

## LEGISLATIVE BILL 5

Approved by the Governor August 15, 2002

Introduced by Speaker Bromm, 23; Raikes, 25; at the request of the Governor

AN ACT relating to educational service units; to amend sections 79-1201 and 79-1241, Revised Statutes Supplement, 2000; to authorize educational service units to borrow money, execute promissory notes, and enter into loan agreements as prescribed; to change provisions relating to distribution of core services funds; to harmonize provisions; and to repeal the original sections.

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

Section 1. (1) (a) Any educational service unit may borrow money to the amount of seventy percent of the unexpended balance of total anticipated receipts of the general fund for the current fiscal year and the following fiscal year. Total anticipated receipts of the general fund for the current fiscal year and the following fiscal year means a sum equal to the total of (i) the anticipated receipts from the current existing levy multiplied by two, (ii) the anticipated receipts from the state for core services and technology infrastructure for the current fiscal year and the following fiscal year, (iii) the anticipated receipts from the United States for the current fiscal year and the following fiscal year, and (iv) the anticipated receipts from other sources for the current fiscal year and the following fiscal year.

(b) Any educational service unit may execute and deliver in evidence thereof its promissory notes which it is hereby authorized and empowered to make and negotiate, bearing a rate of interest set by the educational service unit board and maturing not more than two fiscal years from the date thereof. Such notes, before they are negotiated, shall be presented to the treasurer of the educational service unit and registered by him or her and shall be payable out of the funds collected by such educational service unit in the order of their registry after the payment of prior registered warrants but prior to the payment of any warrant subsequently registered, except that if both warrants and notes are registered, the total of such registered notes and warrants shall not exceed one hundred percent of the unexpended balance of the total anticipated receipts of the general fund of such educational service unit for the current fiscal year and the following fiscal year. For the purpose of making such calculation, such total anticipated receipts shall not include any anticipated receipts against which the educational service unit has borrowed and issued notes pursuant to this section in either the current or the immediately preceding fiscal year.

(2) In addition to the authority granted by subsection (1) of this section, any educational service unit may accept interest-free or low-interest loans from the state or federal government and may execute and deliver in evidence thereof its promissory notes maturing not more than twenty years from the date of execution.

(3) In addition to the authority granted by subsections (1) and (2) of this section, any educational service unit may enter into loan agreements for the purpose of borrowing money from financial institutions, including banks, in amounts not in excess of seventy percent of the unexpended balance of its current existing levy. As evidence of such borrowing, an educational service unit may execute and deliver one or more written loan agreements but shall not be required to execute and deliver separate promissory notes for each borrowing under such agreements. Money borrowed pursuant to such agreements shall bear interest at such rate or rates and shall become due and be repaid as provided in such agreements. Any such agreement shall provide for repayment in full at least once each fiscal year and shall be for a term not exceeding one fiscal year. Any such agreement shall be registered upon books kept by the treasurer of the educational service unit, and money borrowed pursuant to such agreement shall be paid out of funds collected upon the current existing levy prior to the payment of any warrant or note registered subsequent to any such loan agreement. If an educational service unit has any such loan agreement or agreements outstanding and has warrants or notes registered, as described in subsection (1) of this section, the total amount (a) of borrowings pursuant to such loan agreement or agreements and (b) of registered notes and warrants shall not exceed one hundred percent of the unexpended balance of the current existing levy.

(4) Nothing in this section shall be construed to exempt an educational service unit from the terms and conditions contained in sections 10-701 to 10-716.

Sec. 2. Section 79-1201, Revised Statutes Supplement, 2000, is amended to read:

79-1201. Sections 79-1201 to 79-1243 and section 1 of this act shall be known and may be cited as the Educational Service Units Act.

Sec. 3. Section 79-1241, Revised Statutes Supplement, 2000, is amended to read:

79-1241. Funds appropriated for core services shall be distributed proportionally to each educational service unit by the State Department of Education ~~on or before August 1 of each school fiscal year~~ based on the fall membership in member districts in the preceding school fiscal year, except that no educational service unit shall receive less than two and one-half percent of the funds appropriated for core services.

Any funds appropriated for distribution pursuant to this section for school fiscal year 2003-04 and each school fiscal year thereafter shall be distributed in ten as nearly as possible equal payments on the first business day of each month beginning in September of each school fiscal year and ending in June. Funds distributed pursuant to this section shall be used for core services with the approval of representatives of two-thirds of the member school districts, representing a majority of the students in the member school districts. If a member school district provides evidence satisfactory to the educational service unit that the district will provide core services for itself in a cost-efficient manner, the educational service unit may distribute funds directly to the district to be used for providing core services, or if all member school districts within the boundaries of an educational service unit together provide evidence satisfactory to the State Department of Education that the districts will provide core services for themselves in a more cost-efficient manner than the educational service unit, the department shall distribute funds directly to the districts to be used for providing core services.

Sec. 4. Original sections 79-1201 and 79-1241, Revised Statutes Supplement, 2000, are repealed.