
19 in classrooms;

20 (f) To provide funding to increase career and technical educational  
21 classroom opportunities for students. Such funding must provide students  
22 with the academic and technical skills, knowledge, and training necessary  
23 to succeed in future careers;

24 (g) To provide funding for a grant program created by the  
25 Legislature to provide students the opportunity to have a mentor who will  
26 continuously engage with the student directly to aid in the student's  
27 professional growth and give ongoing support and encouragement to the  
28 student;

29 (h) To provide funding for extraordinary increases in special  
30 education expenditures to allow school districts with large, unexpected  
31 special education expenditures to more easily meet the needs of all

1 students; and

2 (i) To provide funding to help recruit teachers throughout the state  
3 by utilizing apprenticeships through a teacher apprenticeship program and  
4 an alternative certification process.

5 (3)(a) The State Treasurer shall transfer one billion dollars from  
6 the General Fund to the Education Future Fund in fiscal year 2023-24, on  
7 such dates and in such amounts as directed by the budget administrator of  
8 the budget division of the Department of Administrative Services.

9 (b) The State Treasurer shall transfer two hundred fifty million  
10 dollars from the General Fund to the Education Future Fund in fiscal year  
11 2024-25, on such dates and in such amounts as directed by the budget  
12 administrator of the budget division of the Department of Administrative  
13 Services.

14 (c) It is the intent of the Legislature that two hundred fifty  
15 million dollars be transferred from the General Fund to the Education  
16 Future Fund in fiscal year 2025-26 and each fiscal year thereafter.

17 (4)(a) Every year beginning in 2024, the Department of Revenue shall  
18 certify to the State Treasurer the amount of tax credits that remain  
19 unclaimed under the Nebraska Property Tax Incentive Act for the tax year  
20 completed three years prior. The State Treasurer shall transfer such  
21 amount from the General Fund to the Education Future Fund.

22 (b) Any amount transferred pursuant to this subsection shall be in  
23 addition to any amount transferred pursuant to subsection (3) of this  
24 section.

25 Sec. 5. Section 79-1022, Revised Statutes Supplement, 2023, is  
26 amended to read:

27 79-1022 (1) On or before June 15, ~~2024~~ 2023, and on or before March  
28 1 of each year thereafter, the department shall determine the amounts to  
29 be distributed to each local system for the ensuing school fiscal year  
30 pursuant to the Tax Equity and Educational Opportunities Support Act and  
31 shall certify the amounts to the Director of Administrative Services, the



1 Auditor of Public Accounts, and each local system. On or before June 15,  
2 2024 ~~2023~~, and on or before March 1 of each year thereafter, the  
3 department shall report the necessary funding level for the ensuing  
4 school fiscal year to the Governor, the Appropriations Committee of the  
5 Legislature, and the Education Committee of the Legislature. The report  
6 submitted to the committees of the Legislature shall be submitted  
7 electronically. Except as otherwise provided in this subsection,  
8 certified state aid amounts, including adjustments pursuant to section  
9 79-1065.02, shall be shown as budgeted non-property-tax receipts and  
10 deducted prior to calculating the property tax request in the local  
11 system's general fund budget statement as provided to the Auditor of  
12 Public Accounts pursuant to section 79-1024.

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

22 Sec. 6. Section 79-1022.02, Revised Statutes Supplement, 2023, is  
23 amended to read:

24 79-1022.02 Notwithstanding any other provision of law, any  
25 certification of state aid pursuant to section 79-1022, certification of  
26 budget authority pursuant to section 79-1023, and certification of  
27 applicable allowable reserve percentages pursuant to section 79-1027  
28 completed prior to the effective date of this act June 1, 2023, for  
29 school fiscal year 2024-25 ~~2023-24~~ are null and void.

30 Sec. 7. Section 79-1023, Revised Statutes Supplement, 2023, is  
31 amended to read:

1           79-1023 (1) On or before June 15, 2024 ~~2023~~, and on or before March  
2 1 of each year thereafter, the department shall determine and certify to  
3 each school district budget authority for the general fund budget of  
4 expenditures for the ensuing school fiscal year.

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

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

31           Sec. 8. Section 79-1027, Revised Statutes Supplement, 2023, is

1 amended to read:

2 79-1027 No district shall adopt a budget, which includes total  
3 requirements of depreciation funds, necessary employee benefit fund cash  
4 reserves, and necessary general fund cash reserves, exceeding the  
5 applicable allowable reserve percentages of total general fund budget of  
6 expenditures as specified in the schedule set forth in this section.

7	Average daily	Allowable
8	membership of	reserve
9	district	percentage
10	0 - 471	45
11	471.01 - 3,044	35
12	3,044.01 - 10,000	25
13	10,000.01 and over	20

14 On or before June 15, 2024 ~~2023~~, and on or before March 1 each year  
15 thereafter, the department shall determine and certify each district's  
16 applicable allowable reserve percentage for the ensuing school fiscal  
17 year.

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

26 Sec. 9. Section 79-1031.01, Revised Statutes Supplement, 2023, is  
27 amended to read:

28 79-1031.01 The Appropriations Committee of the Legislature shall  
29 annually include the amount necessary to fund the state aid that will be  
30 certified to school districts on or before June 15, 2024 ~~2023~~, and on or  
31 before March 1 of each year thereafter for each ensuing school fiscal

1 year in its recommendations to the Legislature to carry out the  
2 requirements of the Tax Equity and Educational Opportunities Support Act.

3       Sec. 10. Original section 79-1016, Revised Statutes Cumulative  
4 Supplement, 2022, and sections 79-1006, 79-1017.01, 79-1021, 79-1022,  
5 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised Statutes  
6 Supplement, 2023, are repealed.

7       Sec. 11. Since an emergency exists, this act takes effect when  
8 passed and approved according to law.