

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 605

Introduced by Raikes, 25

Read first time January 17, 2007

Committee: Revenue

A BILL

1 FOR AN ACT relating to educational service units; to amend
2 sections 79-1225 and 79-1241, Reissue Revised Statutes
3 of Nebraska, and sections 77-3442 and 79-1243, Revised
4 Statutes Cumulative Supplement, 2006; to change
5 provisions relating to authority to levy a tax as
6 prescribed; to change provisions relating to distribution
7 of funds; to harmonize provisions; and to repeal the
8 original sections.

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

1 Section 1. Section 77-3442, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

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

7 (2) (a) Except as provided in subdivision (2) (d) of this
8 section, school districts and multiple-district school systems,
9 except learning communities and school districts that are members
10 of learning communities, may levy a maximum levy of one dollar and
11 five cents per one hundred dollars of taxable valuation of property
12 subject to the levy.

13 (b) Except as provided in subdivision (2) (d) of this
14 section, for fiscal year 2008-09 and each fiscal year thereafter,
15 (i) learning communities may levy a maximum levy for the general
16 fund budgets of member school districts equal to the ratio of the
17 aggregate difference of one hundred ten percent of the formula
18 needs as calculated pursuant to section 79-1007.02 minus the amount
19 of state aid certified pursuant to section 79-1022 and minus the
20 other actual receipts included in local system formula resources
21 pursuant to section 79-1018.01 for each member school district for
22 such school fiscal year divided by each one hundred dollars of
23 taxable property subject to the levy, except that such levy shall
24 not exceed one dollar and two cents on each one hundred dollars
25 of taxable property subject to the levy, and (ii) school districts

1 that are members of learning communities may levy a maximum levy
2 of the difference of one dollar and two cents on each one hundred
3 dollars of taxable property subject to the levy minus the learning
4 community levy pursuant to this subdivision for purposes of such
5 school district's general fund budget and special building funds.

6 (c) Excluded from the limitations in subdivisions (a) and
7 (b) of this subsection are amounts levied to pay for sums agreed to
8 be paid by a school district to certificated employees in exchange
9 for a voluntary termination of employment and amounts levied
10 to pay for special building funds and sinking funds established
11 for projects commenced prior to April 1, 1996, for construction,
12 expansion, or alteration of school district buildings. For purposes
13 of this subsection, commenced means any action taken by the school
14 board on the record which commits the board to expend district
15 funds in planning, constructing, or carrying out the project.

16 (d) Federal aid school districts may exceed the maximum
17 levy prescribed by subdivision (2)(a) or (b) of this section
18 only to the extent necessary to qualify to receive federal aid
19 pursuant to Title VIII of Public Law 103-382, as such title existed
20 on September 1, 2001. For purposes of this subdivision, federal
21 aid school district means any school district which receives ten
22 percent or more of the revenue for its general fund budget from
23 federal government sources pursuant to Title VIII of Public Law
24 103-382, as such title existed on September 1, 2001.

25 (e) For school fiscal year 2002-03 through school fiscal

1 year 2007-08, school districts and multiple-district school systems
2 may, upon a three-fourths majority vote of the school board of
3 the school district, the board of the unified system, or the
4 school board of the high school district of the multiple-district
5 school system that is not a unified system, exceed the maximum
6 levy prescribed by subdivision (2) (a) of this section in an amount
7 equal to the net difference between the amount of state aid that
8 would have been provided under the Tax Equity and Educational
9 Opportunities Support Act without the temporary aid adjustment
10 factor as defined in section 79-1003 for the ensuing school fiscal
11 year for the school district or multiple-district school system
12 and the amount provided with the temporary aid adjustment factor.
13 The State Department of Education shall certify to the school
14 districts and multiple-district school systems the amount by which
15 the maximum levy may be exceeded for the next school fiscal year
16 pursuant to this subdivision (e) of this subsection on or before
17 February 15 for school fiscal years 2004-05 through 2007-08.

18 (f) For fiscal year 2008-09 and each fiscal year
19 thereafter, learning communities may levy a maximum levy of two
20 cents on each one hundred dollars of taxable property subject to
21 the levy for special building funds for member school districts.

22 (g) For fiscal year 2008-09 and each fiscal year
23 thereafter, learning communities may levy a maximum levy of one
24 cent on each one hundred dollars of taxable property subject to the
25 levy for the learning community budget and for projects approved by

1 the learning community coordinating council.

2 (3) Community colleges may levy a maximum levy on each
3 one hundred dollars of taxable property subject to the levy of
4 seven cents, plus amounts allowed under subsection (7) of section
5 85-1536.01, except that any community college whose valuation per
6 reported aid equivalent student as defined in section 85-1503 was
7 less than eighty-two percent of the average valuation per statewide
8 reimbursable reported aid equivalent total as defined in section
9 85-1503 for all community colleges for fiscal year 1997-98 may levy
10 up to an additional one-half cent for each of fiscal years 2005-06
11 and 2006-07 upon a three-fourths majority vote of the board.

12 (4) Natural resources districts may levy a maximum levy
13 of four and one-half cents per one hundred dollars of taxable
14 valuation of property subject to the levy. Natural resources
15 districts shall also have the power and authority to levy a
16 tax equal to the dollar amount by which their restricted funds
17 budgeted to administer and implement ground water management
18 activities and integrated management activities under the Nebraska
19 Ground Water Management and Protection Act exceed their restricted
20 funds budgeted to administer and implement ground water management
21 activities and integrated management activities for FY2003-04,
22 not to exceed one cent on each one hundred dollars of taxable
23 valuation annually on all of the taxable property within the
24 district. In addition, natural resources districts located in a
25 river basin, subbasin, or reach that has been determined to be

1 fully appropriated pursuant to section 46-714 or designated as
2 overappropriated pursuant to section 46-713 by the Department of
3 Natural Resources shall also have the power and authority to
4 levy a tax equal to the dollar amount by which their restricted
5 funds budgeted to administer and implement ground water management
6 activities and integrated management activities under the Nebraska
7 Ground Water Management and Protection Act exceed their restricted
8 funds budgeted to administer and implement ground water management
9 activities and integrated management activities for FY2005-06, not
10 to exceed three cents on each one hundred dollars of taxable
11 valuation on all of the taxable property within the district for
12 fiscal year 2006-07 and not to exceed two cents on each one
13 hundred dollars of taxable valuation annually on all of the taxable
14 property within the district for fiscal years 2007-08 and 2008-09.

15 (5) ~~Educational service units~~ Any educational service
16 unit authorized to levy a property tax pursuant to section 79-1225
17 may levy a maximum levy of one and one-half cents per one hundred
18 dollars of taxable valuation of property subject to the levy.

19 (6)(a) Incorporated cities and villages which are not
20 within the boundaries of a municipal county may levy a maximum levy
21 of forty-five cents per one hundred dollars of taxable valuation
22 of property subject to the levy plus an additional five cents per
23 one hundred dollars of taxable valuation to provide financing for
24 the municipality's share of revenue required under an agreement
25 or agreements executed pursuant to the Interlocal Cooperation Act

1 or the Joint Public Agency Act. The maximum levy shall include
2 amounts levied to pay for sums to support a library pursuant
3 to section 51-201, museum pursuant to section 51-501, visiting
4 community nurse, home health nurse, or home health agency pursuant
5 to section 71-1637, or statue, memorial, or monument pursuant to
6 section 80-202.

7 (b) Incorporated cities and villages which are within the
8 boundaries of a municipal county may levy a maximum levy of ninety
9 cents per one hundred dollars of taxable valuation of property
10 subject to the levy. The maximum levy shall include amounts paid
11 to a municipal county for county services, amounts levied to pay
12 for sums to support a library pursuant to section 51-201, a museum
13 pursuant to section 51-501, a visiting community nurse, home health
14 nurse, or home health agency pursuant to section 71-1637, or a
15 statue, memorial, or monument pursuant to section 80-202.

16 (7) Sanitary and improvement districts which have been in
17 existence for more than five years may levy a maximum levy of forty
18 cents per one hundred dollars of taxable valuation of property
19 subject to the levy, and sanitary and improvement districts which
20 have been in existence for five years or less shall not have
21 a maximum levy. Unconsolidated sanitary and improvement districts
22 which have been in existence for more than five years and are
23 located in a municipal county may levy a maximum of eighty-five
24 cents per hundred dollars of taxable valuation of property subject
25 to the levy.

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

1 levy authority under this section, the second county may exceed the
2 levy authority in order to levy the amount allocated.

3 (9) Municipal counties may levy or authorize a maximum
4 levy of one dollar per one hundred dollars of taxable valuation
5 of property subject to the levy. The municipal county may allocate
6 levy authority to any political subdivision or entity subject to
7 allocation under section 77-3443.

8 (10) Property tax levies for judgments, except judgments
9 or orders from the Commission of Industrial Relations, obtained
10 against a political subdivision which require or obligate a
11 political subdivision to pay such judgment, to the extent such
12 judgment is not paid by liability insurance coverage of a
13 political subdivision, for preexisting lease-purchase contracts
14 approved prior to July 1, 1998, for bonded indebtedness approved
15 according to law and secured by a levy on property, and for
16 payments by a public airport to retire interest-free loans from the
17 Department of Aeronautics in lieu of bonded indebtedness at a lower
18 cost to the public airport are not included in the levy limits
19 established by this section.

20 (11) The limitations on tax levies provided in this
21 section are to include all other general or special levies
22 provided by law. Notwithstanding other provisions of law, the
23 only exceptions to the limits in this section are those provided by
24 or authorized by sections 77-3442 to 77-3444.

25 (12) Tax levies in excess of the limitations in this

1 section shall be considered unauthorized levies under section
2 77-1606 unless approved under section 77-3444.

3 (13) For purposes of sections 77-3442 to 77-3444,
4 political subdivision means a political subdivision of this state
5 and a county agricultural society.

6 Sec. 2. Section 79-1225, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 79-1225 (1) After the adoption of its budget statement,
9 the board for each educational service unit, except as provided
10 in subsection (2) of this section, may levy a tax in the amount
11 which it requires under its adopted budget statement to be received
12 from taxation. The levy shall be subject to the limits established
13 by section 77-3442. The amount of such levy shall be certified by
14 the secretary of the educational service unit board to the county
15 board of equalization of each county in which any part of the
16 geographical area of the educational service unit is located on
17 or before September 20 of each year. Such tax shall be levied and
18 assessed in the same manner as other property taxes and entered
19 on the books of the county treasurer. The proceeds of such tax,
20 as collected, shall be remitted to the treasurer of the board on
21 or before the fifteenth day of each month or more frequently as
22 provided in section 77-1759.

23 (2) For fiscal year 2010-11 and each fiscal year
24 thereafter, only an educational service unit which has two or
25 more member school districts may levy a tax on the taxable value

1 of the taxable property within the geographic boundaries of the
2 educational service unit.

3 Sec. 3. Section 79-1241, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 79-1241 (1) Funds appropriated for core services shall
6 be distributed proportionally to each educational service unit by
7 the State Department of Education based on the fall membership
8 in member districts in the preceding school fiscal year, except
9 that (a) for fiscal year 2010-11 and each fiscal year thereafter,
10 only an educational service unit with two or more member school
11 districts qualifies for funding pursuant to this section and (b) no
12 qualified educational service unit shall receive less than two and
13 one-half percent of the funds appropriated for core services.

14 (2) Any funds appropriated for distribution pursuant to
15 this section for school fiscal year 2003-04 and each school fiscal
16 year thereafter shall be distributed in ten as nearly as possible
17 equal payments on the first business day of each month beginning
18 in September of each school fiscal year and ending in June.
19 Funds distributed pursuant to this section shall be used for core
20 services with the approval of representatives of two-thirds of the
21 member school districts, representing a majority of the students in
22 the member school districts. If a member school district provides
23 evidence satisfactory to the educational service unit that the
24 district will provide core services for itself in a cost-efficient
25 manner, the educational service unit may distribute funds directly

1 to the district to be used for providing core services, or if all
2 member school districts within the boundaries of an educational
3 service unit together provide evidence satisfactory to the State
4 Department of Education that the districts will provide core
5 services for themselves in a more cost-efficient manner than the
6 educational service unit, the department shall distribute funds
7 directly to the districts to be used for providing core services.

8 (3) If two or more educational service units merge, the
9 resulting merged educational service unit shall, for each of the
10 two fiscal years following the fiscal year in which the merger
11 takes place, receive core services funds under this section in
12 an amount not less than the total of the core services funds
13 that each of the merging educational service units received in
14 the fiscal year immediately preceding the merger, except that if
15 the appropriation for core services funds for either of the two
16 fiscal years following the fiscal year in which the merger takes
17 place is less than the appropriation for such funds for the fiscal
18 year immediately preceding the merger, core services funds shall
19 be reduced by a percentage equal to the ratio of the difference
20 of such appropriation for the fiscal year immediately preceding
21 the merger minus the appropriation for the fiscal year in question
22 divided by the appropriation for the fiscal year immediately
23 preceding the merger. Thereafter the distribution of core services
24 funds to the merged educational service unit shall be as provided
25 in subsection (1) of this section.

1 Sec. 4. Section 79-1243, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 79-1243 (1) Funds appropriated for technology
4 infrastructure shall be distributed proportionally to each
5 educational service unit by the State Department of Education
6 based on the fall membership of member districts in the preceding
7 school fiscal year, except that, for fiscal year 2010-11 and
8 each fiscal year thereafter, only an educational service unit
9 with two or more member school districts qualifies for funding
10 pursuant to this section and that no qualified educational service
11 unit shall receive less than the sum of (a) two and one-half
12 percent of the funds appropriated for technology infrastructure
13 plus (b) eighty-five percent of the difference of the costs
14 for telecommunications services, for access to data transmission
15 networks that transmit data to and from the educational service
16 unit, and for the transmission of data on such networks paid by
17 the educational service unit as reported on the annual financial
18 report for the most recently available complete data year minus
19 the receipts from the federal Universal Service Fund pursuant to
20 section 254 of the Telecommunications Act of 1996, 47 U.S.C. 254,
21 as such section existed on January 1, 2006, for the educational
22 service unit as reported on the annual financial report for the
23 most recently available complete data year and minus any receipts
24 from school districts or other educational entities for payment
25 of such costs as reported on the annual financial report of the

1 educational service unit.

2 (2) Any funds appropriated for distribution pursuant to
3 this section shall be distributed in ten as nearly as possible
4 equal payments on the first business day of each month beginning
5 in September of each school fiscal year and ending in June. Funds
6 distributed pursuant to this section shall be used for technology
7 infrastructure with the approval of representatives of two-thirds
8 of the member school districts, representing a majority of the
9 students in the member school districts.

10 (3) If two or more educational service units merge, the
11 resulting merged educational service unit shall, for each of the
12 two fiscal years following the fiscal year in which the merger
13 takes place, receive technology infrastructure funds under this
14 section in an amount not less than the total of the technology
15 infrastructure funds that each of the merging educational service
16 units received in the fiscal year immediately preceding the merger,
17 except that if the appropriation for technology infrastructure
18 funds for either of the two fiscal years following the fiscal year
19 in which the merger takes place is less than the appropriation for
20 such funds for the fiscal year immediately preceding the merger,
21 technology infrastructure funds shall be reduced by a percentage
22 equal to the ratio of the difference of such appropriation
23 for the fiscal year immediately preceding the merger minus the
24 appropriation for the fiscal year in question divided by the
25 appropriation for the fiscal year immediately preceding the merger.

1 Thereafter the distribution of technology infrastructure funds
2 to the merged educational service unit shall be as provided in
3 subsection (1) of this section.

4 Sec. 5. Original sections 79-1225 and 79-1241, Reissue
5 Revised Statutes of Nebraska, and sections 77-3442 and 79-1243,
6 Revised Statutes Cumulative Supplement, 2006, are repealed.