

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1125

Introduced by Groene, 42.

Read first time January 18, 2018

Committee: Education

1 A BILL FOR AN ACT relating to school finance; to amend sections 77-3446,
2 79-1015.01, 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01,
3 Revised Statutes Supplement, 2017; to change the base limitation; to
4 change the local effort rate; to change the determination and
5 certification dates relating to distribution of aid, certification
6 of certain budget limitations as prescribed, and duties of the
7 Appropriations Committee of the Legislature; to harmonize
8 provisions; to repeal the original sections; and to declare an
9 emergency.

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

1 Section 1. Section 77-3446, Revised Statutes Supplement, 2017, is
2 amended to read:

3 77-3446 Base limitation means the budget limitation rate applicable
4 to school districts and the limitation on growth of restricted funds
5 applicable to other political subdivisions prior to any increases in the
6 rate as a result of special actions taken by a supermajority of any
7 governing board or of any exception allowed by law. The base limitation
8 is two and one-half percent until adjusted, except that the base
9 limitation for school districts for school fiscal year years 2017-18 and
10 2018-19 is one and one-half percent and for school fiscal year 2018-19 is
11 XX percent. The base limitation may be adjusted annually by the
12 Legislature to reflect changes in the prices of services and products
13 used by school districts and political subdivisions.

14 Sec. 2. Section 79-1015.01, Revised Statutes Supplement, 2017, is
15 amended to read:

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

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

1 effort rate.

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

18 Sec. 3. Section 79-1022, Revised Statutes Supplement, 2017, is
19 amended to read:

20 79-1022 (1) On or before May 1, 2018 ~~June 1, 2017~~, and on or before
21 March 1 of each year thereafter, for each ensuing fiscal year, the
22 department shall determine the amounts to be distributed to each local
23 system and each district for the ensuing school fiscal year pursuant to
24 the Tax Equity and Educational Opportunities Support Act and shall
25 certify the amounts to the Director of Administrative Services, the
26 Auditor of Public Accounts, each learning community for school fiscal
27 years prior to school fiscal year 2017-18, and each district. Except as
28 otherwise provided in this section, the amount to be distributed to each
29 district from the amount certified for a local system shall be
30 proportional based on the formula students attributed to each district in
31 the local system. For school fiscal years prior to school fiscal year

1 2017-18, the amount to be distributed to each district that is a member
2 of a learning community from the amount certified for the local system
3 shall be proportional based on the formula needs calculated for each
4 district in the local system. On or before May 1, 2018 ~~June 1, 2017~~, and
5 on or before March 1 of each year thereafter, for each ensuing fiscal
6 year, the department shall report the necessary funding level for the
7 ensuing school fiscal year to the Governor, the Appropriations Committee
8 of the Legislature, and the Education Committee of the Legislature. The
9 report submitted to the committees of the Legislature shall be submitted
10 electronically. Except as otherwise provided in this subsection,
11 certified state aid amounts, including adjustments pursuant to section
12 79-1065.02, shall be shown as budgeted non-property-tax receipts and
13 deducted prior to calculating the property tax request in the district's
14 general fund budget statement as provided to the Auditor of Public
15 Accounts pursuant to section 79-1024.

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

25 Sec. 4. Section 79-1022.02, Revised Statutes Supplement, 2017, is
26 amended to read:

27 79-1022.02 Notwithstanding any other provision of law, any
28 certification of state aid pursuant to section 79-1022, certification of
29 budget authority pursuant to section 79-1023, and certification of
30 applicable allowable reserve percentages pursuant to section 79-1027
31 completed prior to the effective date of this act ~~February 16, 2017~~, for

1 school fiscal year ~~2018-19~~ ~~2017-18~~ is null and void.

2 Sec. 5. Section 79-1023, Revised Statutes Supplement, 2017, is
3 amended to read:

4 79-1023 (1) On or before May 1, 2018 ~~June 1, 2017~~, and on or before
5 March 1 of each year thereafter, the department shall determine and
6 certify to each school district budget authority for the general fund
7 budget of expenditures for the ensuing school fiscal year.

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

28 (3) For any school fiscal year for which the budget authority for
29 the general fund budget of expenditures for a school district is based on
30 a student growth adjustment, the budget authority for the general fund
31 budget of expenditures for such school district shall be adjusted in

1 future years to reflect any student growth adjustment corrections related
2 to such student growth adjustment.

3 Sec. 6. Section 79-1027, Revised Statutes Supplement, 2017, is
4 amended to read:

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

10	Average daily	Allowable
11	membership of	reserve
12	district	percentage
13	0 - 471	45
14	471.01 - 3,044	35
15	3,044.01 - 10,000	25
16	10,000.01 and over	20

17 On or before May 1, 2018 ~~June 1, 2017~~, and on or before March 1 each
18 year thereafter, the department shall determine and certify each
19 district's applicable allowable reserve percentage for the ensuing school
20 fiscal year.

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

29 Sec. 7. Section 79-1031.01, Revised Statutes Supplement, 2017, is
30 amended to read:

31 79-1031.01 The Appropriations Committee of the Legislature shall

1 annually include the amount necessary to fund the state aid that will be
2 certified to school districts on or before May 1, 2018 ~~June 1, 2017~~, and
3 on or before March 1 of each year thereafter for each ensuing school
4 fiscal year in its recommendations to the Legislature to carry out the
5 requirements of the Tax Equity and Educational Opportunities Support Act.

6 Sec. 8. Original sections 77-3446, 79-1015.01, 79-1022, 79-1022.02,
7 79-1023, 79-1027, and 79-1031.01, Revised Statutes Supplement, 2017, are
8 repealed.

9 Sec. 9. Since an emergency exists, this act takes effect when
10 passed and approved according to law.