

LEGISLATIVE BILL 377

Approved by the Governor February 14, 2018

Introduced by Education Committee: Groene, 42, Chairperson; Ebke, 32; Erdman, 47; Kolowski, 31; Linehan, 39; Morfeld, 46; Pansing Brooks, 28; Walz, 15.

A BILL FOR AN ACT relating to schools; to amend sections 32-570, 32-606, 32-1007, 32-1303, 48-303, 72-2304, 77-3444, 79-102, 79-104, 79-203, 79-413, 79-415, 79-418, 79-419, 79-434, 79-443, 79-447, 79-451, 79-458, 79-470, 79-473, 79-479, 79-4,108, 79-4,129, 79-501, 79-506, 79-524, 79-525, 79-526, 79-547, 79-550, 79-554, 79-559, 79-564, 79-569, 79-570, 79-572, 79-577, 79-578, 79-579, 79-580, 79-581, 79-586, 79-587, 79-588, 79-594, 79-598, 79-5,104, 79-605, 79-728, 79-828, 79-850, 79-1029, 79-1030, 79-1045, 79-1065.02, 79-1072, 79-1089, 79-1090, 79-1098, 79-10,100, 79-10,101, 79-10,103, 79-10,114, 79-10,117, 79-10,118, 79-1217, and 79-1504, Reissue Revised Statutes of Nebraska, sections 79-101, 79-234, 79-499, 79-4,123, 79-528, 79-576, 79-611, 79-1036, 79-1075, 79-10,110, 79-10,110.02, and 79-10,120, Revised Statutes Cumulative Supplement, 2016, and sections 13-508, 79-407, 79-1003, and 79-1108.02, Revised Statutes Supplement, 2017; to change provisions relating to classification of school districts; to harmonize provisions; to provide an operative date; to repeal the original sections; and to outright repeal sections 10-704, 10-716.01, 23-3302, 32-541, 32-542, 32-546, 79-401, 79-402, 79-403, 79-404, 79-406, 79-410, 79-411, 79-416, 79-417, 79-423, 79-424, 79-425, 79-426, 79-427, 79-431, 79-452, 79-453, 79-454, 79-455, 79-472, 79-477, 79-478, 79-492, 79-493, 79-494, 79-495, 79-4,100, 79-4,101, 79-4,102, 79-4,103, 79-4,104, 79-4,109, 79-4,110, 79-4,111, 79-519, 79-523, 79-540, 79-541, 79-542, 79-548, 79-553, 79-556, 79-557, 79-558, 79-563, 79-565, 79-568, 79-585, 79-5,107, 79-5,108, 79-716, 79-717, 79-8,110, 79-1027.01, 79-1077, 79-1078, 79-1083.02, 79-1099, 79-10,111, 79-10,113, 79-10,121, 79-10,122, 79-10,123, 79-10,124, and 79-10,125, Reissue Revised Statutes of Nebraska.

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

Section 1. Section 13-508, Revised Statutes Supplement, 2017, is amended to read:

13-508 (1) After publication and hearing thereon and within the time prescribed by law, each governing body, ~~except as provided in subsection (3) of this section,~~ shall file with and certify to the levying board or boards on or before September 20 of each year or September 20 of the final year of a biennial period and file with the auditor a copy of the adopted budget statement which complies with sections 13-518 to 13-522 or 79-1023 to 79-1030, together with the amount of the tax required to fund the adopted budget, setting out separately (a) the amount to be levied for the payment of principal or interest on bonds issued by the governing body and (b) the amount to be levied for all other purposes. Proof of publication shall be attached to the statements. For fiscal years prior to fiscal year 2017-18, learning communities shall also file a copy of such adopted budget statement with member school districts on or before September 1 of each year. If the prime rate published by the Federal Reserve Board is ten percent or more at the time of the filing and certification required under this subsection, the governing body, in certifying the amount required, may make allowance for delinquent taxes not exceeding five percent of the amount required plus the actual percentage of delinquent taxes for the preceding tax year or biennial period and for the amount of estimated tax loss from any pending or anticipated litigation which involves taxation and in which tax collections have been or can be withheld or escrowed by court order. For purposes of this section, anticipated litigation shall be limited to the anticipation of an action being filed by a taxpayer who or which filed a similar action for the preceding year or biennial period which is still pending. Except for such allowances, a governing body shall not certify an amount of tax more than one percent greater or lesser than the amount determined under section 13-505.

(2) Each governing body shall use the certified taxable values as provided by the county assessor pursuant to section 13-509 for the current year in setting or certifying the levy. Each governing body may designate one of its members to perform any duty or responsibility required of such body by this section.

~~(3)(a) A Class I school district shall do the filing and certification required by subsection (1) of this section on or before August 1 of each year.~~

~~(b) For fiscal years prior to fiscal year 2017-18, learning communities shall do such filing and certification on or before September 1 of each year.~~

Sec. 2. Section 32-570, Reissue Revised Statutes of Nebraska, is amended to read:

32-570 (1) A vacancy in the membership of a school board shall occur as set forth in section 32-560 or in the case of absences, unless excused by a majority of the remaining members of the board, when a member is absent from the district for a continuous period of sixty days at one time or from more

than two consecutive regular meetings of the board. The resignation of a member or any other reason for a vacancy shall be made a part of the minutes of the school board. The school board shall give notice of the date the vacancy occurred, the office vacated, and the length of the unexpired term (a) in writing to the election commissioner or county clerk and (b) by a notice published in a newspaper of general circulation in the school district.

~~(2) A person appointed to fill a vacancy on the school board of a Class I school district by the remaining members of the board shall hold office until the beginning of the next school year. A board member of a Class I school district elected to fill a vacancy at a regular or special school district meeting shall serve for the remainder of the unexpired term or until a successor is elected and qualified.~~

(2) ~~(3)~~ Except as provided in subsection ~~(3)~~ ~~(4)~~ of this section, a vacancy in the membership of a school board of a ~~Class II, III, IV, V, or VI~~ school district resulting from any cause other than the expiration of a term shall be filled by appointment of a qualified registered voter by the remaining members of the board for the remainder of the unexpired term. A registered voter appointed pursuant to this subsection shall meet the same requirements as the member whose office is vacant.

~~(3)~~ ~~(4)~~ Any vacancy in the membership of a school board of a school district described in section 79-549 which does not nominate candidates at a primary election and elect members at the following general election shall be filled by appointment of a qualified registered voter by the remaining members of the board for the remainder of the unexpired term.

~~(4)~~ ~~(5)~~ If any school board fails to fill a vacancy on the board, the vacancy may be filled by election at a special election or school district meeting called for that purpose. Such election or meeting shall be called in the same manner and subject to the same procedures as other special elections or school district meetings.

~~(5)~~ ~~(6)~~ If there are vacancies in the offices of one-half or more of the members of a school board, the Secretary of State shall conduct a special school district election to fill such vacancies.

Sec. 3. Section 32-606, Reissue Revised Statutes of Nebraska, is amended to read:

32-606 (1) Any candidate may place his or her name on the primary election ballot by filing a candidate filing form prescribed by the Secretary of State as provided in section 32-607. If a candidate for an elective office is an incumbent of any elective office, the filing period for filing the candidate filing form shall be between December 1 and February 15 prior to the date of the primary election, except for candidates for election in 2013 to the board of education of a Class V school district. No incumbent who resigns from elective office prior to the expiration of his or her term shall file for any office after February 15 of that election year. Incumbent and nonincumbent candidates for election in 2013 to the board of education of a Class V school district and all other candidates shall file for office between December 1 and March 1 prior to the date of the primary election. A candidate filing form may be transmitted by facsimile for the offices listed in subdivision (1) of section 32-607 if (a) the transmission is received in the office of the filing officer by the filing deadline and (b) the original filing form is mailed to the filing officer with a legible postmark bearing a date on or prior to the filing deadline and is in the office of the filing officer no later than seven days after the filing deadline.

(2) Any candidate for a township office in a county under township organization, the board of trustees of a village, the board of directors of a reclamation district, the county weed district board, the board of directors of a public power district receiving annual gross revenue of less than forty million dollars, ~~the school board of a Class II school district,~~ or the board of an educational service unit may place his or her name on the general election ballot by filing a candidate filing form prescribed by the Secretary of State as provided in section 32-607. If a candidate for an elective office is an incumbent of any elective office, the filing period for filing the candidate filing form shall be between December 1 and July 15 prior to the date of the general election. No incumbent who resigns from elective office prior to the expiration of his or her term shall file for any office after July 15 of that election year. All other candidates shall file for office between December 1 and August 1 prior to the date of the general election. A candidate filing form may be transmitted by facsimile for the offices listed in subdivision (1) of section 32-607 if (a) the transmission is received in the office of the filing officer by the filing deadline and (b) the original filing form is mailed to the filing officer with a legible postmark bearing a date on or prior to the filing deadline and is in the office of the filing officer no later than seven days after the filing deadline.

(3) Any city having a home rule charter may provide for filing deadlines for any person desiring to be a candidate for the office of council member or mayor.

Sec. 4. Section 32-1007, Reissue Revised Statutes of Nebraska, is amended to read:

32-1007 For members of a village board of trustees or ~~or~~ township officers, ~~or members of the school board of Class I or II school districts,~~ if a first or generally recognized name and last name of a person is filled in on a line provided for that purpose and the square or oval opposite such line has been marked with a cross or other clear, intelligible mark, the vote shall be valid and the ballot shall be counted. If only the last name of a person is in the

write-in space on the ballot and there is more than one person in the county having the same last name, the counting board shall reject the ballot for that office unless the last name is reasonably close to the proper spelling of the last name of a candidate engaged in or pursuing a write-in campaign pursuant to section 32-615. The counting board shall make the following notation on the rejected ballot: Rejected for the office of, no first or generally recognized name.

Sec. 5. Section 32-1303, Reissue Revised Statutes of Nebraska, is amended to read:

32-1303 (1) A petition demanding that the question of removing an elected official or member of a governing body listed in section 32-1302 be submitted to the registered voters shall be signed by registered voters equal in number to at least thirty-five percent of the total vote cast for that office in the last general election, except that (a) for an office for which more than one candidate is chosen, the petition shall be signed by registered voters equal in number to at least thirty-five percent of the number of votes cast for the person receiving the most votes for such office in the last general election, ~~(b) for a member of a board of a Class I school district, the petition shall be signed by registered voters of the school district equal in number to at least twenty-five percent of the total number of registered voters residing in the district on the date that the recall petitions are first checked out from the filing clerk by the principal circulator,~~ and ~~(b)~~ (c) for a member of a governing body of a village, the petition shall be signed by registered voters equal in number to at least forty-five percent of the total vote cast for the person receiving the most votes for that office in the last general election. The signatures shall be affixed to petition papers and shall be considered part of the petition.

(2) Petition circulators shall conform to the requirements of sections 32-629 and 32-630.

(3) The petition papers shall be procured from the filing clerk. Prior to the issuance of such petition papers, an affidavit shall be signed and filed with the filing clerk by at least one registered voter. Such voter or voters shall be deemed to be the principal circulator or circulators of the recall petition. The affidavit shall state the name and office of the official sought to be removed, shall include in typewritten form in concise language of sixty words or less the reason or reasons for which recall is sought, and shall request that the filing clerk issue initial petition papers to the principal circulator for circulation. The filing clerk shall notify the official sought to be removed by any method specified in section 25-505.01 or, if notification cannot be made with reasonable diligence by any of the methods specified in section 25-505.01, by leaving a copy of the affidavit at the official's usual place of residence and mailing a copy by first-class mail to the official's last-known address. If the official chooses, he or she may submit a defense statement in typewritten form in concise language of sixty words or less for inclusion on the petition. Any such defense statement shall be submitted to the filing clerk within twenty days after the official receives the copy of the affidavit. The principal circulator or circulators shall gather the petition papers within twenty days after the receipt of the official's defense statement. The filing clerk shall notify the principal circulator or circulators that the necessary signatures must be gathered within thirty days from the date of issuing the petitions.

(4) The filing clerk, upon issuing the initial petition papers or any subsequent petition papers, shall enter in a record, to be kept in his or her office, the name of the principal circulator or circulators to whom the papers were issued, the date of issuance, and the number of papers issued. The filing clerk shall certify on the papers the name of the principal circulator or circulators to whom the papers were issued and the date they were issued. No petition paper shall be accepted as part of the petition unless it bears such certificate. The principal circulator or circulators who check out petitions from the filing clerk may distribute such petitions to persons who may act as circulators of such petitions.

(5) Petition signers shall conform to the requirements of sections 32-629 and 32-630. Each signer of a recall petition shall be a registered voter and qualified by his or her place of residence to vote for the office in question.

Sec. 6. Section 48-303, Reissue Revised Statutes of Nebraska, is amended to read:

48-303 Except as otherwise provided in this section, an employment certificate shall be approved only by the superintendent of the ~~primary~~ high school district in which the child resides or by a person authorized by him or her in writing or, when there is no superintendent, by a person authorized by the school district officers, except that no school district officer or other person authorized by this section may approve such certificate for any child then in or about to enter his or her own employment or the employment of a firm or corporation of which he or she is a member, officer, or employee or in whose business he or she is interested. If a child who resides in an adjoining state seeks to work in Nebraska, the Department of Labor may approve the employment certificate. The officer or person approving such certificate may administer the oath provided for therein or in any investigation or examination necessary for the approval thereof. No fee shall be charged for approving any such certificate or for administering any oath or rendering any services related thereto. The school board or board of education of each school district approving the employment certificate, or the department if the department has approved the employment certificate, shall establish and maintain proper

records where copies of all such certificates and all documents connected therewith shall be filed and preserved and shall provide the necessary clerical services for carrying out sections 48-302 to 48-313. The person who issued the employment certificate shall report to the department any complaint concerning the conditions of employment of a child for whom a certificate is in force. Upon receipt of the report, the department shall make such investigation as it deems advisable to protect an individual child or to promote the youth-work program.

Sec. 7. Section 72-2304, Reissue Revised Statutes of Nebraska, is amended to read:

72-2304 (1) In addition to any other borrowing powers provided for by law, a qualified public agency shall have the power to issue its negotiable bonds to any joint entity as defined in section 13-803 or to any joint public agency as defined in section 13-2503 in connection with any joint project which is to be owned, operated, or financed by the joint entity or joint public agency for the benefit of the qualified public agency. The bonds may be issued only if the second largest participant in the joint project has a financial contribution in the joint project of at least twenty-five percent of the debt service. Such bonds may be issued after the qualified public agency has conducted a public hearing on the issuance of bonds. Notice of such public hearing shall be given by publication in a newspaper of general circulation within the territory of the qualified public agency by at least one publication occurring not less than ten days prior to the time of hearing. After the public hearing, the governing body of the qualified public agency may proceed to adopt a bond measure authorizing bonds.

(2) Notice of any such bond measure shall be given by publication of notice of intention to issue bonds in a newspaper of general circulation within the territory of the qualified public agency at least twice after the adoption of the bond measure. Such publications shall be at least three weeks apart. The notice shall state:

- (a) The name of the qualified public agency;
- (b) The purpose of the issue;
- (c) The principal amount of the issue;
- (d) The amount of annual debt service payment anticipated for the bonds, which may be stated as an approximation or estimate, and the anticipated duration for such debt service payments; and
- (e) The time and place where a copy of the form of the bond measure may be examined for a period of at least thirty days.

(3) No election shall be required prior to the issuance of bonds under the Public Facilities Construction and Finance Act unless, within sixty days after the first publication of the notice of intention to issue bonds, a remonstrance petition against the issuance of bonds is filed with the clerk or secretary of the qualified public agency. Such remonstrance petition shall be signed by registered voters of the qualified public agency equal in number to at least five percent of the number of registered voters of the qualified public agency at the time the remonstrance petition is filed or at least the number of signatures listed in subsection (5) of this section for the applicable qualified public agency, whichever is less. If a remonstrance petition with the necessary number of qualified signatures is timely filed, the question shall be submitted to the voters of the qualified public agency at a general election or a special election called for the purpose of approving the bonds proposed to be issued. Any joint project for which bonds are issued in accordance with the procedures of the act shall not require any other approval or proceeding by the governing body or the voters of the qualified public agency.

(4) No election shall be required for any qualified public agency not issuing bonds to participate in such joint project unless, within sixty days after the governing body of the qualified public agency adopts the measure approving the interlocal or cooperative agreement related to the joint project, a remonstrance petition is filed with the clerk or secretary of the qualified public agency. Such remonstrance petition shall be signed by registered voters of the qualified public agency equal in number to at least five percent of the number of registered voters of the qualified public agency at the time the remonstrance petition is filed or at least the number of signatures listed in subsection (5) of this section for the applicable qualified public agency, whichever is less. If a remonstrance petition with the necessary number of qualified signatures is timely filed, the question shall be submitted to the voters of the qualified public agency at a general election or a special election called for the purpose of approving the interlocal or cooperative agreement related to the joint project.

(5) The chart in this subsection provides the alternative number of signatures of registered voters of a qualified public agency which may be used to submit a remonstrance petition under subsection (3) or (4) of this section. The classification of counties in section 23-1114.01 applies for purposes of this section.

Qualified Public Agency	Number of Signatures of Registered Voters
City of the Metropolitan Class	1500
City of the Primary Class	1000

City of the First Class	750
City of the Second Class	250
Villages	50
Municipal County	1500
Class 7 County	1500
Class 6 County	1000
Class 5 County	750
Class 4 County	500
Class 3 County	250
Class 2 County	100
Class 1 County	50
Class VI School District	250
Class V School District	1500
Class IV School District	1000
Class III School District	500
Class II School District	250
Class I School District	250
Educational Service Unit	250
Community College Area	1500
Fire Protection District	500
Hospital District	500
Sanitary and Improvement District	500

Sec. 8. Section 77-3444, Reissue Revised Statutes of Nebraska, is amended to read:

77-3444 (1) A political subdivision, ~~other than a Class I school district,~~ may exceed the limits provided in section 77-3442 or a final levy allocation determination as provided in section 77-3443 by an amount not to exceed a maximum levy approved by a majority of registered voters voting on the issue in a primary, general, or special election at which the issue is placed before the registered voters. A vote to exceed the limits provided in section 77-3442 or a final levy allocation as provided in section 77-3443 must be approved prior to October 10 of the fiscal year which is to be the first to exceed the limits or final levy allocation. The governing body of the political subdivision may call for the submission of the issue to the voters (a) by passing a resolution calling for exceeding the limits or final levy allocation by a vote of at least two-thirds of the members of the governing body and delivering a copy of the resolution to the county clerk or election commissioner of every county which contains all or part of the political subdivision or (b) upon receipt of a petition by the county clerk or election commissioner of every county containing all or part of the political subdivision requesting an election signed by at least five percent of the registered voters residing in the political subdivision. The resolution or petition shall include the amount of levy which would be imposed in excess of the limits provided in section 77-3442 or the final levy allocation as provided in section 77-3443 and the duration of the excess levy authority. The excess levy authority shall not have a duration greater than five years. Any resolution or petition calling for a special election shall be filed with the county clerk or election commissioner no later than thirty days prior to the date of the election, and the time of publication and providing a copy of the notice of election required in section 32-802 shall be no later than twenty days prior to the election. The county clerk or election commissioner shall place the issue on the ballot at an election as called for in the resolution or petition which is at least thirty days after receipt of the resolution or petition. The election shall be held pursuant to the Election Act. For petitions filed with the county clerk or election commissioner on or after May 1, 1998, the petition shall be in the form as provided in sections 32-628 to 32-631. Any excess levy authority approved under this section shall terminate pursuant to its terms, on a vote of the governing body of the political subdivision to terminate the authority to levy more than the limits, at the end of the fourth fiscal year following the first year in

which the levy exceeded the limit or the final levy allocation, or as provided in subsection (4) of this section, whichever is earliest. A governing body may pass no more than one resolution calling for an election pursuant to this section during any one calendar year. Only one election may be held in any one calendar year pursuant to a petition initiated under this section.

(2) The ballot question may include any terms and conditions set forth in the resolution or petition and shall include the following: "Shall (name of political subdivision) be allowed to levy a property tax not to exceed cents per one hundred dollars of taxable valuation in excess of the limits prescribed by law until fiscal year for the purposes of (general operations; building construction, remodeling, or site acquisition; or both general operations and building construction, remodeling, or site acquisition)?" If a majority of the votes cast upon the ballot question are in favor of such tax, the county board shall authorize a tax in excess of the limits in section 77-3442 or the final levy allocation in section 77-3443 but such tax shall not exceed the amount stated in the ballot question. If a majority of those voting on the ballot question are opposed to such tax, the governing body of the political subdivision shall not impose such tax.

(3) In lieu of the election procedures in subsection (1) of this section, any political subdivision subject to section 77-3443, ~~other than a Class I school district,~~ and villages may approve a levy in excess of the limits in section 77-3442 or the final levy allocation provided in section 77-3443 for a period of one year at a meeting of the residents of the political subdivision or village, called after notice is published in a newspaper of general circulation in the political subdivision or village at least twenty days prior to the meeting. At least ten percent of the registered voters residing in the political subdivision or village shall constitute a quorum for purposes of taking action to exceed the limits or final levy allocation. A record shall be made of the registered voters residing in the political subdivision or village who are present at the meeting. The method of voting at the meeting shall protect the secrecy of the ballot. If a majority of the registered voters present at the meeting vote in favor of exceeding the limits or final levy allocation, a copy of the record of that action shall be forwarded to the county board prior to October 10 and the county board shall authorize a levy as approved by the residents for the year. If a majority of the registered voters present at the meeting vote against exceeding the limits or final allocation, the limit or allocation shall not be exceeded and the political subdivision shall have no power to call for an election under subsection (1) of this section.

(4) A political subdivision, ~~other than a Class I school district,~~ may rescind or modify a previously approved excess levy authority prior to its expiration by a majority of registered voters voting on the issue in a primary, general, or special election at which the issue is placed before the registered voters. A vote to rescind or modify must be approved prior to October 10 of the fiscal year for which it is to be effective. The governing body of the political subdivision may call for the submission of the issue to the voters (a) by passing a resolution calling for the rescission or modification by a vote of at least two-thirds of the members of the governing body and delivering a copy of the resolution to the county clerk or election commissioner of every county which contains all or part of the political subdivision or (b) upon receipt of a petition by the county clerk or election commissioner of every county containing all or part of the political subdivision requesting an election signed by at least five percent of the registered voters residing in the political subdivision. The resolution or petition shall include the amount and the duration of the previously approved excess levy authority and a statement that either such excess levy authority will be rescinded or such excess levy authority will be modified. If the excess levy authority will be modified, the amount and duration of such modification shall be stated. The modification shall not have a duration greater than five years. The county clerk or election commissioner shall place the issue on the ballot at an election as called for in the resolution or petition which is at least thirty days after receipt of the resolution or petition, and the time of publication and providing a copy of the notice of election required in section 32-802 shall be no later than twenty days prior to the election. The election shall be held pursuant to the Election Act.

(5) For purposes of this section, when the political subdivision is a sanitary and improvement district, registered voter means a person qualified to vote as provided in section 31-735. Any election conducted under this section for a sanitary and improvement district shall be conducted and counted as provided in sections 31-735 to 31-735.06.

(6) For purposes of this section, when the political subdivision is a school district or a multiple-district school system, registered voter includes ~~both (a) persons qualified to vote for the members of the school board of the school district which is voting to exceed the maximum levy limits pursuant to this section and (b) persons in those portions of any Class I district which are affiliated with or a part of the school district which is voting pursuant to this section, if such voter is also qualified to vote for the school board of the affected Class I school district.~~

Sec. 9. Section 79-101, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-101 For purposes of Chapter 79:

(1) School district means the territory under the jurisdiction of a single school board authorized by Chapter 79;

(2) School means a school under the jurisdiction of a school board authorized by Chapter 79;

(3) Legal voter means a registered voter as defined in section 32-115 who is domiciled in a precinct or ward in which he or she is registered to vote and which precinct or ward lies in whole or in part within the boundaries of a school district for which the registered voter chooses to exercise his or her right to vote at a school district election ~~or at an annual or special meeting of a Class I school district;~~

(4) Prekindergarten programs means all early childhood programs provided for children who have not reached the age of five by the date provided in section 79-214 for kindergarten entrance;

(5) Elementary grades means grades kindergarten through eight, inclusive;

(6) High school grades means all grades above the eighth grade;

(7) School year means (a) for elementary grades other than kindergarten, the time equivalent to at least one thousand thirty-two instructional hours and (b) for high school grades, the time equivalent to at least one thousand eighty instructional hours;

(8) Instructional hour means a period of time, at least sixty minutes, which is actually used for the instruction of students;

(9) Teacher means any certified employee who is regularly employed for the instruction of pupils in the public schools;

(10) Administrator means any certified employee such as superintendent, assistant superintendent, principal, assistant principal, school nurse, or other supervisory or administrative personnel who do not have as a primary duty the instruction of pupils in the public schools;

(11) School board means the governing body of any school district. Board of education has the same meaning as school board;

(12) Teach means and includes, but is not limited to, the following responsibilities: (a) The organization and management of the classroom or the physical area in which the learning experiences of pupils take place; (b) the assessment and diagnosis of the individual educational needs of the pupils; (c) the planning, selecting, organizing, prescribing, and directing of the learning experiences of pupils; (d) the planning of teaching strategies and the selection of available materials and equipment to be used; and (e) the evaluation and reporting of student progress;

(13) Permanent school fund means the fund described in section 79-1035.01;

(14) Temporary school fund means the fund described in section 79-1035.02;

(15) School lands means the lands described in section 79-1035.03. Educational lands has the same meaning as school lands;

(16) Community eligibility provision means the alternative to household applications for free and reduced-price meals in high-poverty schools enacted in section 104(a) of the federal Healthy, Hunger-Free Kids Act of 2010, section 11(a)(1) of the Richard B. Russell National School Lunch Act, 42 U.S.C. 1759a(a)(1), as such act and section existed on January 1, 2015, and administered by the United States Department of Agriculture; and

(17) Certificate, certificated, or certified, when referring to an individual holding a certificate to teach, administer, or provide special services, also includes an individual who holds a permit issued by the Commissioner of Education pursuant to sections 79-806 to 79-815.

The State Board of Education may adopt and promulgate rules and regulations to define school day and other appropriate units of the school calendar.

Sec. 10. Section 79-102, Reissue Revised Statutes of Nebraska, is amended to read:

79-102 School districts in this state are classified as follows:

~~(1) Class I includes any school district that maintains only elementary grades under the direction of a single school board;~~

~~(2) Class II includes any school district embracing territory having a population of one thousand inhabitants or less that maintains both elementary and high school grades under the direction of a single school board;~~

~~(1) (3) Class III includes any school district embracing territory having a population of more than one thousand and less than one hundred fifty thousand inhabitants that maintains both elementary and high school grades under the direction of a single school board;~~

~~(2) (4) Class IV includes any school district embracing territory having a population of one hundred thousand or more inhabitants with a city of the primary class within the territory of the district that maintains both elementary and high school grades under the direction of a single school board;~~
~~and~~

~~(3) (5) Class V includes any school district whose employees participate in a retirement system established pursuant to the Class V School Employees Retirement Act and which embraces territory having a city of the metropolitan class within the territory of the district that maintains both elementary grades and high school grades under the direction of a single school board and any school district with territory in a city of the metropolitan class created pursuant to the Learning Community Reorganization Act and designated as a Class V school district in the reorganization plan; and~~

~~(6) Class VI includes any school district in this state that maintains only a high school, or a high school and grades seven and eight or six through eight as provided in section 79-411, under the direction of a single school board.~~

Sec. 11. Section 79-104, Reissue Revised Statutes of Nebraska, is amended to read:

79-104 (1)(a) Whenever any Class ~~III~~ ~~II, III,~~ or IV school district attains the number of inhabitants which requires its reclassification as a Class ~~IV~~ ~~III, IV,~~ or V school district, respectively, the Commissioner of Education shall reclassify such district as a district of the next higher class. ~~A Class III school district may be reclassified as a Class II school district upon application of the board of education of such district if the commissioner finds that the number of inhabitants of such district has decreased to the level established for Class II school districts.~~

(b) Any reclassification pursuant to subdivision (1)(a) of this section shall become effective at the beginning of the next fiscal year after the order of the commissioner.

(2) On the operative date of this act, the commissioner shall reclassify any school district to the classification required by the changes made to section 79-102 by this legislative bill, which reclassification shall be effective immediately.

(3) Within fifteen days after the reclassification of any school district pursuant to subsection (1) or (2) of this section, the commissioner shall notify the county clerk or election commissioner, of the county in which the greatest number of legal voters in the school district reside, of such change in classification and the effective date of such change.

Sec. 12. Section 79-203, Reissue Revised Statutes of Nebraska, is amended to read:

79-203 In case the services or earnings of a child are necessary for his or her own support or the support of those actually dependent upon him or her and the child is fourteen years of age or more and not more than sixteen years of age and has completed the work of the eighth grade, the person having legal or actual charge of such child may apply to the superintendent of the ~~primary~~ high school district in which the child resides or a person designated in writing by the superintendent. The superintendent or designee may, in his or her discretion, issue a permit allowing such child to be employed.

Sec. 13. Section 79-234, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-234 (1) An enrollment option program is hereby established to enable any kindergarten through twelfth grade Nebraska student to attend a school in a Nebraska public school district in which the student does not reside subject to the limitations prescribed in section 79-238. The option shall be available only once to each student prior to graduation, except that the option does not count toward such limitation if such option meets, or met at the time of the option, one of the following criteria: (a) The student relocates to a different resident school district, (b) the option school district merges with another district, (c) ~~the option school district is a Class I district,~~ (d) the student will have completed either the grades offered in the school building originally attended in the option school district or the grades immediately preceding the lowest grade offered in the school building for which a new option is sought, ~~(d) (e)~~ (e) the option would allow the student to continue current enrollment in a school district, ~~(e) (f)~~ (f) the option would allow the student to enroll in a school district in which the student was previously enrolled as a student, or ~~(f) (g)~~ (g) the student is an open enrollment option student. Sections 79-232 to 79-246 do not relieve a parent or guardian from the compulsory attendance requirements in section 79-201.

(2) The program shall not apply to any student who resides in a district which has entered into an annexation agreement pursuant to section 79-473, except that such student may transfer to another district which accepts option students.

Sec. 14. Section 79-407, Revised Statutes Supplement, 2017, is amended to read:

79-407 The territory within the corporate limits of each incorporated municipality in the State of Nebraska that is not in part within the boundaries of a learning community, together with such additional territory and additions to such municipality as may be added thereto, as declared by ordinances to be boundaries of such municipality, having a population of ~~more than one thousand and~~ less than one hundred fifty thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census, including such adjacent territory as now is or hereafter may be attached for school purposes, shall constitute a Class III school district, except that nothing in this section shall be construed to change the boundaries of any school district that is a member of a learning community. The school district shall be a body corporate and possess all the usual powers of a corporation for public purposes and may sue and be sued, purchase, hold, and sell such personal and real property, and control such obligations as are authorized by law.

Sec. 15. Section 79-413, Reissue Revised Statutes of Nebraska, is amended to read:

79-413 (1) The State Committee for the Reorganization of School Districts created under section 79-435 may create a new school district from other districts ~~or~~ ~~change the boundaries of any district that is not a member of a learning community, or affiliate a Class I district or portion thereof with one or more existing Class II, III, IV, or V districts upon receipt of petitions signed by sixty percent of the legal voters of each district affected. If the petitions contain signatures of at least sixty-five percent of the legal voters of each district affected, the state committee shall approve the petitions. When area is added to a Class VI district or when a Class I district which is entirely or partially within a Class VI district is taken from the Class VI~~

~~district, the Class VI district shall be deemed to be an affected district.~~

~~Any petition of the legal voters of a Class I district in which no city or village is situated which is commenced after January 1, 1996, and proposes the dissolution of the Class I district and the attachment of a portion of it to two or more districts shall require signatures of more than fifty percent of the legal voters of such Class I district. If the state committee determines that such petition contains valid signatures of more than fifty percent of the legal voters of such Class I district, the state committee shall grant the petition.~~

~~(2) (2)(a) Petitions proposing to change the boundaries of existing school districts that are not members of a learning community through the transfer of a parcel of land, not to exceed six hundred forty acres, shall be approved by the state committee when the petitions involve the transfer of land between Class III I, II, III, or IV school districts or when there would be an exchange of parcels of land between Class III I, II, III, or IV school districts and the petitions have the approval of at least sixty-five percent of the school board of each affected district. If the transfer of the parcel of land is from a Class I school district to one or more Class II, III, IV, V, or VI school districts of which the parcel is not a part or with which the parcel is not affiliated, any Class II, III, IV, V, or VI school district of which the parcel is not a part or with which the parcel is affiliated shall be deemed an affected district.~~

~~(b) The state committee shall not approve a change of boundaries pursuant to this section relating to affiliation of school districts if twenty percent or more of any tract of land under common ownership which is proposing to affiliate is not contiguous to the high school district with which affiliation is proposed unless (i) one or more resident students of the tract of land under common ownership has attended the high school program of the high school district within the immediately preceding ten-year period or (ii) approval of the petition or plan would allow siblings of such resident students to attend the same school as the resident students attended.~~

~~(3)(a) Petitions proposing to create a new school district or , to change the boundary lines of existing school districts that are not members of a learning community, to create an affiliated school system, or to affiliate a Class I district in part and to join such district in part with a Class VI district, any of which involves the transfer of more than six hundred forty acres, shall, when signed by at least sixty percent of the legal voters in each district affected, be submitted to the state committee. In the case of a petition for affiliation or a petition to affiliate in part and in part to join a Class VI district, the state committee shall review the proposed affiliation subject to sections 79-425 and 79-426. The state committee shall, within forty days after receipt of the petition, hold one or more public hearings and review and approve or disapprove such proposal.~~

~~(b) If there is a bond election to be held in conjunction with the petition, the state committee shall hold the petition until the bond election has been held, during which time names may be added to or withdrawn from the petitions. The results of the bond election shall be certified to the state committee.~~

~~(c) If the bond election held in conjunction with the petition is unsuccessful, no further action on the petition is required. If the bond election is successful, within fifteen days after receipt of the certification of the bond election results, the state committee shall approve the petition and notify the county clerk to effect the changes in district boundary lines as set forth in the petitions.~~

~~(4) Any person adversely affected by the changes made by the state committee may appeal to the district court of any county in which the real estate or any part thereof involved in the dispute is located. If the real estate is located in more than one county, the court in which an appeal is first perfected shall obtain jurisdiction to the exclusion of any subsequent appeal.~~

~~(5) A signing petitioner may withdraw his or her name from a petition and a legal voter may add his or her name to a petition at any time prior to the end of the period when the petition is held by the state committee. Additions and withdrawals of signatures shall be by notarized affidavit filed with the state committee.~~

~~Sec. 16. Section 79-415, Reissue Revised Statutes of Nebraska, is amended to read:~~

~~79-415 (1) In addition to the petitions of legal voters pursuant to section 79-413, changes in boundaries and the creation of a new school district from other districts may be initiated and accepted by the school board or board of education of any district that is not a member of a learning community.~~

~~(2) In addition to the petitions of legal voters pursuant to section 79-413, the affiliation of a Class I district or portion thereof with one or more Class II, III, IV, or V districts may be initiated and accepted by:~~

~~(a) The board of education of any Class II, III, IV, or V district; and~~

~~(b) The school board of any Class I district in which is located a city or incorporated village.~~

~~Sec. 17. Section 79-418, Reissue Revised Statutes of Nebraska, is amended to read:~~

~~79-418 Petitions presented pursuant to section 79-415 sections 79-415 to 79-417 shall be subject to the same requirements for content, hearings, notice, review, and appeal as petitions submitted pursuant to section 79-413, except that a petition presented pursuant to section 79-415 shall not become effective~~

unless it is approved by a vote of a majority of the members of the State Committee for the Reorganization of School Districts. Any person adversely affected by the disapproval shall have the right of appeal under section 79-413.

Sec. 18. Section 79-419, Reissue Revised Statutes of Nebraska, is amended to read:

79-419 (1) When a new district is to be created from other districts as provided in section 79-413, the petition shall contain:

- (a) A description of the proposed boundaries of the reorganized districts;
- (b) A summary of the terms on which reorganization is to be made between the reorganized districts, which terms may include a provision for initial school board districts or wards within the proposed district for the appointment of the first school board and also for the first election as provided in section 79-451, which proposed initial school board districts or wards shall be determined by the State Committee for the Reorganization of School Districts taking into consideration population and valuation, and a determination of the terms of the board members first appointed to membership of the board of the newly reorganized district;
- (c) A map showing the boundaries of established school districts and the boundaries proposed under any plan or plans of reorganization;
- (d) A separate statement as to whether the reorganization is contingent upon the success of a bond election held in conjunction with the reorganization;
- (e) An affidavit from the county clerk or election commissioner regarding the validity of the signatures on the petition; and
- (f) Such other matters as the petitioners determine proper to be included.

~~Any petition for the creation of a new Class VI district shall designate whether such district shall include high school grades only, grades seven through twelve, or grades six through twelve.~~

(2) A petition under subsection (1) of this section may contain provisions for the holding of school within existing buildings in the newly reorganized district and that a school constituted under this section shall be maintained from the date of reorganization unless the legal voters served by the school vote by a majority vote for discontinuance of the school.

Sec. 19. Section 79-434, Reissue Revised Statutes of Nebraska, is amended to read:

79-434 Reorganization of school districts may be accomplished through or by means of any one or more of the following methods: (1) The creation of new districts; (2) the uniting of one or more established districts; (3) the subdivision of one or more established districts; (4) the transfer and attachment to an established district of a part of the territory of one or more districts; ~~(5) the affiliation of a Class I district or portion thereof with one or more Class II, III, IV, or V districts; (6) the changing of boundaries of a Class VI district; and (5) (7) the dissolution or disorganization of an established district for any of the reasons specified by law.~~

Sec. 20. Section 79-443, Reissue Revised Statutes of Nebraska, is amended to read:

79-443 After one or more public hearings have been held, the state committee may approve a plan or plans of reorganization. Such plan shall contain:

- (1) A description of the proposed boundaries of the reorganized districts;
- (2) A summary of the reasons for each proposed change, realignment, or adjustment of the boundaries. ~~If such plan provides for the creation of a new Class VI district, it shall designate whether such district shall include high school grades only or be known as a Class VI junior-senior high school district as described in section 79-411;~~
- (3) A summary of the terms on which reorganization is to be made between the reorganized districts. Such terms shall include a provision for initial school board districts or wards within the proposed district, which proposed initial school board districts or wards shall be determined by the state committee taking into consideration population and valuation, a determination of the number of members to be appointed to the initial school board ~~for Class II and III school districts~~, and a determination of the terms of the board members first appointed to membership on the board of the newly reorganized district;
- (4) A separate statement as to whether the reorganization is contingent upon the success of a bond election held in conjunction with the reorganization;
- (5) A statement of the findings with respect to the location of schools, the utilization of existing buildings, the construction of new buildings, and the transportation requirements under the proposed plan of reorganization. The plan may contain provisions for the holding of school within existing buildings in the newly reorganized district and that a school constituted under this section shall be maintained from the date of reorganization unless the legal voters served by the school vote by a majority vote for discontinuance of the school;
- (6) A map showing the boundaries of established school districts and the boundaries proposed under any plan or plans of reorganization; and
- (7) Such other matters as the state committee determines proper to be included.

(3) A summary of the terms on which reorganization is to be made between the reorganized districts. Such terms shall include a provision for initial school board districts or wards within the proposed district, which proposed initial school board districts or wards shall be determined by the state committee taking into consideration population and valuation, a determination of the number of members to be appointed to the initial school board ~~for Class II and III school districts~~, and a determination of the terms of the board members first appointed to membership on the board of the newly reorganized district;

(4) A separate statement as to whether the reorganization is contingent upon the success of a bond election held in conjunction with the reorganization;

(5) A statement of the findings with respect to the location of schools, the utilization of existing buildings, the construction of new buildings, and the transportation requirements under the proposed plan of reorganization. The plan may contain provisions for the holding of school within existing buildings in the newly reorganized district and that a school constituted under this section shall be maintained from the date of reorganization unless the legal voters served by the school vote by a majority vote for discontinuance of the school;

(6) A map showing the boundaries of established school districts and the boundaries proposed under any plan or plans of reorganization; and

(7) Such other matters as the state committee determines proper to be included.

Sec. 21. Section 79-447, Reissue Revised Statutes of Nebraska, is amended to read:

79-447 (1) Not less than thirty nor more than sixty days after the

designation of a final approved plan under section 79-446, the proposition of the adoption or rejection of the proposed plan of reorganization shall be submitted at a special election to all the legal voters of districts within the county whose boundaries are in any manner changed by the plan of reorganization, ~~including the boundaries of Class VI school districts if such plan includes a Class I school district which is entirely within a Class VI school district.~~

(2) Notice of the special election shall be given by the county clerk or election commissioner and shall be published in a legal newspaper of general circulation in the county at least ten days prior to the election. The election notice shall (a) state that the election has been called for the purpose of affording the legal voters an opportunity to approve or reject the plan of reorganization, (b) contain a description of the boundaries of the proposed district, and (c) contain a statement of the terms of the adjustment of property, debts, and liabilities applicable thereto.

(3) All ballots shall be prepared and the special election shall be held and conducted by the county clerk or election commissioner, and the expense of such election shall be paid by the county board or boards if more than one county is involved as provided in subsection (4) of this section. The county clerk or election commissioner shall use the duly appointed election board or appoint two judges and two clerks who shall be legal voters of the territory of the proposed school district. The election shall be held at a place or places within the proposed district determined by the county clerk or election commissioner to be convenient for the voters.

(4) If the proposed plan of reorganization involves a district under the jurisdiction of another county, the county clerk or election commissioner of the county which has the largest number of pupils residing in the proposed joint district shall give the notice required by subsection (2) of this section in a newspaper of general circulation in the territory of the proposed district and prepare the ballots and such election shall be held and conducted by the county clerk or election commissioner of each county involved in the proposed reorganization in accordance with the Election Act. Each county board shall bear a share of the total election expense in the same proportion that the number of legal voters residing in the proposed district in one county stands to the whole number of legal voters in the proposed district.

(5) In any election held as provided in this section, all districts of like class shall vote as a unit, ~~except that Class I school districts within the boundaries of which are located an incorporated village or city shall constitute a separate voting unit and Class I school districts which do not have within their boundaries an incorporated village or city shall constitute a separate voting unit.~~

(6) Approval of the plan at the special election shall require a majority of all legal voters voting within each voting unit included in the proposed plan.

Sec. 22. Section 79-451, Reissue Revised Statutes of Nebraska, is amended to read:

79-451 Within thirty days after the classification of the reorganized school districts by the county clerk under section 79-450, the state committee shall appoint from among the legal voters of each new school district created the number of school board members specified in the plan of reorganization. A reorganized school district shall be formed and organized and shall have a school board not later than April 1 following the last legal action, as prescribed in section 79-450, necessary to effect the changes in boundaries as set forth in the plan of reorganization, although the physical reorganization of such reorganized school district may not take effect until June 1. The first board shall be appointed on an at-large basis, and all boards shall be elected at large until such time as school districts are established as provided in section 32-554.

~~In appointing the first school board of a Class II school district, the members shall be appointed so that the terms of approximately one-half of the members expire on the date of the first regular meeting of the board in January after the first even-numbered year following their appointment and the terms of the remaining members expire on the date of the first regular meeting of the board in January after the second even-numbered year following their appointment. At the statewide general election in the first even-numbered year after the reorganization, approximately one-half of the board members in each Class II school district shall be elected to terms of four years, and thereafter all candidates shall be elected to terms of four years. Each member's term shall begin on the date of the first regular meeting of the board in January following his or her election.~~

In appointing the first school board of a Class III school district, the terms of approximately one-half of the members shall expire on the first Thursday after the first Tuesday in January after the first even-numbered year following their appointment and the terms of the remaining members shall expire on the first Thursday after the first Tuesday in January after the second even-numbered year following their appointment.

The school board so appointed shall proceed at once to organize in the manner prescribed by law.

Sec. 23. Section 79-458, Reissue Revised Statutes of Nebraska, is amended to read:

79-458 (1) Any freeholder or freeholders, person in possession or constructive possession as vendee pursuant to a contract of sale of the fee, holder of a school land lease under section 72-232, or entrant upon government

land who has not yet received a patent therefor may file a petition on or before June 1 for all other years with a board consisting of the county assessor, county clerk, and county treasurer, asking to have any tract or tracts of land described in the petition set off from an existing school district in which the land is situated and attached to a different school district which is contiguous to such tract or tracts of land if:

(a)(i) The school district in which the land is situated is a Class ~~II~~ or III school district which has had an average daily membership in grades nine through twelve of less than sixty for the two consecutive school fiscal years immediately preceding the filing of the petition;

(ii) Such Class ~~II~~ or III school district has voted pursuant to section 77-3444 to exceed the maximum levy established pursuant to subdivision (2)(a) of section 77-3442, which vote is effective for the school fiscal year in which the petition is filed or for the following school fiscal year;

(iii) The high school in such Class ~~II~~ or III school district is within fifteen miles on a maintained public highway or maintained public road of another public high school; and

(iv) Neither school district is a member of a learning community; or

(b) Except as provided in subsection (7) of this section, the school district in which the land is situated, regardless of the class of school district, has approved a budget for the school fiscal year in which the petition is filed that will cause the combined levies for such school fiscal year, except levies for bonded indebtedness approved by the voters of such school district and levies for the refinancing of such bonded indebtedness, to exceed the greater of (i) one dollar and twenty cents per one hundred dollars of taxable valuation of property subject to the levy or (ii) the maximum levy authorized by a vote pursuant to section 77-3444.

For purposes of determining whether a tract of land is contiguous, all petitions currently being considered by the board shall be considered together as a whole.

(2) The petition shall state the reasons for the proposed change and shall show with reference to the land of each petitioner: (a) That (i) the land described in the petition is either owned by the petitioner or petitioners or that he, she, or they hold a school land lease under section 72-232, are in possession or constructive possession as vendee under a contract of sale of the fee simple interest, or have made an entry on government land but have not yet received a patent therefor and (ii) such tract of land includes all such contiguous land owned or controlled by each petitioner; (b) that the conditions of subdivision (1)(a) or (1)(b) of this section have been met; and (c) that such petition is approved by a majority of the members of the school board of the district to which such land is sought to be attached.

(3) The petition shall be verified by the oath of each petitioner. Notice of the filing of the petition and of the hearing on such petition before the board constituted as prescribed in subsection (1) or (4) of this section shall be given at least ten days prior to the date of such hearing by one publication in a legal newspaper of general circulation in each district and by posting a notice on the outer door of the schoolhouse in each district affected thereby, and such notice shall designate the territory to be transferred. Following the filing of a petition pursuant to this section, such board shall hold a public hearing on the petition and shall approve or disapprove the petition on or before July 15 following the filing of the petition based on a determination of whether the petitioner has complied with all requirements of this section. If such board approves the petition, such board shall change the boundaries of the school districts so as to set off the land described in the petition and attach it to such district pursuant to the petition with an effective date of August 15 following the filing of the petition, which actions shall cause such transfer to be in effect for levies set for the year in which such transfer takes effect.

(4) Petitions requesting transfers of property across county lines shall be addressed jointly to the county clerks of the counties concerned, and the petitions shall be acted upon by the county assessors, county clerks, and county treasurers of the counties involved as one board, with the county clerk of the county from which the land is sought to be transferred acting as chairperson of the board.

(5) Appeals may be taken from the action of such board or, when such board fails to act on the petition, on or before August 1 following the filing of the petition, to the district court of the county in which the land is located on or before August 10 following the filing of the petition, in the same manner as appeals are now taken from the action of the county board in the allowance or disallowance of claims against the county. If an appeal is taken from the action of the board approving the petition or failing to act on the petition, the transfer shall occur effective August 15 following the filing of the petition, which actions shall cause such transfer to be in effect for levies set for the year in which such transfer takes effect, unless action by the district court prevents such transfer.

(6) This section does not apply to any school district located on an Indian reservation and substantially or totally financed by the federal government.

(7) For school districts that have approved a budget for school fiscal year 2007-08 that will cause the combined levies, except levies for bonded indebtedness approved by the voters of the school district and levies for the refinancing of such bonded indebtedness, to exceed the greater of (a) one dollar and twenty cents per one hundred dollars of taxable valuation of

property subject to the levy or (b) the maximum levy authorized by a vote pursuant to section 77-3444, the school boards of such school districts may adopt a binding resolution stating that the combined levies, except levies for bonded indebtedness approved by the voters of the school district and levies for the refinancing of such bonded indebtedness, for school fiscal year 2008-09 shall not exceed the greater of (i) one dollar and twenty cents per one hundred dollars of taxable valuation of property subject to the levy or (ii) the maximum levy authorized by a vote pursuant to section 77-3444. On or before May 9, 2008, such binding resolutions shall be filed with the Auditor of Public Accounts and the county assessors, county clerks, and county treasurers for all counties in which the school district has territory. If such binding resolution is filed on or before May 9, 2008, land shall not be set off and attached to another district pursuant to subdivision (2)(b) of this section in 2008.

(8) Nothing in this section shall be construed to detach obligations for voter-approved bonds from any tract of land.

Sec. 24. Section 79-470, Reissue Revised Statutes of Nebraska, is amended to read:

~~79-470 (1) No Class I school district which contracts for the instruction of all of its pupils with a Class I, II, III, IV, or V school district shall merge with another Class I school district unless such other Class I school district with which it is merging is included in the area which makes up a Class VI school district.~~

(1) ~~(2)~~ No district shall contract for the instruction of all of its pupils with a Class ~~II~~, III, IV, or V school district for more than two consecutive years.

(2) ~~(3)~~ The State Committee for the Reorganization of School Districts shall dissolve and attach to a neighboring school district or districts any school district which, for two consecutive years, contracts for the instruction of all of its pupils with a Class ~~II~~, III, IV, or V school district.

(3) ~~(4)~~ The dissolution of any school district pursuant to this section shall be effected in the manner prescribed in section 79-498. When such dissolution would create extreme hardships on the pupils or the school district affected, the State Board of Education may, on application by the school board of the school district, waive the dissolution of the school district on an annual basis.

(4) ~~(5)~~ Nothing in this section shall be construed as an extension of the limitations on contracting for the instruction of the pupils of a school district contained in section 79-598.

Sec. 25. Section 79-473, Reissue Revised Statutes of Nebraska, is amended to read:

79-473 (1) If the territory annexed by a change of boundaries of a city or village which lies within a Class III school district as provided in section 79-407 has been part of a Class IV or Class V school district prior to such annexation, a merger of the annexed territory with the Class III school district shall become effective only if the merger is approved by a majority of the members of the school board of the Class IV or V school district and a majority of the members of the school board of the Class III school district within ninety days after the effective date of the annexation ordinance, except that a merger shall not become effective pursuant to this section if such merger involves a school district that is a member of a learning community.

(2) Notwithstanding subsection (1) of this section, when territory which lies within a Class III school district, ~~Class VI school district, or Class I school district which is attached to a Class VI school district~~ or which does not lie within a Class IV or V school district is annexed by a city or village pursuant to section 79-407, the affected school board of the city or village school district and the affected school board or boards serving the territory subject to the annexation ordinance shall meet within thirty days after the effective date of the annexation ordinance if neither school district is a member of a learning community and negotiate in good faith as to which school district shall serve the annexed territory and the effective date of any transfer. During the process of negotiation, the affected boards shall consider the following criteria:

(a) The educational needs of the students in the affected school districts;

(b) The economic impact upon the affected school districts;

(c) Any common interests between the annexed or platted area and the affected school districts and the community which has zoning jurisdiction over the area; and

(d) Community educational planning.

If no agreement has been reached within ninety days after the effective date of the annexation ordinance, the territory shall transfer to the school district of the annexing city or village ten days after the expiration of such ninety-day period unless an affected school district petitions the district court within the ten-day period and obtains an order enjoining the transfer and requiring the boards of the affected school districts to continue negotiation. The court shall issue the order upon a finding that the affected board or boards have not negotiated in good faith based on one or more of the criteria listed in this subsection. The district court shall require no bond or other surety as a condition for any preliminary injunctive relief. If no agreement is reached after such order by the district court and additional negotiations, the annexed territory shall become a part of the school district of the annexing city or village.

~~(3) If, within the boundaries of the annexed territory, there exists a~~

~~Class VI school, the school building, facilities, and land owned by the school district shall remain a part of the Class VI school district. If the Class VI school district from which territory is being annexed wishes to dispose of such school building, facilities, or land to any individual or political subdivision, including a Class I school district, the question of such disposition shall be placed on the ballot for the next primary or general election. All legal voters of such Class VI school district shall then vote on the question at such election. A simple majority of the votes cast shall resolve the issue.~~

~~(3) (4) Whenever an application for approval of a final plat or replat is filed for territory which lies within the zoning jurisdiction of a city of the first or second class and does not lie within the boundaries of a Class IV or V school district, the boundaries of a school district that is a member of a learning community, the boundaries of any county in which a city of the metropolitan class is located, or the boundaries of any county that has a contiguous border with a city of the metropolitan class, the affected school board of the school district within the city of the first or second class or its representative and the affected board or boards serving the territory subject to the final plat or replat or their representative shall meet within thirty days after such application and negotiate in good faith as to which school district shall serve the platted or replatted territory and the effective date of any transfer based upon the criteria prescribed in subsection (2) of this section.~~

~~If no agreement has been reached prior to the approval of the final plat or replat, the territory shall transfer to the school district of the city of the first or second class upon the filing of the final plat unless an affected school district petitions the district court within ten days after approval of the final plat or replat and obtains an order enjoining the transfer and requiring the affected boards to continue negotiation. The court shall issue the order upon a finding that the affected board or boards have not negotiated in good faith based on one or more of the criteria listed in subsection (2) of this section. The district court shall require no bond or other surety as a condition for any preliminary injunctive relief. If no agreement is reached after such order by the district court and additional negotiations, the platted or replatted territory shall become a part of the school district of the city of the first or second class.~~

~~For purposes of this subsection, plat and replat apply only to (a) vacant land, (b) land under cultivation, or (c) any plat or replat of land involving a substantive change in the size or configuration of any lot or lots.~~

~~(4) (5) Notwithstanding any other provisions of this section, all negotiated agreements relative to boundaries or to real or personal property of school districts reached by the affected school boards shall be valid and binding, except that such agreements shall not be binding on reorganization plans pursuant to the Learning Community Reorganization Act.~~

~~Sec. 26. Section 79-479, Reissue Revised Statutes of Nebraska, is amended to read:~~

~~79-479 (1)(a) Beginning January 1, 1992, any school district boundaries changed by the means provided by Nebraska law, but excluding the method provided by sections 79-407 and 79-473 to 79-475, shall be made only upon an order issued by the State Committee for the Reorganization of School Districts or county clerk. The state committee shall not issue an order changing boundaries relating to affiliation of school districts if twenty percent or more of any tract of land under common ownership which is proposing to affiliate is not contiguous to the high school district with which affiliation is proposed unless (i) one or more resident students of the tract of land under common ownership has attended the high school program of the high school district within the immediately preceding ten-year period or (ii) approval of the petition or plan would allow siblings of such resident students to attend the same school as the resident students attended.~~

~~(b) The order issued by the state committee shall be certified to the county clerk of each county in which boundaries are changed and shall also be certified to the State Department of Education. Whenever the order changes the boundaries of a school district due to the transfer of land, the county assessor, the Property Tax Administrator, and the State Department of Education shall be provided with the legal description and a map of the parcel of land which is transferred. Such order shall be issued no later than June 1 and shall have an effective date no later than August 1 of the same year. For purposes of determining school district counts pursuant to sections 79-524 and 79-578 and calculating state aid allocations pursuant to the Tax Equity and Educational Opportunities Support Act, any change in school district boundaries with an effective date between June 1 and August 1 of any year shall be considered effective July 1 of such year.~~

~~(2) Unless otherwise provided by state law or by the terms of a an affiliation or reorganization plan or petition which is consistent with state law, all assets, including budget authority as provided in sections 79-1023 to 79-1030, and liabilities, except bonded obligations, of school districts merged, dissolved, or annexed shall be transferred to the receiving district or districts on the basis of the proportionate share of assessed valuation received at the time of reorganization. When a Class II, III, IV, or V school district becomes a Class I school district:~~

~~(a) Which becomes part of a Class VI district which offers instruction in grades six through twelve, 37.9310 percent of the Class II, III, IV, or V district's assets and liabilities shall be transferred to the new Class I~~

~~district and the remainder shall be transferred to the Class VI district or districts of which the Class I district becomes a part on the basis of the proportionate share of assessed valuation each high school district received at the time of such change in class of district;~~

~~(b) Which becomes part of a Class VI district which offers instruction in grades seven through twelve, 44.8276 percent of the Class II, III, IV, or V district's assets and liabilities shall be transferred to the new Class I district and the remainder shall be transferred to the Class VI district or districts of which the Class I district becomes a part on the basis of the proportionate share of assessed valuation each high school district received at the time of such change in class of district; or~~

~~(c) Which is affiliated or becomes part of a Class VI district which offers instruction in grades nine through twelve, 61.3793 percent of the Class II, III, IV, or V school district's assets and liabilities shall be transferred to the new Class I district and the remainder shall be transferred to the Class VI district or districts of which the Class I district becomes a part and to the high school district or districts with which the Class I district is affiliated on the basis of the proportionate share of assessed valuation each high school district received at the time of such change in class of district.~~

Sec. 27. Section 79-499, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-499 (1) ~~If Commencing with the 1992-93 school year, if the fall school district membership or the average daily membership of an existing Class II or III school district shows less than thirty-five students in grades nine through twelve, the district shall submit a plan for developing cooperative programs with other high schools, including the sharing of curriculum and certificated and noncertificated staff, to the State Committee for the Reorganization of School Districts. The cooperative program plan shall be submitted by the school district by September 1 of the year following such fall school district membership or average daily membership report. A cooperative program plan shall not be required if there is no high school within fifteen miles from such district on a reasonably improved highway. The state committee shall review the plan and provide advice and communication to such school district and other high schools.~~

(2) ~~If for two consecutive years the fall school district membership, or for two consecutive years the average daily membership, of an existing Class II or III school district is less than twenty-five pupils in grades nine through twelve as determined by the Commissioner of Education or if for one year an existing Class II or III school district contracts with a neighboring school district or districts to provide educational services for all of its pupils in grades nine through twelve, such school district shall, except as provided in subsection (3) or (4) of this section, be dissolved pursuant to the procedures described in subdivision (4)(b) of this section become a Class I school district through the order of the state committee if the high school is within fifteen miles on a reasonably improved highway of another high school.~~

This subsection does not apply to any school district located on an Indian reservation and substantially or totally financed by the federal government.

(3) ~~Any Class II or III school district maintaining a four-year high school which has a fall school district membership or an average daily membership of less than twenty-five students in grades nine through twelve may contract with another school district to provide educational services for its pupils in grades nine through twelve. Such contract may continue for a period not to exceed one year. At the end of such one-year period, the school district may resume educational services for grades nine through twelve if the average daily membership in grades nine through twelve for such school district has reached at least fifty students. If the school district has not achieved such fall school district membership or average daily membership, it shall be dissolved pursuant to the procedures described in subdivision (4)(b) of this section become a Class I school district by order of the state committee entered after thirty days' notice to the district but without a hearing, notwithstanding the distance on a reasonably improved highway to the nearest school district conducting a high school.~~

(4)(a) Any Class II or III school district maintaining the only public high school in the county may continue to operate the high school with a fall school district membership or an average daily membership of less than twenty-five students in grades nine through twelve if:

(i) The plan submitted pursuant to subsection (1) of this section provides a broad-based curriculum as determined by the state committee; and

(ii) At a districtwide election held the second Tuesday of November by whatever means the county conducts balloting, in the second consecutive school year that the fall school district membership for grades nine through twelve is less than twenty-five students and for each succeeding school year unless such membership is at least thirty-five students for such school year, a majority of voters approve a ballot issue to continue to operate the high school for the immediately following school year.

(b) If such ballot issue as provided in subdivision (4)(a)(ii) of this section fails, or if a school district falls within the provisions of subsection (2) or (3) of this section fails, the state committee shall dissolve the school district and attach the territory to other school districts based on the preferences of each landowner if such preference is provided in the time and manner required by the state committee and would transfer such parcels to a school district with a boundary contiguous to the school district being dissolved. Landowners submitting such preferences shall sign a statement that

the district of preference is the district which children who might reside on the property, at the time of the dissolution or in the future, would be expected to attend. For property for which a preference is not provided in the time and manner required by the state committee, the state committee shall transfer such property to one or more of the school districts with boundaries contiguous to the district being dissolved in a manner that will best serve children who might reside on such property, at the time of the dissolution or in the future, and that will, to the extent possible, create compact and contiguous districts.

(c) This subsection shall not apply to any school district if the fall school district membership or an average daily membership falls to less than fifteen students in grades nine through twelve.

(5) For purposes of this section, when calculating fall school district membership or average daily membership, a resident school district as defined in section 79-233 shall not count students attending an option district as defined in such section and a Class ~~II~~ or III school district shall not count foreign exchange students and nonresident students who are wards of the court or state.

Sec. 28. Section 79-4,108, Reissue Revised Statutes of Nebraska, is amended to read:

79-4,108 (1) Unified system means two or more Class ~~II~~ or III school districts participating in an interlocal agreement under the Interlocal Cooperation Act with approval from the State Committee for the Reorganization of School Districts. ~~The interlocal agreement may include Class I districts if the entire valuation is included in the unified system.~~ The interlocal agreement shall provide:

(a) For a minimum term of three school years;

(b) That all property tax and state aid resources shall be shared by the unified system;

(c) That a board composed of school board members, with at least one school board member from each district, shall determine the general fund levy, within the limitations placed on school districts and multiple-district school systems pursuant to section 77-3442, to be applied in all participating districts and shall determine the distribution of property tax and state aid resources within the unified system. For purposes of section 77-3442, the multiple-district school system shall include all of the Class ~~I, II, and III~~ districts participating in the unified system ~~and the Class I districts or portions thereof affiliated with any of the participating Class II and III districts;~~

(d) That certificated staff will be employees of the unified system. For any certificated staff employed by the unified system, tenure and seniority as of the effective date of the interlocal agreement shall be transferred to the unified system and tenure and seniority provisions shall continue in the unified system except as provided in sections 79-850 to 79-858. If a district withdraws from the unified system or if the interlocal agreement expires and is not renewed, certificated staff employed by a participating district immediately prior to the unification shall be reemployed by the original district and tenure and seniority as of the effective date of the withdrawal or expiration shall be transferred to the original district. The certificated staff hired by the unified system but not employed by a participating district immediately prior to the unification shall be subject to the reduction-in-force policy of the unified system;

(e) That the participating districts shall pay obligations of the unified system pursuant to sections 79-850 to 79-858 on a pro rata basis based on the adjusted valuations if a district withdraws from the unified system or if the interlocal agreement expires and is not renewed; and

(f) The permissible method or methods for accomplishing the partial or complete termination of the interlocal agreement and for disposing of assets and liabilities upon such partial or complete termination.

Additional provisions in the interlocal agreement shall be determined by the participating districts and shall encourage cooperation within the unified system.

(2) Application for unification shall be made to the state committee. The application shall contain a copy of the interlocal agreement signed by the president of each participating school board. The state committee shall approve or disapprove applications for unification within forty days after receipt of the application. If the interlocal agreement complies with subsection (1) of this section and all school boards of the participating districts have approved the interlocal agreement, the state committee shall approve the application. Unification agreements shall be effective on June 1 following approval from the state committee for status as a unified system or on the date specified in the interlocal agreement, except that the date shall be on or after June 1 and on or before September 1 for a specified year. The board established in the interlocal agreement may begin meeting any time after the application has been approved by the state committee.

(3) Upon granting the application for unification, the State Department of Education shall recognize the unified system as a single Class ~~II~~ or III district for state aid, budgeting, accreditation, enrollment of students, state programs, and reporting. Except as otherwise required by the department, the unified system shall submit a single report document for each of the reports required of school districts pursuant to Chapter 79 and shall submit a single budget document pursuant to the Nebraska Budget Act and sections 13-518 to 13-522. ~~The class of district shall be the same as the majority of~~

~~participating districts, excluding Class I districts. If there are an equal number of Class II and Class III districts in the unified system, the unified system shall be recognized by the department as a Class III district.~~

(4) The school districts participating in a unified system shall retain their separate identities for all purposes except those specified in this section, and participation in a unified system shall not be considered a reorganization.

Sec. 29. Section 79-4,123, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-4,123 After one or more public hearings have been held, the state committee may approve a plan or plans of reorganization pursuant to the Learning Community Reorganization Act. Such plan shall contain:

(1) A description of the proposed boundaries of the reorganized districts and a designation of the class for each district;

(2) A summary of the reasons for each proposed change, realignment, or adjustment of the boundaries which shall include, but not be limited to, an explanation of how the plan complies with any statutory requirements for learning community organization and an assurance that the plan does not increase the geographic size of any school district that has more than twenty-five thousand formula students for the most recent certification of state aid pursuant to section 79-1022;

(3) A summary of the terms on which reorganization is to be made between the reorganized districts. Such terms shall include a provision for initial school board districts or wards within the proposed district, which proposed initial school board districts or wards shall be determined by the state committee taking into consideration population and valuation, a determination of the number of members to be appointed to the initial school board ~~for Class II and III school districts~~, and a determination of the terms of the board members first appointed to membership on the board of the newly reorganized district;

(4) A statement of the findings with respect to the location of schools, the utilization of existing buildings, the construction of new buildings, and the transportation requirements under the proposed plan of reorganization;

(5) A map showing the boundaries of established school districts and the boundaries proposed under any plan or plans of reorganization; and

(6) Such other matters as the state committee determines proper to be included.

Sec. 30. Section 79-4,129, Reissue Revised Statutes of Nebraska, is amended to read:

79-4,129 (1) Within thirty days after the classification of the reorganized school districts by the county clerk under section 79-4,128, the state committee shall appoint from among the legal voters of each new school district created the number of school board members specified in the plan of reorganization. A reorganized school district shall be formed and organized and shall have a school board not later than April 1 following the last legal action, as prescribed in section 79-4,128, necessary to effect the changes in boundaries as set forth in the plan of reorganization, although the physical reorganization of such reorganized school district shall take effect July 1 following the classification of the reorganized school districts under section 79-4,128. The first board shall be appointed on an at-large basis, and all boards shall be elected at large until such time as election districts are established as provided in section 32-554.

~~(2) In appointing the first school board of a Class II school district, the members shall be appointed so that the terms of approximately one-half of the members expire on the date of the first regular meeting of the board in January after the first even-numbered year following their appointment and the terms of the remaining members expire on the date of the first regular meeting of the board in January after the second even-numbered year following their appointment. At the statewide general election in the first even-numbered year after the reorganization, approximately one-half of the board members in each Class II school district shall be elected to terms of four years. Thereafter all candidates shall be elected to terms of four years. Each member's term shall begin on the date of the first regular meeting of the board in January following his or her election.~~

~~(2) (3) In appointing the first school board of a Class III school district, the terms of approximately one-half of the members shall expire on the first Thursday after the first Tuesday in January after the first even-numbered year following their appointment and the terms of the remaining members shall expire on the first Thursday after the first Tuesday in January after the second even-numbered year following their appointment. Thereafter all Class III district school boards shall be elected to terms of four years.~~

~~(3) (4) In appointing the first school board of a Class IV school district, the members shall be appointed so that the terms of three members shall expire on the third Monday in May of the first odd-numbered year following their appointment and the terms of four members shall expire on the third Monday in May of the second odd-numbered year following their appointment. Thereafter all Class IV district school boards shall be elected to terms of four years.~~

~~(4) (5) In appointing the first school board of a Class V school district after a reorganization under this section with a nine-member board serving terms of four years, the terms of the members shall expire as provided in section 32-545. All Class V district school boards shall be elected to terms of four years.~~

(5) ~~(6)~~ The school boards appointed under this section shall proceed at once to organize in the manner prescribed by law.

Sec. 31. Section 79-501, Reissue Revised Statutes of Nebraska, is amended to read:

79-501 The school board or board of education of a Class III or IV ~~I, II, III, IV, or VI~~ school district shall have the care and custody of the schoolhouse and other property of the district and shall have authority to hire a superintendent and the required number of teachers and other necessary personnel.

Sec. 32. Section 79-506, Reissue Revised Statutes of Nebraska, is amended to read:

79-506 The school board or board of education of any Class ~~I, II, III, IV, V, or VI~~ school district may permit its members to participate in the school district's hospitalization, medical, surgical, accident, sickness, or term life insurance coverage or any one or more of such coverages. A board member electing to participate in the insurance program of the school district shall pay both the employee and the employer portions of the premium for such coverage.

A school board or board of education which opts to permit its members to participate in insurance coverage under this section shall report quarterly at a board meeting the board members who have elected such coverage. Such a report shall be made available in the school district office for review by the public upon request.

Sec. 33. Section 79-524, Reissue Revised Statutes of Nebraska, is amended to read:

79-524 The school board of any Class III or IV ~~I, II, III, IV, or VI~~ school district shall establish a permanent and continuing census or enumeration of school children in the school district. The list in writing of the names of the children and taxpayers shall not be required to be reported, but the names of all of the children belonging to such school district, from birth through twenty years of age, shall instead be kept in a depository maintained by such school district and subject to inspection at all times. Such record shall not or need not include the names of all the taxpayers in the district.

Sec. 34. Section 79-525, Reissue Revised Statutes of Nebraska, is amended to read:

79-525 The school board or board of education of a Class III or IV ~~I, II, III, IV, or VI~~ school district shall (1) provide the necessary appendages for the schoolhouse, (2) keep the same in good condition and repair during the time school is taught in the schoolhouse, and (3) keep an accurate account of all expenses incurred. Such account shall be prepared by the secretary, audited by the president and treasurer, and, on their written order, paid out of the general school fund.

Sec. 35. Section 79-526, Reissue Revised Statutes of Nebraska, is amended to read:

79-526 (1) The school board or board of education of a Class III or IV ~~I, II, III, IV, or VI~~ school district has responsibility for the general care and upkeep of the schools, shall provide the necessary supplies and equipment, and, except as otherwise provided, has the power to cause pupils to be taught in such branches and classified in such grades or departments as may seem best adapted to a course of study which the board shall establish with the consent and advice of the State Department of Education. The board shall make provision for pupils that may enter at any time during the school year. The board shall have a record kept of the advancement of all pupils in each branch of study. The board shall make rules and regulations as it deems necessary for the government and health of the pupils and devise any means as may seem best to secure the regular attendance and progress of children at school.

(2) The school board may make expenditures for supplies, equipment, travel, meals, and lodging for school programs and activities, including extracurricular and interscholastic activities, appropriate for the benefit, government, and health of pupils enrolled in the school district.

Sec. 36. Section 79-528, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-528 (1)(a) On or before July 20 in all school districts, the superintendent shall file with the State Department of Education a report showing the number of children from five through eighteen years of age belonging to the school district according to the census taken as provided in sections 79-524 and 79-578. On or before August 31, the department shall issue to each learning community coordinating council a report showing the number of children from five through eighteen years of age belonging to the learning community based on the member school districts according to the school district reports filed with the department.

~~(b) Each Class I school district which is part of a Class VI school district offering instruction (i) in grades kindergarten through five shall report children from five through ten years of age, (ii) in grades kindergarten through six shall report children from five through eleven years of age, and (iii) in grades kindergarten through eight shall report children from five through thirteen years of age.~~

~~(c) Each Class VI school district offering instruction (i) in grades six through twelve shall report children who are eleven through eighteen years of age, (ii) in grades seven through twelve shall report children who are twelve through eighteen years of age, and (iii) in grades nine through twelve children who are fourteen through eighteen years of age.~~

~~(d) Each Class I district which has affiliated in whole or in part shall report children from five through thirteen years of age.~~

~~(e) Each Class II, III, IV, or V district shall report children who are fourteen through eighteen years of age residing in Class I districts or portions thereof which have affiliated with such district.~~

~~(b) (f)~~ The board of any district neglecting to take and report the enumeration shall be liable to the school district for all school money which such district may lose by such neglect.

(2) On or before June 30 the superintendent of each school district shall file with the Commissioner of Education a report described as an end-of-the-school-year annual statistical summary showing (a) the number of children attending school during the year under five years of age, (b) the length of time the school has been taught during the year by a qualified teacher, (c) the length of time taught by each substitute teacher, and (d) such other information as the Commissioner of Education directs. On or before July 31, the commissioner shall issue to each learning community coordinating council an end-of-the-school-year annual statistical summary for the learning community based on the member school districts according to the school district reports filed with the commissioner.

(3)(a) On or before November 1 the superintendent of each school district shall submit to the Commissioner of Education a report described as the annual financial report showing (i) the amount of money received from all sources during the year and the amount of money expended by the school district during the year, (ii) the amount of bonded indebtedness, (iii) such other information as shall be necessary to fulfill the requirements of the Tax Equity and Educational Opportunities Support Act and section 79-1114, and (iv) such other information as the Commissioner of Education directs.

(b) On or before December 15, the commissioner shall issue to each learning community coordinating council an annual financial report for the learning community based on the member school districts according to the annual financial reports filed with the commissioner, showing (i) the aggregate amount of money received from all sources during the year for all member school districts and the aggregate amount of money expended by member school districts during the year, (ii) the aggregate amount of bonded indebtedness for all member school districts, (iii) such other aggregate information as shall be necessary to fulfill the requirements of the Tax Equity and Educational Opportunities Support Act and section 79-1114 for all member school districts, and (iv) such other aggregate information as the Commissioner of Education directs for all member school districts.

(4)(a) On or before October 15 of each year, the superintendent of each school district shall file with the commissioner the fall school district membership report, which report shall include the number of children from birth through twenty years of age enrolled in the district on the last Friday in September of a given school year. The report shall enumerate (i) students by grade level, (ii) school district levies and total assessed valuation for the current fiscal year, (iii) students enrolled in the district as option students, resident students enrolled in another district as option students, students enrolled in the district as open enrollment students, and resident students enrolled in another district as open enrollment students, and (iv) such other information as the Commissioner of Education directs.

(b) On or before October 15 of each year prior to 2017, each learning community coordinating council shall issue to the department a report which enumerates the learning community levies pursuant to subdivision (2)(b) of section 77-3442 and total assessed valuation for the current fiscal year.

(c) On or before November 15 of each year, the department shall issue to each learning community coordinating council the fall learning community membership report, which report shall include the aggregate number of children from birth through twenty years of age enrolled in the member school districts on the last Friday in September of a given school year for all member school districts. The report shall enumerate (i) the aggregate students by grade level for all member school districts, (ii) school district levies and total assessed valuation for the current fiscal year, (iii) students enrolled in the district as option students, resident students enrolled in another district as option students, students enrolled in the district as open enrollment students, and resident students enrolled in another district as open enrollment students, and (iv) such other information as the Commissioner of Education directs for all member school districts.

(d) When any school district fails to submit its fall membership report by November 1, the commissioner shall, after notice to the district and an opportunity to be heard, direct that any state aid granted pursuant to the Tax Equity and Educational Opportunities Support Act be withheld until such time as the report is received by the department. In addition, the commissioner shall direct the county treasurer to withhold all school money belonging to the school district until such time as the commissioner notifies the county treasurer of receipt of such report. The county treasurer shall withhold such money.

Sec. 37. Section 79-547, Reissue Revised Statutes of Nebraska, is amended to read:

79-547 (1) Except as otherwise provided in section 79-550, the school board or board of education of a Class III school district shall consist of six members. the following members:

- ~~(a) In a Class II district, six members; and~~
- ~~(b) In a Class III district, six members.~~

(2) In addition to the members specified in subsection (1) of this section, such school boards or boards of education may include one or more student members selected pursuant to section 79-559.

Sec. 38. Section 79-550, Reissue Revised Statutes of Nebraska, is amended to read:

79-550 (1) The school board of a Class ~~II~~ or III school district may, by resolution adopted in an odd-numbered year, provide for a change in the number of members on the school board to a minimum of five members and a maximum of nine members to be effective at the beginning of the term of office for school board members elected at the next statewide general election. The school board shall include in the resolution:

(a) A statement of the change in number of members to be added to or eliminated from the school board;

(b) A statement that the change does not take effect until the beginning of the term of office for school board members elected at the next statewide general election;

(c) If the members are not nominated or elected by district or ward in the school district:

(i) If the change in number adds members to the school board, a statement of the number of members to be elected at the next statewide general election, including the members whose terms are expiring and the additional members, and the number of such members to be elected to four-year terms and the number of such members to be elected to two-year terms so that approximately one-half of the total number of members are elected at each statewide general election. The members receiving the highest number of votes shall be elected to four-year terms, and the members receiving the next highest number of votes shall be elected to two-year terms; and

(ii) If the change in number decreases the number of members on the school board, a statement of the number of members to be elected at the next statewide general election, if any, and at the subsequent statewide general election, if necessary, and the number of such members to be elected at such elections to four-year terms and the number of such members to be elected at such elections to two-year terms so that approximately one-half of the total number of members are elected at each statewide general election. The members receiving the highest number of votes shall be elected to four-year terms, and the members receiving the next highest number of votes shall be elected to two-year terms; and

(d) If the members are nominated or elected by district or ward in the school district:

(i) The changes to the boundaries of districts or wards;

(ii) A statement that the changes to the boundaries are effective for purposes of nominating or electing, as applicable, members to the school board beginning with the next statewide primary and general elections but that the changes in boundaries are not effective for purposes of representation until the beginning of the term of office for school board members elected at the next statewide general election;

(iii) A statement of which districts or wards, as changed, are on the ballot at the next statewide primary or general election, as applicable, and whether the members elected from such districts or wards are being elected for four-year terms or two-year terms;

(iv) A statement specifying the newly established districts which each member will represent for the remainder of his or her term, if necessary;

(v) If the change in number adds members to the school board, a statement of the number of members to be elected at the next statewide general election, including the members whose terms are expiring and the additional members, and the districts or wards of such members to be elected to four-year terms and the districts or wards of such members to be elected to two-year terms so that approximately one-half of the total number of members are elected at each statewide general election; and

(vi) If the change in number decreases the number of members on the school board, a statement of the number of members to be elected at the next statewide general election, if any, and at the subsequent statewide general election, if necessary, and the districts or wards of such members to be elected at such elections to four-year terms and the districts or wards of such members to be elected at such elections to two-year terms so that approximately one-half of the total number of members are elected at each statewide general election.

(2) If the members of the school board of a Class III school district are nominated and elected by district or ward, the board may by resolution provide for the nomination of the members by district or ward and the election of the members at large. If the members are nominated by district or ward and elected at large, the board may by resolution provide for the nomination and election of the members by district or ward.

(3) Any Class III school district which has a nine-member school board on January 1, 2015, may continue to have a nine-member school board without complying with the requirements of this section.

Sec. 39. Section 79-554, Reissue Revised Statutes of Nebraska, is amended to read:

79-554 In all meetings of a school board of a Class ~~III~~ ~~I~~, ~~II~~, ~~III~~, or ~~VI~~ school district, a majority of the members shall constitute a quorum for the transaction of business. Regular meetings shall be held on or before the third Monday of every month. All meetings of the board shall be subject to the Open Meetings Act. Special meetings may be called by the president or any two members, but all members shall have notice of the time and place of meeting. If

a school district is participating in an approved unified system as provided in section 79-4,108, regular meetings of such district's school board shall be held at least twice during the school year.

Sec. 40. Section 79-559, Reissue Revised Statutes of Nebraska, is amended to read:

79-559 (1) The school board or board of education of any Class III or IV ~~II, III, IV, or VI~~ school district may include at least one nonvoting member who is a public high school student from the district. If the board elects to include such a nonvoting student member, the student member shall serve for a term of one year, beginning on September 1, and shall be the student body or student council president, the senior class representative, or a representative elected from and by the entire student body, as designated by the voting members of the board.

(2) Any nonvoting student member of the board has the privilege of attending all open meetings of the board but shall be excluded from executive sessions.

Sec. 41. Section 79-564, Reissue Revised Statutes of Nebraska, is amended to read:

79-564 At the first meeting of each school board or board of education elected in a Class ~~II or III~~ school district, and annually thereafter, the board shall elect from among its members a president and vice president. The board shall also elect a secretary who need not be a member of the board. If the secretary is a member of the board, an assistant secretary may be named and his or her duties and compensation set by the board.

Sec. 42. Section 79-569, Reissue Revised Statutes of Nebraska, is amended to read:

79-569 The president of the school board of a Class III or IV ~~I, II, III, IV, or VI~~ school district shall: (1) Preside at all meetings of the district; (2) countersign all orders upon the treasury for money to be disbursed by the district and all warrants of the secretary on the county treasurer for money raised for district purposes or apportioned to the district by the county treasurer; (3) administer the oath to the secretary and treasurer of the district when such an oath is required by law in the transaction of the business of the district; and (4) perform such other duties as may be required by law of the president of the board. He or she is entitled to vote on any issue that may come before any meeting. ~~If the president of the school board of a Class I school district is absent from any district meeting, the legal voters present may elect a suitable person to preside at the meeting.~~

Sec. 43. Section 79-570, Reissue Revised Statutes of Nebraska, is amended to read:

79-570 If at any district meeting of a Class III or IV ~~I, II, III, IV, or VI~~ school district any person conducts himself or herself in a disorderly manner and persists in such conduct after notice by the president or person presiding, the president or person presiding may order such person to withdraw from the meeting and, if the person refuses, may order any person or persons to take such person into custody until the meeting is adjourned.

Sec. 44. Section 79-572, Reissue Revised Statutes of Nebraska, is amended to read:

79-572 The president of a Class III or IV ~~I, II, III, IV, or VI~~ school district shall appear for and on behalf of the district in all suits brought by or against the district.

Sec. 45. Section 79-576, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-576 The secretary of a Class III or IV ~~I, II, III, IV, or VI~~ school district shall be clerk of the school board and of all meetings when present, but if he or she is not present, the school board may appoint a clerk for the time being, who shall certify the proceedings to the secretary to be recorded by him or her.

Sec. 46. Section 79-577, Reissue Revised Statutes of Nebraska, is amended to read:

79-577 The secretary of a Class III or IV ~~I, II, III, IV, or VI~~ school district shall (1) record all proceedings of the district in a book furnished by the district to be kept for that purpose, (2) preserve copies of all reports, and (3) safely preserve and keep all books and papers belonging to the office.

Sec. 47. Section 79-578, Reissue Revised Statutes of Nebraska, is amended to read:

79-578 The secretary of a Class III or IV ~~I, II, III, IV, or VI~~ school district shall take, or cause to be taken by some person appointed for the purpose by a majority vote of the school board, the census of the school district and then make or cause to be made a list in writing of the names of all the children belonging to such district, from birth through twenty years of age, together with the names of all the taxpayers in the district. A copy of the list, verified by oath of the person taking such census or by affidavit appended to or endorsed on the list, setting forth that it is a correct list of the names of all children belonging in the district from birth through twenty years of age and that it reflects such information as of June 30, shall be maintained as provided in section 79-524.

Sec. 48. Section 79-579, Reissue Revised Statutes of Nebraska, is amended to read:

79-579 Whenever a secretary or president of the school board of a Class III or IV ~~I, II, III, IV, or VI~~ school district refuses to sign orders on the treasurer or the treasurer thinks best to refuse the payment of orders drawn

upon him or her, the difficulty shall be referred for adjudication to the county attorney, who shall proceed at once to investigate the matter. If the county attorney finds that the officer complained of refuses through contumacy or for insufficient reasons, the county attorney, on behalf of the district, shall apply to the proper court for a writ of mandamus to compel the officer to perform his or her duty.

Sec. 49. Section 79-580, Reissue Revised Statutes of Nebraska, is amended to read:

79-580 The secretary of the school board or board of education of each Class ~~III I, II, III, and VI~~ school district ~~having an annual budget of one hundred thousand dollars or more~~ shall, within ten days after any regular or special meeting of the board, publish one time in a legal newspaper published in or of general circulation in such district a list of the claims, arising on contract or tort, allowed at the meeting. The list shall set forth the name of the claimant and the amount and nature of the claim allowed, to consist of not more than ten words in stating the nature of each such claim. The secretary shall likewise cause to be published a concise summary of all other proceedings of such meetings. Publication of such claims or proceedings in a legal newspaper shall not be required unless the publication can be done at an expense not exceeding the rates provided by law for the publication of proceedings of county boards.

Sec. 50. Section 79-581, Reissue Revised Statutes of Nebraska, is amended to read:

79-581 The secretary of any school board or board of education of a Class ~~III I, II, III, or VI~~ school district failing or neglecting to comply with the provisions of section 79-580 shall be guilty of a Class V misdemeanor. In the discretion of the court, the judgment of conviction may provide for the removal from office of such secretary for such failure or neglect.

Sec. 51. Section 79-586, Reissue Revised Statutes of Nebraska, is amended to read:

79-586 The treasurer of each Class ~~III or IV I, II, III, IV, or VI~~ school district shall, within ten days after his or her election, execute to the county and file with the secretary a bond or evidence of equivalent insurance coverage of not less than five hundred dollars in any instance and not more than double the amount of money, as nearly as can be ascertained, to come into his or her hands as treasurer at any one time, which bond shall be signed by either a personal surety or a surety company or companies of recognized responsibility as surety or sureties, to be approved by the president and secretary, conditioned for the faithful discharge of the duties of the office. The bond when approved or evidence of equivalent insurance coverage shall be filed by the secretary in the office of the county treasurer of the county in which the school district is situated. If the treasurer fails to execute such bond or provide evidence of such insurance coverage, the office shall be declared vacant by the school board or board of education and the board shall immediately appoint a treasurer who shall be subject to the same conditions and possess the same powers as if elected to that office. The treasurer shall have no power or authority to withdraw or disburse the money of the district prior to filing the bond or evidence of equivalent insurance coverage provided for in this section.

Sec. 52. Section 79-587, Reissue Revised Statutes of Nebraska, is amended to read:

79-587 The treasurer of each Class ~~III or IV I, II, III, IV, or VI~~ school district shall apply for and receive from the county treasurer all school money apportioned to or collected for the district by the county treasurer, upon order of the secretary countersigned by the president. The treasurer shall pay out all money received by him or her, on the order of the secretary countersigned by the president of such district.

Sec. 53. Section 79-588, Reissue Revised Statutes of Nebraska, is amended to read:

79-588 The treasurer of a Class ~~III or IV I, II, III, IV, or VI~~ school district shall keep a record in which the treasurer shall enter all the money received and disbursed by him or her, specifying particularly (1) the source from which money has been received, (2) to what fund it belongs, and (3) the person or persons to whom and the object for which the same has been paid out. The treasurer shall present to the district, at each annual meeting, a report in writing containing a statement of all money received during the preceding year and of the disbursement made with the items of such disbursements and exhibit the vouchers therefor. At the close of the treasurer's term of office, he or she shall settle with the school board and shall hand over to his or her successor the records and all receipts, vouchers, orders, and papers coming into his or her hands as treasurer of the district, together with all money remaining in his or her hands as such treasurer.

Sec. 54. Section 79-594, Reissue Revised Statutes of Nebraska, is amended to read:

79-594 The school board in a Class ~~III or IV II, III, IV, or VI~~ school district may also elect at any regular meeting one superintendent of public instruction with such salary as the board deems best and may enter into contract with him or her at its discretion, for a term not to exceed three years.

Sec. 55. Section 79-598, Reissue Revised Statutes of Nebraska, is amended to read:

79-598 (1) The school board of any public school district in this state, when authorized by a majority of the votes cast at any annual or special

meeting, shall (a) contract with the board of any neighboring public school district or districts for the instruction of all or any part of the pupils residing in the first named district in the school or schools maintained by the neighboring public school district or districts for a period of time not to exceed two years and (b) make provision for the transportation of such pupils to the school or schools of the neighboring public school district or districts.

(2) The school board of any public school district may also, when petitioned to do so by at least two-thirds of the parents residing in the district having children of school age who will attend school under the contract plan, (a) contract with the board of any neighboring public school district or districts for the instruction of all or any part of the pupils residing in the first named district in the school or schools maintained by the neighboring public school district or districts for a period of time not to exceed two years and (b) make provision for the transportation of such pupils to the school or schools of the neighboring public school district or districts.

(3) The contract price for instruction referred to in subsections (1) and (2) of this section shall be the cost per pupil for the immediately preceding school year or the current year, whichever appears more practical as determined by the board of the district which accepts the pupils for instruction. The cost per pupil shall be determined by dividing the sum of the operational cost and debt service expense of the accepting district, except retirement of debt principal, plus three percent of the insurable or present value of the school plant and equipment of the accepting district, by the average daily membership of pupils in the accepting district. Payment of the contract price shall be made in equal installments at the beginning of the first and second semesters.

(4) All the contracts referred to in subsections (1) and (2) of this section shall be in writing, and copies of all such contracts shall be filed in the office of the superintendent of the ~~primary-high~~ school district on or before August 15 of each year. School districts thus providing instruction for their children in neighboring districts shall be considered as maintaining a school as required by law. The teacher of the school providing the instruction shall keep a separate record of the attendance of all pupils from the first named district and make a separate report to the secretary of that district. The board of every sending district contracting under this section shall enter into contracts with school districts of the choice of the parents of the children to be educated under the contract plan. Any school district failing to comply with this section shall not be paid any funds from the state apportionment of school funds while such violation continues.

(5) The State Committee for the Reorganization of School Districts may dissolve any district (a) failing to comply with this section, (b) in which the votes cast at an annual or special election on the question of contracting with a neighboring district are evenly divided, or (c) in which the governing body of the district is evenly divided in its vote on the question of contracting pursuant to subsection (2) of this section. The state committee shall dissolve and attach to a neighboring district or districts any school district which, for two consecutive years, contracts for the instruction of its pupils, except that when such dissolution will create extreme hardships on the pupils or the district affected, the State Board of Education may, on application by the school board of the district, waive the requirements of this subsection. The dissolution of any school district pursuant to this section shall be effected in the manner prescribed in section 79-498.

Sec. 56. Section 79-5,104, Reissue Revised Statutes of Nebraska, is amended to read:

79-5,104 The school board or board of education of any Class II ~~or~~ III school district may, in its discretion, pay the regular school tuition for any pupil residing in such school district and attending a school outside such school district when, in the opinion of the board, the best interests of the pupil or the school district may so require.

Sec. 57. Section 79-605, Reissue Revised Statutes of Nebraska, is amended to read:

79-605 Except as otherwise provided in this section, any school board may authorize the use of buses belonging to the school district for the transportation of school children residing outside such district. A fee sufficient to pay the additional costs of such transportation shall be charged each person so transported. The board shall prepare a schedule of all such fees charged, and a copy of such schedule shall be filed in the office of the superintendent of the ~~primary-high~~ school district. This section shall not apply to an agreement for transportation entered into pursuant to section 79-241.

Sec. 58. Section 79-611, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-611 (1) The school board of any school district shall provide free transportation, partially provide free transportation, or pay an allowance for transportation in lieu of free transportation as follows:

(a) When a student attends an elementary school in his or her own district and lives more than four miles from the public schoolhouse in such district as measured by the shortest route that must actually and necessarily be traveled by motor vehicle to reach the student's residence;

(b) When a student is required to attend an elementary school outside of his or her own district and lives more than four miles from such elementary school as measured by the shortest route that must actually and necessarily be

traveled by motor vehicle to reach the student's residence;

(c) When a student attends a secondary school in his or her own ~~Class II or Class III~~ school district and lives more than four miles from the public schoolhouse as measured by the shortest route that must actually and necessarily be traveled by motor vehicle to reach the student's residence. This subdivision does not apply to any elementary-only school district that merged with a high-school-only school district to form a new Class when one or more Class I school districts merge with a Class VI school district to form a new Class II or III school district on or after January 1, 1997, and before June 16, 2006; and

(d) When a student, other than a student in grades ten through twelve in a Class V district, attends an elementary or junior high school in his or her own Class V district and lives more than four miles from the public schoolhouse in such district as measured by the shortest route that must actually and necessarily be traveled by motor vehicle to reach the student's residence.

(2)(a) For school years prior to school year 2017-18 and as required pursuant to subsection (3) of section 79-241, the school board of any school district that is a member of a learning community shall provide free transportation for a student who resides in such learning community and attends school in such school district if (i) the student is transferring pursuant to the open enrollment provisions of section 79-2110, qualifies for free or reduced-price lunches, lives more than one mile from the school to which he or she transfers, and is not otherwise disqualified under subdivision (2)(c) of this section, (ii) the student is transferring pursuant to the open enrollment provisions of section 79-2110, is a student who contributes to the socioeconomic diversity of enrollment at the school building he or she attends, lives more than one mile from the school to which he or she transfers, and is not otherwise disqualified under subdivision (2)(c) of this section, (iii) the student is attending a focus school or program and lives more than one mile from the school building housing the focus school or program, or (iv) the student is attending a magnet school or program and lives more than one mile from the magnet school or the school housing the magnet program.

(b) For purposes of this subsection, student who contributes to the socioeconomic diversity of enrollment at the school building he or she attends has the definition found in section 79-2110. This subsection does not prohibit a school district that is a member of a learning community from providing transportation to any intradistrict student.

(c) For any student who resides within a learning community and transfers to another school building pursuant to the open enrollment provisions of section 79-2110 and who had not been accepted for open enrollment into any school building within such district prior to September 6, 2013, the school board is exempt from the requirement of subdivision (2)(a) of this section if (i) the student is transferring to another school building within his or her home school district or (ii) the student is transferring to a school building in a school district that does not share a common border with his or her home school district.

(3) The transportation allowance which may be paid to the parent, custodial parent, or guardian of students qualifying for free transportation pursuant to subsection (1) or (2) of this section shall equal two hundred eighty-five percent of the mileage rate provided in section 81-1176, multiplied by each mile actually and necessarily traveled, on each day of attendance, beyond which the one-way distance from the residence of the student to the schoolhouse exceeds three miles. Such transportation allowance does not apply to students residing in a learning community who qualify for free or reduced-price lunches.

(4) Whenever students from more than one family travel to school in the same vehicle, the transportation allowance prescribed in subsection (3) of this section shall be payable as follows:

(a) To the parent, custodial parent, or guardian providing transportation for students from other families, one hundred percent of the amount prescribed in subsection (3) of this section for the transportation of students of such parent's, custodial parent's, or guardian's own family and an additional five percent for students of each other family not to exceed a maximum of one hundred twenty-five percent of the amount determined pursuant to subsection (3) of this section; and

(b) To the parent, custodial parent, or guardian not providing transportation for students of other families, two hundred eighty-five percent of the mileage rate provided in section 81-1176 multiplied by each mile actually and necessarily traveled, on each day of attendance, from the residence of the student to the pick-up point at which students transfer to the vehicle of a parent, custodial parent, or guardian described in subdivision (a) of this subsection.

(5) When a student who qualifies under the mileage requirements of subsection (1) of this section lives more than three miles from the location where the student must be picked up and dropped off in order to access school-provided free transportation, as measured by the shortest route that must actually and necessarily be traveled by motor vehicle between his or her residence and such location, such school-provided transportation shall be deemed partially provided free transportation. School districts partially providing free transportation shall pay an allowance to the student's parent or guardian equal to two hundred eighty-five percent of the mileage rate provided in section 81-1176 multiplied by each mile actually and necessarily traveled, on each day of attendance, beyond which the one-way distance from the residence

of the student to the location where the student must be picked up and dropped off exceeds three miles.

(6) The board may authorize school-provided transportation to any student who does not qualify under the mileage requirements of subsection (1) of this section and may charge a fee to the parent or guardian of the student for such service. ~~An affiliated high school district may provide free transportation or pay the allowance described in this section for high school students residing in an affiliated Class I district.~~ No transportation payments shall be made to a family for mileage not actually traveled by such family. The number of days the student has attended school shall be reported monthly by the teacher to the board of such public school district.

(7) No more than one allowance shall be made to a family irrespective of the number of students in a family being transported to school. ~~If a family resides in a Class I district which is part of a Class VI district and has students enrolled in any of the grades offered by the Class I district and in any of the non-high school grades offered by the Class VI district, such family shall receive not more than one allowance for the distance actually traveled when both districts are on the same direct travel route with one district being located a greater distance from the residence than the other. In such cases, the travel allowance shall be prorated among the school districts involved.~~

(8) No student shall be exempt from school attendance on account of distance from the public schoolhouse.

Sec. 59. Section 79-728, Reissue Revised Statutes of Nebraska, is amended to read:

79-728 All ~~Class I, II, III, IV, and V~~ school districts shall offer a kindergarten program.

Sec. 60. Section 79-828, Reissue Revised Statutes of Nebraska, is amended to read:

79-828 (1) The contract of a probationary certificated employee shall be deemed renewed and remain in full force and effect unless amended or not renewed in accordance with sections 79-824 to 79-842.

(2) The purpose of the probationary period is to allow the employer an opportunity to evaluate, assess, and assist the employee's professional skills and work performance prior to the employee obtaining permanent status.

All probationary certificated employees employed by any class of school district shall, during each year of probationary employment, be evaluated at least once each semester, unless the probationary certificated employee is a superintendent, in accordance with the procedures outlined below:

The probationary certificated employee shall be observed and evaluation shall be based upon actual classroom observations for an entire instructional period. If deficiencies are noted in the work performance of any probationary certificated employee, the evaluator shall provide the probationary certificated employee at the time of the observation with a list of deficiencies and a list of suggestions for improvement and assistance in overcoming the deficiencies. The evaluator shall also provide the probationary certificated employee with followup evaluations and assistance when deficiencies remain.

If the probationary certificated employee is a superintendent, he or she shall be evaluated twice during the first year of employment and at least once annually thereafter.

~~Any certificated employee employed prior to September 1, 1982, by the school board of any Class I, II, III, or VI school district shall serve the probationary period required by law prior to such date and shall not be subject to any extension of probation.~~

(3) If the school board or the superintendent or superintendent's designee determines that it is appropriate to consider whether the contract of a probationary certificated employee or the superintendent should be amended or not renewed for the next school year, such certificated employee shall be given written notice that the school board will consider the amendment or nonrenewal of such certificated employee's contract for the ensuing school year. Upon request of the certificated employee, notice shall be provided which shall contain the written reasons for such proposed amendment or nonrenewal and shall be sufficiently specific so as to provide such employee the opportunity to prepare a response and the reasons set forth in the notice shall be employment related.

(4) The school board may elect to amend or not renew the contract of a probationary certificated employee for any reason it deems sufficient if such nonrenewal is not for constitutionally impermissible reasons, and such nonrenewal shall be in accordance with sections 79-824 to 79-842. Amendment or nonrenewal for reason of reduction in force shall be subject to sections 79-824 to 79-842 and 79-846 to 79-849.

(5) Within seven calendar days after receipt of the notice, the probationary certificated employee may make a written request to the secretary of the school board or to the superintendent or superintendent's designee for a hearing before the school board.

(6) Prior to scheduling of action or a hearing on the matter, if requested, the notice of possible amendment or nonrenewal and the reasons supporting possible amendment or nonrenewal shall be considered a confidential employment matter as provided in sections 79-539, 79-8,109, and 84-1410 and shall not be released to the public or any news media.

(7) At any time prior to the holding of a hearing or prior to final determination by the school board to amend or not renew the contract involved, the probationary certificated employee may submit a letter of resignation for

the ensuing year, which resignation shall be accepted by the school board.

(8) The probationary certificated employee shall be afforded a hearing which shall not be required to meet the requirements of a formal due process hearing as set forth in section 79-832 but shall be subject to section 79-834.

Sec. 61. Section 79-850, Reissue Revised Statutes of Nebraska, is amended to read:

79-850 For purposes of sections 79-850 to 79-858:

(1) Reorganized school district means: (a) Any expanded or altered school district, organized or altered by any of the means provided by Nebraska law including, but not limited to, the methods provided by the Reorganization of School Districts Act, the Learning Community Reorganization Act, or section 79-407, 79-413, 79-415, or 79-473, or sections 79-415 to 79-417 or 79-452 to 79-455; or (b) any school district to be formed in the future if the petition or plan for such reorganized school district has been approved pursuant to any of the methods set forth in subdivision (1)(a) of this section when the effective date of such reorganization is prospective. For purposes of this subdivision, a petition or plan shall be deemed approved when the last legal action has been taken, as prescribed in section 79-413 or 79-450, 79-450, or 79-455, necessary to effect the changes in boundaries as set forth in the petition or plan; and

(2) Unified system means a unified system as defined in section 79-4,108 recognized by the State Department of Education pursuant to subsection (3) of such section, which employs certificated staff.

Sec. 62. Section 79-1003, Revised Statutes Supplement, 2017, is amended to read:

79-1003 For purposes of the Tax Equity and Educational Opportunities Support Act:

(1) Adjusted general fund operating expenditures means (a) for school fiscal years 2013-14 through 2015-16, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, instructional time allowance, teacher education allowance, and focus school and program allowance, (b) for school fiscal years 2016-17 through 2018-19, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, and focus school and program allowance, and (c) for school fiscal year 2019-20 and each school fiscal year thereafter, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, community achievement plan allowance, and focus school and program allowance;

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

(3) Allocated income tax funds means the amount of assistance paid to a local system pursuant to section 79-1005.01 as adjusted, for school fiscal years prior to school fiscal year 2017-18, by the minimum levy adjustment pursuant to section 79-1008.02;

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

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

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

(7) Categorical funds means funds limited to a specific purpose by federal or state law, including, but not limited to, Title I funds, Title VI funds, federal vocational education funds, federal school lunch funds, Indian education funds, Head Start funds, and funds from the Education Innovation Fund;

(8) Consolidate means to voluntarily reduce the number of school districts providing education to a grade group and does not include dissolution pursuant to section 79-498;

(9) Converted contract means an expired contract that was in effect for at least fifteen school years beginning prior to school year 2012-13 for the education of students in a nonresident district in exchange for tuition from

the resident district when the expiration of such contract results in the nonresident district educating students, who would have been covered by the contract if the contract were still in effect, as option students pursuant to the enrollment option program established in section 79-234;

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

(11) Department means the State Department of Education;

(12) District means any ~~Class I, II, III, IV, V, or VI~~ school district or unified system as defined in section 79-4,108;

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

(14) Equalization aid means the amount of assistance calculated to be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

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

(17) Formula students means:

(a) For state aid certified pursuant to section 79-1022, the sum of the product of fall membership from the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid multiplied by the average ratio of average daily membership to fall membership for the second school fiscal year immediately preceding the school fiscal year in which the aid is to be paid and the prior two school fiscal years plus sixty percent of the qualified early childhood education fall membership plus tuitioned students from the school fiscal year immediately preceding the school fiscal year in which aid is to be paid minus the product of the number of students enrolled in kindergarten that is not full-day kindergarten from the fall membership multiplied by 0.5; and

(b) For the final calculation of state aid pursuant to section 79-1065, the sum of average daily membership plus sixty percent of the qualified early childhood education average daily membership plus tuitioned students minus the product of the number of students enrolled in kindergarten that is not full-day kindergarten from the average daily membership multiplied by 0.5 from the school fiscal year immediately preceding the school fiscal year in which aid was paid;

(18) Free lunch and free milk calculated students means, using the most recent data available on November 1 of the school fiscal year immediately preceding the school fiscal year in which aid is to be paid, (a) for schools that did not provide free meals to all students pursuant to the community eligibility provision, students who individually qualified for free lunches or free milk pursuant to the federal Richard B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts and sections existed on January 1, 2015, and rules and regulations adopted thereunder, plus (b) for schools that provided free meals to all students pursuant to the community eligibility provision, (i) for school fiscal year 2016-17, the product of the students who attended such school multiplied by the identified student percentage calculated pursuant to such federal provision or (ii) for school fiscal year 2017-18 and each school fiscal year thereafter, the greater of the number of students in such school who individually qualified for free lunch or free milk using the most recent school fiscal year for which the school did not provide free meals to all students pursuant to the community eligibility provision or one hundred ten percent of the product of the students who qualified for free meals at such school pursuant to the community eligibility provision multiplied by the identified student percentage calculated pursuant to such federal provision, except that the free lunch and free milk students calculated for any school pursuant to subdivision (18)(b)(ii) of this section shall not exceed one hundred percent of the students qualified for free meals at such school pursuant to the community eligibility provision;

(19) Free lunch and free milk student means, for school fiscal years prior to school fiscal year 2016-17, a student who qualified for free lunches or free milk from the most recent data available on November 1 of the school fiscal year immediately preceding the school fiscal year in which aid is to be paid;

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

(21) General fund budget of expenditures means the total budget of disbursements and transfers for general fund purposes as certified in the budget statement adopted pursuant to the Nebraska Budget Act, except that for purposes of the limitation imposed in section 79-1023 ~~and the calculation pursuant to subdivision (2) of section 79-1027.01~~, the general fund budget of expenditures does not include any special grant funds, exclusive of local matching funds, received by a district;

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

(23) General fund operating expenditures means for state aid calculated for school fiscal years 2012-13 and each school fiscal year thereafter, as

reported on the annual financial report for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, the total general fund expenditures minus (a) the amount of all receipts to the general fund, to the extent that such receipts are not included in local system formula resources, from early childhood education tuition, summer school tuition, educational entities as defined in section 79-1201.01 for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities, private foundations, individuals, associations, charitable organizations, the textbook loan program authorized by section 79-734, federal impact aid, and levy override elections pursuant to section 77-3444, (b) the amount of expenditures for categorical funds, tuition paid, transportation fees paid to other districts, adult education, community services, redemption of the principal portion of general fund debt service, retirement incentive plans authorized by section 79-855, and staff development assistance authorized by section 79-856, (c) the amount of any transfers from the general fund to any bond fund and transfers from other funds into the general fund, (d) any legal expenses in excess of fifteen-hundredths of one percent of the formula need for the school fiscal year in which the expenses occurred, (e)(i) for state aid calculated for school fiscal years prior to school fiscal year 2018-19, expenditures to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination occurring prior to July 1, 2009, occurring on or after the last day of the 2010-11 school year and prior to the first day of the 2013-14 school year, or, to the extent that a district has demonstrated to the State Board of Education pursuant to section 79-1028.01 that the agreement will result in a net savings in salary and benefit costs to the school district over a five-year period, occurring on or after the first day of the 2013-14 school year or (ii) for state aid calculated for school fiscal year 2018-19 and each school fiscal year thereafter, expenditures to pay for incentives agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment for which the State Board of Education approved an exclusion pursuant to subdivisions (1)(h), (i), (j), or (k) of section 79-1028.01, (f)(i) expenditures to pay for employer contributions pursuant to subsection (2) of section 79-958 to the School Employees Retirement System of the State of Nebraska to the extent that such expenditures exceed the employer contributions under such subsection that would have been made at a contribution rate of seven and thirty-five hundredths percent or (ii) expenditures to pay for school district contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to the retirement system established pursuant to the Class V School Employees Retirement Act to the extent that such expenditures exceed the school district contributions under such subdivision that would have been made at a contribution rate of seven and thirty-seven hundredths percent, and (g) any amounts paid by the district for lobbyist fees and expenses reported to the Clerk of the Legislature pursuant to section 49-1483.

For purposes of this subdivision (23) of this section, receipts from levy override elections shall equal ninety-nine percent of the difference of the total general fund levy minus a levy of one dollar and five cents per one hundred dollars of taxable valuation multiplied by the assessed valuation for school districts that have voted pursuant to section 77-3444 to override the maximum levy provided pursuant to section 77-3442;

~~(24) High school district means a school district providing instruction in at least grades nine through twelve;~~

~~(24)~~ (25) Income tax liability means the amount of the reported income tax liability for resident individuals pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable credits earned and refunds made;

~~(25)~~ (26) Income tax receipts means the amount of income tax collected pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable credits earned and refunds made;

~~(26)~~ (27) Limited English proficiency students means the number of students with limited English proficiency in a district from the most recent data available on November 1 of the school fiscal year preceding the school fiscal year in which aid is to be paid plus the difference of such students with limited English proficiency minus the average number of limited English proficiency students for such district, prior to such addition, for the three immediately preceding school fiscal years if such difference is greater than zero;

~~(27)~~ (28) Local system means a unified system or a learning community for purposes of calculation of state aid for each school fiscal year prior to school fiscal year 2017-18, a unified system, a Class VI district and the associated Class I districts, or a Class II, III, IV, or V district and any affiliated Class I districts or portions of Class I districts. The membership, expenditures, and resources of Class I districts that are affiliated with multiple high school districts will be attributed to local systems based on the percent of the Class I valuation that is affiliated with each high school district;

~~(28)~~ (29) Low-income child means (a) for school fiscal years prior to 2016-17, a child under nineteen years of age living in a household having an annual adjusted gross income for the second calendar year preceding the beginning of the school fiscal year for which aid is being calculated equal to or less than the maximum household income that would allow a student from a family of four people to be a free lunch and free milk student during the school fiscal year immediately preceding the school fiscal year for which aid is being calculated and (b) for school fiscal year 2016-17 and each school

fiscal year thereafter, a child under nineteen years of age living in a household having an annual adjusted gross income for the second calendar year preceding the beginning of the school fiscal year for which aid is being calculated equal to or less than the maximum household income pursuant to sections 9(b)(1) and 17(c)(4) of the Richard B. Russell National School Lunch Act, 42 U.S.C. 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6) and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6) and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections existed on January 1, 2015, for a household of that size that would have allowed the child to meet the income qualifications for free meals during the school fiscal year immediately preceding the school fiscal year for which aid is being calculated;

~~(29)~~ ~~(30)~~ Low-income students means the number of low-income children within the district multiplied by the ratio of the formula students in the district divided by the total children under nineteen years of age residing in the district as derived from income tax information;

~~(30)~~ ~~(31)~~ Most recently available complete data year means the most recent single school fiscal year for which the annual financial report, fall school district membership report, annual statistical summary, Nebraska income tax liability by school district for the calendar year in which the majority of the school fiscal year falls, and adjusted valuation data are available;

~~(31)~~ ~~(32)~~ Poverty students means (a) for school fiscal years prior to 2016-17, the number of low-income students or the number of students who are free lunch and free milk students in a district plus the difference of the number of low-income students or the number of students who are free lunch and free milk students in a district, whichever is greater, minus the average number of poverty students for such district, prior to such addition, for the three immediately preceding school fiscal years if such difference is greater than zero and (b) for school fiscal year 2016-17 and each school fiscal year thereafter, the unadjusted poverty students plus the difference of such unadjusted poverty students minus the average number of poverty students for such district, prior to such addition, for the three immediately preceding school fiscal years if such difference is greater than zero;

~~(32)~~ ~~(33)~~ Qualified early childhood education average daily membership means the product of the average daily membership for school fiscal year 2006-07 and each school fiscal year thereafter of students who will be eligible to attend kindergarten the following school year and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year multiplied by the ratio of the actual instructional hours of the program divided by one thousand thirty-two if: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (c) the program has been approved pursuant to subsection (5) of section 79-1103 for such school year and the two preceding school years, including any such students in portions of any of such programs receiving an expansion grant;

~~(33)~~ ~~(34)~~ Qualified early childhood education fall membership means the product of membership on the last Friday in September 2006 and each year thereafter of students who will be eligible to attend kindergarten the following school year and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year multiplied by the ratio of the planned instructional hours of the program divided by one thousand thirty-two if: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (c) the program has been approved pursuant to subsection (5) of section 79-1103 for such school year and the two preceding school years, including any such students in portions of any of such programs receiving an expansion grant;

~~(34)~~ ~~(35)~~ Regular route transportation means the transportation of students on regularly scheduled daily routes to and from the attendance center;

~~(35)~~ ~~(36)~~ Reorganized district means any district involved in a consolidation and currently educating students following consolidation;

~~(36)~~ ~~(37)~~ School year or school fiscal year means the fiscal year of a school district as defined in section 79-1091;

~~(37)~~ ~~(38)~~ Sparse local system means a local system that is not a very sparse local system but which meets the following criteria:

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

(b)(i) Less than one and one-half formula students per square mile in the local system and (ii) more than fifteen miles between each high school attendance center and the next closest high school attendance center on paved roads;

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

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

~~(38)~~ ~~(39)~~ Special education means specially designed kindergarten through grade twelve instruction pursuant to section 79-1125, and includes special

education transportation;

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

(40) ~~(41)~~ State aid means the amount of assistance paid to a district pursuant to the Tax Equity and Educational Opportunities Support Act;

(41) ~~(42)~~ State board means the State Board of Education;

(42) ~~(43)~~ State support means all funds provided to districts by the State of Nebraska for the general fund support of elementary and secondary education;

(43) ~~(44)~~ Statewide average basic funding per formula student means the statewide total basic funding for all districts divided by the statewide total formula students for all districts;

(44) ~~(45)~~ Statewide average general fund operating expenditures per formula student means the statewide total general fund operating expenditures for all districts divided by the statewide total formula students for all districts;

(45) ~~(46)~~ Teacher has the definition found in section 79-101;

(46) ~~(47)~~ Temporary aid adjustment factor means (a) for school fiscal years before school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, the local system's special receipts allowance, and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping and (b) for school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, special receipts allowance, and distance education and telecommunications allowance and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping;

(47) ~~(48)~~ Tuition receipts from converted contracts means tuition receipts received by a district from another district in the most recently available complete data year pursuant to a converted contract prior to the expiration of the contract;

(48) ~~(49)~~ Tuitioned students means students in kindergarten through grade twelve of the district whose tuition is paid by the district to some other district or education agency;

(49) ~~(50)~~ Unadjusted poverty students means, for school fiscal year 2016-17 and each school fiscal year thereafter, the greater of the number of low-income students or the free lunch and free milk calculated students in a district; and

(50) ~~(51)~~ Very sparse local system means a local system that has:

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

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

Sec. 63. Section 79-1029, Reissue Revised Statutes of Nebraska, is amended to read:

79-1029 A school ~~Class II, III, IV, V, or VI~~ district may exceed the budget authority for the general fund budget of expenditures prescribed in section 79-1023 by an amount approved by a majority of legal voters voting on the issue at a primary, general, or special election called for such purpose upon the recommendation of the board or upon the receipt by the county clerk or election commissioner of a petition requesting an election, signed by at least five percent of the legal voters of the district. The recommendation of the board or the petition of the legal voters shall include the amount by which the board would increase its general fund budget of expenditures for the ensuing school year over and above the budget authority for the general fund budget of expenditures prescribed in section 79-1023. The county clerk or election commissioner shall place the question on the primary or general election ballot or call for a special election on the issue after the receipt of such board recommendation or legal voter petition. The election shall be held pursuant to the Election Act or section 77-3444, and all costs for a special election shall be paid by the district. A vote to exceed the budget authority for the general fund budget of expenditures prescribed in section 79-1023 may be approved on the same question as a vote to exceed the levy limits provided in section 77-3444.

Sec. 64. Section 79-1030, Reissue Revised Statutes of Nebraska, is amended to read:

79-1030 A school ~~Class II, III, IV, V, or VI~~ district may choose not to increase its general fund budget of expenditures by the full amount of budget authority for the general fund budget of expenditures as calculated pursuant to section 79-1023. In such cases, the department shall calculate the amount of unused budget authority which shall be carried forward to future budget years. The amount of unused budget authority that may be used by a district in a single school fiscal year to increase its general fund budget of expenditures above the budget authority for the general fund budget of expenditures as

calculated pursuant to section 79-1023 shall be limited to two percent of the difference of the general fund budget of expenditures minus the sum of special grant funds, the special education budget of expenditures, and exceptions pursuant to subsection (1) of section 79-1028.01 for the immediately preceding school fiscal year.

Sec. 65. Section 79-1036, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1036 (1) In making the apportionment under section 79-1035, the Commissioner of Education shall distribute from the school fund for school purposes to (a) for school fiscal years prior to school fiscal year 2017-18, any and all learning communities and school districts which are not members of a learning community, and (b) for school fiscal year 2017-18 and each school fiscal year thereafter, all school districts in which there are situated school lands which have not been sold and transferred by deed or saline lands owned by the state, which lands are being used for a public purpose, an amount in lieu of tax money that would be raised by school district levies if such lands were taxable, to be ascertained in accordance with subsection (2) of this section, ~~except that:~~

~~(i) For Class I districts or portions thereof which are affiliated and in which there are situated school or saline lands, 38.6207 percent of the in lieu of land tax money calculated pursuant to subsection (2) of this section, based on the affiliated school system tax levy computed pursuant to section 79-1077, shall be distributed to the affiliated high school district and the remainder shall be distributed to the Class I district;~~

~~(ii) For Class I districts or portions thereof which are part of a Class VI district which offers instruction in grades nine through twelve and in which there are situated school or saline lands, 38.6207 percent of the in lieu of land tax money calculated pursuant to subsection (2) of this section, based on the Class VI school system levy computed pursuant to section 79-1078, shall be distributed to the Class VI district and the remainder shall be distributed to the Class I district;~~

~~(iii) For Class I districts or portions thereof which are part of a Class VI district which offers instruction in grades seven through twelve and in which there are situated school or saline lands, 55.1724 percent of the in lieu of land tax money calculated pursuant to subsection (2) of this section, based on the Class VI school system levy computed pursuant to section 79-1078, shall be distributed to the Class VI district and the remainder shall be distributed to the Class I district; and~~

~~(iv) For Class I districts or portions thereof which are part of a Class VI district which offers instruction in grades six through twelve and in which there are situated school or saline lands, 62.0690 percent of the in lieu of land tax money calculated pursuant to subsection (2) of this section, based on the Class VI school system levy computed pursuant to section 79-1078, shall be distributed to the Class VI district and the remainder shall be distributed to the Class I district.~~

(2) The county assessor shall certify to the Commissioner of Education the tax levies of each school district and, for levies certified prior to January 1, 2017, learning community in which school land or saline land is located and the last appraised value of such school land, which value shall be the same percentage of the appraised value as the percentage of the assessed value is of market value in subsection (2) of section 77-201 for the purpose of applying the applicable tax levies for each district and, for levies certified prior to January 1, 2017, learning community in determining the distribution to the districts of such amounts. The school board of any school district and, for levies certified prior to January 1, 2017, the learning community coordinating council of any learning community in which there is located any leased or undeeded school land or saline land subject to this section may appeal to the Board of Educational Lands and Funds for a reappraisal of such school land if such school board or learning community coordinating council deems the land not appraised in proportion to the value of adjoining land of the same or similar value. The Board of Educational Lands and Funds shall proceed to investigate the facts involved in such appeal and, if the contention of the school board or learning community coordinating council is correct, make the proper reappraisal. The value calculation in this subsection shall be used by the Commissioner of Education for making distributions in each school fiscal year.

Sec. 66. Section 79-1045, Reissue Revised Statutes of Nebraska, is amended to read:

79-1045 The county treasurer shall, within twenty days after receiving the apportionment under section 79-1044, apportion the amount as follows: (1) To each school district lying wholly or partly within any such forest reserve, an amount equal to the actual per pupil cost for each pupil actually residing in that part of the district which is within such forest reserve, but this apportionment per pupil shall not exceed the average annual cost per pupil, based on average daily attendance within that county; and (2) of the remaining amount, one-fifth to the public road fund of the county, one-fifth equally to the several school districts in the county, and the remaining three-fifths to the several school districts in the county pro rata according to the enumeration of scholars last returned by the districts. The county treasurer shall, with the approval of the county board, have authority to retain the money to be allocated under this subdivision to Class I, ~~II,~~ and III school districts of the county to be used for the establishment and support of a county circulating library for Class I, ~~II,~~ and III school districts. A school

district which has failed to sustain a school taught by a legally qualified teacher for the length of time required by law shall not be entitled to receive any portion of the Forest Reserve Fund.

Sec. 67. Section 79-1065.02, Reissue Revised Statutes of Nebraska, is amended to read:

~~79-1065.02 (1) State aid payments shall be adjusted when property within the boundaries of a school district is transferred to another school district due to a change in school district boundaries in response to annexation of the transferred property by a city or village to reflect transfers of property due to annexation, to any dissolution of a Class I school district, and to any reorganization involving one or more Class I school districts.~~

~~(2) This section applies whenever:~~

~~(a) A Class I school district dissolves or reorganizes in such a manner that the parcels of property making up the Class I district prior to the dissolution or reorganization which were affiliated with a Class II, III, IV, or V school district do not become part of the Class II, III, IV, or V school district with which such parcels of property were affiliated; or~~

~~(b) Property within the boundaries of a Class II, III, IV, V, or VI school district is transferred to another school district due to a change in the school district boundaries in response to annexation of the transferred property by a city or village.~~

~~(2) (3) To qualify for additional state aid pursuant to this section, the school district from which property is being transferred shall apply on a form prescribed by the State Department of Education on or before August 20 preceding the first school fiscal year for which the property will not be available for taxation for the school district's general fund levy. On or before such deadline, the applicant school district shall send copies of the application to the high school districts of the local systems receiving valuation in the transfer. For purposes of this section, property is deemed transferred from the school district whether the property was within the boundaries of the school district or the property was affiliated with the school district.~~

~~(3) (4) Upon receipt of the application, the department, with the assistance of the Property Tax Administrator, shall calculate the amount of additional state aid, if any, that the local system, as defined in section 79-1003, for the applicant school district would have received for such school fiscal year if the adjusted valuation for the transferred property had not been included in the adjusted valuation of such local system for the calculation of state aid for such school fiscal year. On or before September 20 of such school fiscal year, the department shall certify to the applicant school district the amount of additional state aid, if any, the district will receive. Except as otherwise provided in this subsection, if such applicant school district receives a lump-sum payment pursuant to subsection (2) of section 79-1022, such lump-sum payment shall be increased by the amount of additional state aid. Except as otherwise provided in this subsection, if such applicant school district does not receive a lump-sum payment pursuant to such subsection, state aid payments shall be increased by one-tenth of the amount of additional state aid for each of the ten state aid payments for such school fiscal year. If a portion of the total reduction calculated pursuant to subsection (4) (5) of this section for local systems receiving valuation in the transfer of property that is the subject of the application is delayed until future years, the additional state aid to be paid in the school fiscal year described in subsection (2) (3) of this section shall be reduced by the amount of the total reduction that is delayed until future years. The amount of the reduction shall be paid as additional aid in the next school fiscal year.~~

~~(4) (5) The state aid payments shall be reduced for the high school district of each receiving local system. An amount equal to the additional state aid calculated pursuant to subsection (3) (4) of this section for the local system of an applicant school district shall be attributed to the local systems receiving valuation in such transfer based upon the ratio of the adjusted valuation received by each local system divided by the total adjusted valuation transferred from the applicant school district. If such high school district receives a lump-sum payment pursuant to subsection (2) of section 79-1022, such lump-sum payment shall be reduced by the amount attributed to the receiving local system. If the high school district of a receiving local system does not receive a lump-sum payment pursuant to such subsection, state aid payments shall be reduced by one-tenth of the amount attributed to such receiving local system for each of the ten state aid payments for such school fiscal year. If the total reduction is greater than the total state aid payments for such school fiscal year, the remainder shall be subtracted from state aid payments in future school fiscal years until the total reduction has been subtracted from state aid payments. On or before September 20 of such school fiscal year, the department shall certify to the high school district of the receiving local system the amount of the reduction in state aid.~~

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

Sec. 68. Section 79-1072, Reissue Revised Statutes of Nebraska, is amended

to read:

79-1072 The school board or board of education of any ~~Class II, III, IV, V, or VI~~ school district may establish a contingency fund for losses. Such contingency fund shall be established and maintained by transfers from the general fund of such school district as authorized by the school board or board of education of such school district. Disbursements from such contingency fund shall not exceed five percent of the total budgeted general fund expenditures of the school district and shall be used only for defense against losses, payment of losses, and transfer of funds to the general fund of such school district as authorized by the board.

Sec. 69. Section 79-1075, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1075 (1) The county board of the county in which is located the schoolhouse or the administrative office of any joint school district or, for years prior to 2017, learning community shall make a levy for the school district or, for years prior to 2017, learning community, as may be necessary, and the county clerk of that headquarters county shall certify the levy, on or before the date prescribed in section 77-1601, to the county clerk of each county in which is situated any portion of the joint school district or learning community. This section shall apply to all taxes levied on behalf of school districts, including, but not limited to, taxes authorized by sections 10-304, 10-711, ~~10-716.01~~, 77-1601, 79-747, ~~79-1077~~, 79-1084, 79-1085, 79-1086, 79-10,100, 79-10,110, 79-10,110.02, 79-10,118, 79-10,120, ~~79-10,122~~, and 79-10,126.

(2) The county board of the county in which is located the schoolhouse or the administrative office of the high school district of a joint affiliated school system shall make a levy for the joint affiliated school system, as may be necessary, and the county clerk of that headquarters county shall certify the levy, on or before the date prescribed in section 77-1601, to the county clerk of each county in which is situated any portion of the joint affiliated school system. This section shall apply to all taxes levied on behalf of affiliated school systems, including, but not limited to, taxes authorized by sections ~~10-716.01~~, ~~79-1077~~, 79-10,110, and 79-10,110.02.

Sec. 70. Section 79-1089, Reissue Revised Statutes of Nebraska, is amended to read:

79-1089 In each school district the school board shall cause to be examined annually by a public accountant or by a certified public accountant all financial records which are maintained directly or indirectly in the administration and management of public school funds. Rules and regulations governing the scope, extent, pattern, and report of the examination shall be adopted and promulgated by the State Board of Education with the advice and counsel of the Auditor of Public Accounts. A copy of the report shall be filed with the Commissioner of Education and the Auditor of Public Accounts on or before November 5. ~~A copy of the report regarding the examination of a Class I school district shall be filed with the Commissioner of Education on or before November 5.~~ When any school district fails to comply with this section, the commissioner shall, after notice to the district and an opportunity to be heard, direct that any state aid granted pursuant to the Tax Equity and Educational Opportunities Support Act be withheld until such time as the district has complied with this section. In addition, the commissioner shall direct the county treasurer to withhold all school money belonging to the school district until such time as the commissioner notifies the county treasurer of compliance by the district with this section. The county treasurer shall withhold such money. If the school district does not comply with this section prior to the end of the state's biennium following the biennium which included the fiscal year for which state aid was calculated, the state aid funds shall revert to the General Fund. The amount of any reverted funds shall be included in data provided to the Governor in accordance with section 79-1031.

Sec. 71. Section 79-1090, Reissue Revised Statutes of Nebraska, is amended to read:

79-1090 When a school board of any class of school district fails to approve a school district budget on or before the date required by subsection (1) of section 13-508, the superintendent of the ~~primary-high~~ school district shall prepare and file a budget document in accordance with the Nebraska Budget Act for the school district's general fund and for each other fund for which the district budgeted in the immediately preceding fiscal year. The document shall use the total budget of expenditures and cash reserves from the immediately preceding school fiscal year, except that in no case shall the budget of expenditures or cash reserves exceed any limits prescribed in the Tax Equity and Educational Opportunities Support Act or other state laws. The superintendent shall also estimate the revenue from sources other than property tax for each fund in accordance with subdivision (1)(c) of section 13-504 and section 79-1022.

Sec. 72. Section 79-1098, Reissue Revised Statutes of Nebraska, is amended to read:

79-1098 Whenever it is deemed necessary (1) to erect a schoolhouse or school building or an addition or additions and improvements to any existing schoolhouse or (2) to purchase equipment for such schoolhouse or school buildings, in any school district in this state ~~except a Class I district~~ the school board may and, upon petition of not less than one-fourth of the legal voters of the school district, shall submit to the people of the school district at the next general election or special election a proposition to vote

a special annual tax for that purpose of not to exceed seventeen and five-tenths cents on each one hundred dollars upon the taxable value of all the taxable property in such district for a term of not to exceed ten years. Such special tax may be voted at any annual or special meeting of the district by fifty-five percent of the legal voters attending such meeting.

Sec. 73. Section 79-10,100, Reissue Revised Statutes of Nebraska, is amended to read:

79-10,100 The school board or board of education, upon being satisfied that all the requirements of section 79-1098 ~~sections 79-1098 and 79-1099~~ have been substantially complied with and that fifty-five percent of all votes cast at the election under such section ~~sections~~ are in favor of such tax, shall enter such proposition and all the proceedings had thereon upon the records of the school district and shall certify the special tax levy to the county clerk as other tax levies.

Sec. 74. Section 79-10,101, Reissue Revised Statutes of Nebraska, is amended to read:

79-10,101 The sum levied and collected under section 79-10,100 shall (1) constitute a special fund for the purposes for which it was voted, (2) not be used for any other purpose unless otherwise authorized by a fifty-five percent majority vote of the legal voters of the school district cast at the election under section 79-1098 ~~sections 79-1098 and 79-1099~~, (3) be paid over to the county treasurer of the county in which the administrative office of such school district is located, (4) be kept by the county treasurer and treasurer of the school district separate and apart from other district funds, and (5) be subject to withdrawal as provided in section 79-587. Any portion of such sum so levied and collected, the expenditure of which is not required to effectuate the purposes for which such sum was voted, may be transferred by the school board, at any regular or special meeting by the vote of a majority of the members attending, to the general fund of the district. All funds received by the district treasurer for such purpose shall be immediately invested by such treasurer in United States Government bonds or in such securities in which the state investment officer may invest the permanent school funds during the accumulation of such sinking fund.

Sec. 75. Section 79-10,103, Reissue Revised Statutes of Nebraska, is amended to read:

79-10,103 (1) The school board of any school district may lease, purchase, acquire, own, manage, and hold title to real property which is located outside of its school district for laboratory, recreation, camping, or educational facilities, except that any purchase costing ~~(a) more than one thousand dollars by any Class I or II school district or (b) more than five thousand dollars by any Class III, IV, V, or VI school district~~ shall be submitted to a vote of the legal voters in that school district seeking to acquire the property.

(2) The election provisions of this section do not apply when a school district which currently owns real property outside the school district desires to lease, purchase, acquire, own, manage, and hold title to additional real property located contiguous to such property for laboratory, recreation, camping, or educational facilities.

Sec. 76. Section 79-10,110, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-10,110 (1) Prior to April 19, 2016, after making a determination that an actual or potential environmental hazard or accessibility barrier exists, that a life safety code violation exists, or that expenditures are needed for indoor air quality or mold abatement and prevention within the school buildings or grounds under its control, a school board may make and deliver to the county clerk of such county in which any part of the school district is situated, not later than the date provided in section 13-508, an itemized estimate of the amounts necessary to be expended for the abatement of such environmental hazard, for accessibility barrier elimination, or for modifications for life safety code violations, indoor air quality, or mold abatement and prevention in such school buildings or grounds. The board shall designate the particular environmental hazard abatement project, accessibility barrier elimination project, or modification for life safety code violations, indoor air quality, or mold abatement and prevention for which the tax levy provided for by this section will be expended, the period of years, which shall not exceed ten years, for which the tax will be levied for such project, and the estimated amount of the levy for each year of the period based on the taxable valuation of the district at the time of issuance.

(2) Prior to April 19, 2016, after a public hearing, a school board may undertake any qualified capital purpose in any qualified zone academy under its control and may levy a tax as provided in this section to repay a qualified zone academy bond issued for such undertaking. The board shall designate: (a) The particular qualified capital purpose for which the qualified zone academy bond was issued and for which the tax levy provided for by this section will be expended; (b) the period of years for which the tax will be levied to repay such qualified zone academy bond, not exceeding the maturity term for such qualified zone academy bond established pursuant to federal law or, for any such bond issued prior to May 20, 2009, fifteen years; and (c) the estimated amount of the levy for each year of the period based on the taxable valuation of the district at the time of issuance. The hearing required by this subsection shall be held only after notice of such hearing has been published for three consecutive weeks prior to the hearing in a legal newspaper published or of general circulation in the school district.

(3) Prior to April 19, 2016, after a public hearing, a school board may

undertake any American Recovery and Reinvestment Act of 2009 purpose and may levy a tax to repay any American Recovery and Reinvestment Act of 2009 bond issued for such undertaking. The board shall designate: (a) The American Recovery and Reinvestment Act of 2009 purpose for which the American Recovery and Reinvestment Act of 2009 bond will be issued and for which the tax levy provided by this section will be expended; (b) the period of years for which the tax will be levied to repay such American Recovery and Reinvestment Act of 2009 bond, not exceeding the maturity term for the type of American Recovery and Reinvestment Act of 2009 bond established pursuant to federal law or, if no such term is established, thirty years; and (c) the estimated amount of the levy for each year of such period based on the taxable valuation of the district at the time of issuance. Prior to the public hearing, the school board shall prepare an itemized estimate of the amounts necessary to be expended for the American Recovery and Reinvestment Act of 2009 purpose. The hearing required by this subsection shall be held only after notice of such hearing has been published for three consecutive weeks prior to the hearing in a legal newspaper published or of general circulation in the school district.

(4) Prior to April 19, 2016, the board may designate more than one project under subsection (1) of this section, more than one qualified capital purpose under subsection (2) of this section, or more than one American Recovery and Reinvestment Act of 2009 purpose under subsection (3) of this section and levy a tax pursuant to this section for each such project, qualified capital purpose, or American Recovery and Reinvestment Act of 2009 purpose, concurrently or consecutively, as the case may be, if the aggregate levy in each year and the duration of each such levy will not exceed the limitations specified in this section. Each levy for a project, a qualified capital purpose, or an American Recovery and Reinvestment Act of 2009 purpose which is authorized by this section may be imposed for such duration as the board specifies, notwithstanding the contemporaneous existence or subsequent imposition of any other levy for another project, qualified capital purpose, or American Recovery and Reinvestment Act of 2009 purpose imposed pursuant to this section and notwithstanding the subsequent issuance by the district of bonded indebtedness payable from its general fund levy.

(5) The county clerk shall levy such taxes, not to exceed five and one-fifth cents per one hundred dollars of taxable valuation ~~for Class II, III, IV, V, and VI districts, and not to exceed the limits set for Class I districts in section 79-10,124,~~ on the taxable property of the district necessary to (a) cover the environmental hazard abatement or accessibility barrier elimination project costs or costs for modification for life safety code violations, indoor air quality, or mold abatement and prevention itemized by the board pursuant to subsection (1) of this section and (b) repay any qualified zone academy bonds or American Recovery and Reinvestment Act of 2009 bonds pursuant to subsection (2) or (3) of this section. Such taxes shall be collected by the county treasurer at the same time and in the same manner as county taxes are collected and when collected shall be paid to the treasurer of the district and used to cover the project costs.

~~(6) If such board operates grades nine through twelve as part of an affiliated school system, it shall designate the fraction of the project or undertaking to be conducted for the benefit of grades nine through twelve. Such fraction shall be raised by a levy placed upon all of the taxable value of all taxable property in the affiliated school system pursuant to subsection (2) of section 79-1075. The balance of the project or undertaking to be conducted for the benefit of grades kindergarten through eight shall be raised by a levy placed upon all of the taxable value of all taxable property in the district which is governed by such board. The combined rate for both levies in the high school district, to be determined by such board, shall not exceed five and one-fifth cents on each one hundred dollars of taxable value.~~

(6) (7) Each board which submits an itemized estimate shall establish an environmental hazard abatement and accessibility barrier elimination project account, a life safety code modification project account, an indoor air quality project account, or a mold abatement and prevention project account, each board which undertakes a qualified capital purpose shall establish a qualified capital purpose undertaking account, within the qualified capital purpose undertaking fund, and each board which undertakes an American Recovery and Reinvestment Act of 2009 purpose shall establish an American Recovery and Reinvestment Act of 2009 purpose undertaking account. Taxes collected pursuant to this section shall be credited to the appropriate account to cover the project or undertaking costs. Such estimates may be presented to the county clerk and taxes levied accordingly.

(7) (8) For purposes of this section:

(a) Abatement includes, but is not limited to, any inspection and testing regarding environmental hazards, any maintenance to reduce, lessen, put an end to, diminish, moderate, decrease, control, dispose of, or eliminate environmental hazards, any removal or encapsulation of environmentally hazardous material or property, any related restoration or replacement of material or property, any related architectural and engineering services, and any other action to reduce or eliminate environmental hazards in the school buildings or on the school grounds under the board's control, except that abatement does not include the encapsulation of any material containing more than one percent friable asbestos;

(b) Accessibility barrier means anything which impedes entry into, exit from, or use of any building or facility by all people;

(c) Accessibility barrier elimination includes, but is not limited to,

inspection for and removal of accessibility barriers, maintenance to reduce, lessen, put an end to, diminish, control, dispose of, or eliminate accessibility barriers, related restoration or replacement of facilities or property, any related architectural and engineering services, and any other action to eliminate accessibility barriers in the school buildings or grounds under the board's control;

(d) American Recovery and Reinvestment Act of 2009 bond means any type or form of bond permitted by the federal American Recovery and Reinvestment Act of 2009, as such act or bond may be amended and supplemented, including the federal Hiring Incentives to Restore Employment Act, as amended and supplemented, for use by schools, except qualified zone academy bonds;

(e) American Recovery and Reinvestment Act of 2009 purpose means any construction of a new public school facility or the acquisition of land on which such a facility is to be constructed or any expansion, rehabilitation, modernization, renovation, or repair of any existing school facilities financed in whole or in part with an American Recovery and Reinvestment Act of 2009 bond;

(f) Environmental hazard means any contamination of the air, water, or land surface or subsurface caused by any substance adversely affecting human health or safety if such substance has been declared hazardous by a federal or state statute, rule, or regulation;

(g) Modification for indoor air quality includes, but is not limited to, any inspection and testing regarding indoor air quality, any maintenance to reduce, lessen, put an end to, diminish, moderate, decrease, control, dispose of, or eliminate indoor air quality problems, any related restoration or replacement of material or related architectural and engineering services, and any other action to reduce or eliminate indoor air quality problems or to enhance air quality conditions in new or existing school buildings or on school grounds under the control of a school board;

(h) Modification for life safety code violation includes, but is not limited to, any inspection and testing regarding life safety codes, any maintenance to reduce, lessen, put an end to, diminish, moderate, decrease, control, dispose of, or eliminate life safety hazards, any related restoration or replacement of material or property, any related architectural and engineering services, and any other action to reduce or eliminate life safety hazards in new or existing school buildings or on school grounds under the control of a school board;

(i) Modification for mold abatement and prevention includes, but is not limited to, any inspection and testing regarding mold abatement and prevention, any maintenance to reduce, lessen, put an end to, diminish, moderate, decrease, control, dispose of, or eliminate mold problems, any related restoration or replacement of material or related architectural and engineering services, and any other action to reduce or eliminate mold problems or to enhance air quality conditions in new or existing school buildings or on school grounds under the control of a school board;

(j) Qualified capital purpose means (i) rehabilitating or repairing the public school facility in which the qualified zone academy is established or (ii) providing equipment for use at such qualified zone academy;

(k) Qualified zone academy has the meaning found in (i) 26 U.S.C. 1397E(d)(4), as such section existed on October 3, 2008, for qualified zone academy bonds issued on or before such date, and (ii) 26 U.S.C. 54E(d)(1), as such section existed on October 4, 2008, for qualified zone academy bonds issued on or after such date;

(l) Qualified zone academy allocation means the allocation of the qualified zone academy bond limitation by the State Department of Education to the qualified zone academies pursuant to (i) 26 U.S.C. 1397E(e)(2), as such section existed on October 3, 2008, for allocations relating to qualified zone academy bonds issued on or before such date, and (ii) 26 U.S.C. 54E(c)(2), as such section existed on October 4, 2008, for allocations relating to qualified zone academy bonds issued on or after such date; and

(m) Qualified zone academy bond has the meaning found in (i) 26 U.S.C. 1397E(d)(1), as such section existed on October 3, 2008, for such bonds issued on or before such date, and (ii) 26 U.S.C. 54E(a), as such section existed on and after October 4, 2008, for such bonds issued on or after such date, as such section or bonds may be amended or supplemented.

~~(8)~~ ~~(9)~~ Accessibility barrier elimination project costs includes, but is not limited to, inspection, maintenance, accounting, emergency services, consultation, or any other action to reduce or eliminate accessibility barriers.

~~(9)(a)~~ ~~(10)(a)~~ For the purpose of paying amounts necessary for the abatement of environmental hazards, for accessibility barrier elimination, for modifications for life safety code violations, indoor air quality, or mold abatement and prevention, for a qualified capital purpose, or for an American Recovery and Reinvestment Act of 2009 purpose, the board may borrow money, establish a sinking fund, and issue bonds and other evidences of indebtedness of the district, which bonds and other evidences of indebtedness shall be secured by and payable from an irrevocable pledge by the district of amounts received in respect of the tax levy provided for by this section and any other funds of the district available therefor. Bonds issued for a qualified capital purpose or an American Recovery and Reinvestment Act of 2009 purpose shall be limited to the type or types of bonds authorized for each purpose in subsections (2) and (3) of this section, respectively. Bonds and other evidences of indebtedness issued by a district pursuant to this subsection

shall not constitute a general obligation of the district or be payable from any portion of its general fund levy.

(b) A district may exceed the maximum levy of five and one-fifth cents per one hundred dollars of taxable valuation authorized by subsection (5) ~~subsections (5) and (6)~~ of this section in any year in which (i) the taxable valuation of the district is lower than the taxable valuation in the year in which the district last issued bonds pursuant to this section and (ii) such maximum levy is insufficient to meet the combined annual principal and interest obligations for all bonds issued pursuant to this section. The amount generated from a district's levy in excess of the maximum levy upon the taxable valuation of the district shall not exceed the combined annual principal and interest obligations for such bonds minus the amount generated by levying the maximum levy upon the taxable valuation of the district and minus any federal payments or subsidies associated with such bonds.

(10) ~~(11)~~ The total principal amount of bonds for modifications to correct life safety code violations, for indoor air quality problems, for mold abatement and prevention, or for an American Recovery and Reinvestment Act of 2009 purpose which may be issued pursuant to this section shall not exceed the total amount specified in the itemized estimate described in subsections (1) and (3) of this section.

(11) ~~(12)~~ The total principal amount of qualified zone academy bonds which may be issued pursuant to this section for qualified capital purposes with respect to a qualified zone academy shall not exceed the qualified zone academy allocation granted to the board by the department. The total amount that may be financed by qualified zone academy bonds pursuant to this section for qualified purposes with respect to a qualified zone academy shall not exceed seven and one-half million dollars statewide in a single year. In any year that the Nebraska qualified zone academy allocations exceed seven and one-half million dollars for qualified capital purposes to be financed with qualified zone academy bonds issued pursuant to this section, (a) the department shall reduce such allocations proportionally such that the statewide total for such allocations equals seven and one-half million dollars and (b) the difference between the Nebraska allocation and seven and one-half million dollars shall be available to qualified zone academies for requests that will be financed with qualified zone academy bonds issued without the benefit of this section.

Nothing in this section directs the State Department of Education to give any preference to allocation requests that will be financed with qualified zone academy bonds issued pursuant to this section.

(12) ~~(13)~~ The State Department of Education shall establish procedures for allocating bond authority to school boards as may be necessary pursuant to an American Recovery and Reinvestment Act of 2009 bond.

Sec. 77. Section 79-10,110.02, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-10,110.02 (1) On and after April 19, 2016, the school board of any ~~Class II, III, IV, or V~~ school district may make a determination that an additional property tax levy is necessary for a specific abatement project to address an actual or potential environmental hazard, accessibility barrier, life safety code violation, life safety hazard, or mold which exists within one or more existing school buildings or the school grounds of existing school buildings controlled by the school district. Such determination shall not include abatement projects related to the acquisition of new property, the construction of a new building, the expansion of an existing building, or the remodeling of an existing building for purposes other than the abatement of environmental hazards, accessibility barriers, life safety code violations, life safety hazards, or mold. Upon such determination, the school board may, not later than the date provided in section 13-508, make and deliver to the county clerk of such county in which any part of the school district is situated an itemized estimate of the amounts necessary to be expended for such abatement project, any insurance proceeds or other anticipated funds that will be received by the school district related to the abatement project, the period of years for which the property tax will be levied for such project, and the estimated amount of the levy for each year of the period based on the taxable valuation of the district at the time of issuance. The period of years for such levy shall not exceed ten years and the levy for such project when combined with all other levies pursuant to this section and section 79-10,110 shall not exceed three cents per one hundred dollars of taxable valuation. Nothing in this section shall affect levies pursuant to section 79-10,110.

(2) The county clerk shall levy such taxes and such taxes shall be collected by the county treasurer at the same time and in the same manner as county taxes are collected and when collected shall be paid to the treasurer of the district. A separate abatement project account shall be established for each project by the school district. Taxes collected pursuant to this section shall be credited to the appropriate account to cover the project costs.

(3) For purposes of this section:

(a) Abatement includes, but is not limited to, any related inspection and testing, any maintenance to reduce, lessen, put an end to, diminish, moderate, decrease, control, dispose of, eliminate, or remove the issue causing the need for abatement, any related restoration or replacement of material or property, any related architectural and engineering services, and any other action to reduce or eliminate the issue causing the need for abatement in existing school buildings or on the school grounds of existing school buildings under the board's control;

(b) Accessibility barrier means anything which impedes entry into, exit

from, or use of any building or facility by all people; and

(c) Environmental hazard means any contamination of the air, water, or land surface or subsurface caused by any substance adversely affecting human health or safety if such substance has been declared hazardous by a federal or state statute, rule, or regulation.

(4) For the purpose of paying amounts necessary for the abatement project, the board may borrow money, establish a sinking fund, and issue bonds and other evidences of indebtedness of the district, which bonds and other evidences of indebtedness shall be secured by and payable from an irrevocable pledge by the district of amounts received in respect of the tax levy provided for by this section and any other funds of the district available therefor. Bonds and other evidences of indebtedness issued by a district pursuant to this subsection shall not constitute a general obligation of the district or be payable from any portion of its general fund levy. The total principal amount of bonds for abatement projects pursuant to this section shall not exceed the total amount specified in the itemized estimate described in subsection (1) of this section.

(5) A district may exceed the maximum levy of three cents per one hundred dollars of taxable valuation authorized by this section in any year in which (a) the taxable valuation of the district is lower than the taxable valuation in the year in which the district last issued bonds pursuant to this section and (b) such maximum levy is insufficient to meet the combined annual principal and interest obligations for all bonds issued pursuant to this section and section 79-10,110. The amount generated from a district's levy in excess of three cents per one hundred dollars of taxable valuation shall not exceed the combined annual principal and interest obligations for such bonds minus the amount generated by levying three cents per one hundred dollars of taxable valuation.

Sec. 78. Section 79-10,114, Reissue Revised Statutes of Nebraska, is amended to read:

79-10,114 No school property of any kind belonging to any Class III or IV ~~II, III, IV, or VI~~ school district shall be sold by the school board or board of education except at a regular meeting of the board and with an affirmative recorded vote of at least two-thirds of all the members of the board. Proceeds of sale of school property sold as provided in this section may be held separately from other funds of the school district and may be used for any school purpose as the board may determine, including, but not limited to, acquiring sites for school buildings or teacherages and purchasing existing buildings for use as school buildings or teacherages, including the sites upon which such buildings are located, and the erection, alteration, equipping, and furnishing of school buildings or teacherages.

Sec. 79. Section 79-10,117, Reissue Revised Statutes of Nebraska, is amended to read:

79-10,117 The legal voters of any Class III or VI ~~III or VI~~ school district have the power, at an election or at any annual or special meeting, to (1) direct the purchasing or leasing of any appropriate site and the building, hiring, or purchasing of a teacherage for the purpose of providing housing facilities for the school employees of the district, (2) determine the amount necessary to be expended for such purposes the succeeding year, and (3) vote on a tax on the property of the district for the payment of the amount.

Sec. 80. Section 79-10,118, Reissue Revised Statutes of Nebraska, is amended to read:

79-10,118 A tax to establish a special fund for the building, hiring, or purchasing of a teacherage for the purpose of providing housing facilities for the school employees of any Class III or VI ~~III or VI~~ district may be levied when authorized by fifty-five percent of the legal voters voting on the proposition. The notice of the proposal to establish such special fund shall include the sum to be raised or the amount of the tax to be levied, the period of years, and the time of its taking effect. If fifty-five percent of the legal voters voting at any such election vote in favor of the proposition, the result of such election shall be certified to the county board which, upon being satisfied that all the requirements have been substantially complied with, shall cause the proceedings to be entered upon the record of the county board and shall make an order that the levy be made in accordance with the election result and collected as other taxes.

Sec. 81. Section 79-10,120, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-10,120 The school board or board of education of any a Class II, III, IV, V, or VI ~~any a Class II, III, IV, V, or VI~~ school district may establish a special fund for purposes of acquiring sites for school buildings or teacherages, purchasing existing buildings for use as school buildings or teacherages, including the sites upon which such buildings are located, and the erection, alteration, equipping, and furnishing of school buildings or teacherages and additions to school buildings for elementary and high school grades and for no other purpose. The fund shall be established from the proceeds of an annual levy, to be determined by the board, of not to exceed fourteen cents on each one hundred dollars upon the taxable value of all taxable property in the district which shall be in addition to any other taxes authorized to be levied for school purposes. Such tax shall be levied and collected as are other taxes for school purposes.

Sec. 82. Section 79-1108.02, Revised Statutes Supplement, 2017, is amended to read:

79-1108.02 (1) The department shall distribute funds appropriated for purposes of this section to local systems as defined in section 79-1003 annually on or before October 15. The funds distributed pursuant to this

section shall be distributed based on a pro rata share of the eligible costs submitted in grant applications.

(2) Local systems may apply to the department for base funds and matching funds pursuant to this section to be spent on approved accelerated or differentiated curriculum programs. Each eligible local system shall receive one-tenth of one percent of the appropriation as base funds plus a pro rata share of the remainder of the appropriation based on identified students participating in an accelerated or differentiated curriculum program, up to ten percent of the prior year's fall membership as defined in section 79-1003, as matching funds. Eligible local systems shall:

(a) Provide an approved accelerated or differentiated curriculum program for students identified as learners with high ability;

(b) Provide funds from other sources for the approved accelerated or differentiated curriculum program greater than or equal to fifty percent of the matching funds received pursuant to this subsection;

(c) Provide an accounting of the funds received pursuant to this section, funds required by subdivision (b) of this subsection, and the total cost of the program on or before August 1 of the year following the receipt of funds in a manner prescribed by the department, not to exceed one report per year; and

(d) Provide data regarding the academic progress of students participating in the accelerated or differentiated curriculum program in a manner prescribed by the department, not to exceed one report per year. ~~;~~ and

~~(e) Include identified students from Class I districts that are part of the local system in the accelerated or differentiated curriculum program.~~

If a local system will not be providing the necessary matching funds pursuant to subdivision (b) of this subsection, the local system shall request a reduction in the amount received pursuant to this subsection such that the local system will be in compliance with such subdivision. Local systems not complying with the requirements of this subsection shall not be eligible local systems in the following year.

Sec. 83. Section 79-1217, Reissue Revised Statutes of Nebraska, is amended to read:

79-1217 (1) All educational service units shall be governed by a board to be known as the Board of Educational Service Unit No. Until the first Thursday after the first Tuesday in January 2009, the educational service unit board, except the board of an educational service unit with only one member school district, shall be composed of one member from each county and four members at large, all of whom shall reside within the geographical boundaries of the educational service unit, but no more than two of the members at large shall be appointed or elected from the same county unless any one county within the educational service unit has a population in excess of one hundred fifty thousand inhabitants or the educational service unit consists of only one county. Beginning on the first Thursday after the first Tuesday in January 2009, the educational service unit board, except the board of an educational service unit with only one member school district, shall be composed of one member elected to represent each election district established pursuant to section 79-1217.01. Successors to the members initially appointed pursuant to section 79-1212 shall be elected pursuant to section 32-515.

(2) Vacancies in office shall occur as set forth in section 32-560, except as otherwise provided in section 79-1212 regarding the requirement to live in the district represented, or in the case of absences, unless excused by a majority of the remaining members of the board, when a member is absent from the geographical boundaries of the educational service unit for a continuous period of sixty days at one time or from more than two consecutive regular meetings of the board. Whenever any vacancy occurs on the board, the remaining members of such board shall appoint an individual residing within the election district of the educational service unit for which the vacancy exists and meeting the qualifications for the office to fill such vacancy for the balance of the unexpired term.

(3) Members of the board shall receive no compensation for their services but shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties under the Educational Service Units Act as provided in sections 81-1174 to 81-1177.

~~(4) Any Except as provided in subsection (5) of this section, any joint school district located in two or more counties shall be considered a part of the educational service unit in which the greater number of school-age children of such joint school district reside.~~

~~(5) Any Class I district which is part of a Class VI district shall be considered a part of the educational service unit of which the Class VI district is a member. If the Class VI district has removed itself from an educational service unit, each Class I district which is part of such Class VI district may continue its existing membership in an educational service unit or may change its status relative to membership in an educational service unit in accordance with section 79-1209. The patrons of a Class I district maintaining membership in an educational service unit pursuant to this subsection shall have the same rights and privileges as other patrons of the educational service unit, and the taxable valuation of the taxable property within the geographic boundaries of such Class I district shall be subject to the educational service unit's tax levy established pursuant to section 79-1225.~~

(5) ~~(6)~~ The administrator of each educational service unit, prior to July 1 of each year in which a statewide primary election is to be held, shall certify to the election commissioner or county clerk of each county located within the unit the corporate name of each school district, as described in

section 79-405, located within the county. If a school district is a joint school district located in two or more counties, the administrator shall certify to each election commissioner or county clerk the educational service unit of which the school district is considered to be a part.

(6) (7) An educational service unit may consist of a single school district if the single school district is either a Class IV or Class V school district. An educational service unit with only one member school district shall be governed by the school board of such school district and shall participate in one or more of the statewide projects managed by the Educational Service Unit Coordinating Council.

Sec. 84. Section 79-1504, Reissue Revised Statutes of Nebraska, is amended to read:

79-1504 The provisions of Article III, SECTION A., of the Compact for Education notwithstanding, the members of the Education Commission of the States representing this state shall consist of the Governor, three members of the Legislature selected by the Executive Board of the Legislative Council, and three members appointed by the Governor. Of the three members appointed by the Governor, one member shall be a member of a school board ~~or board of education of a Class II, III, IV, V, or VI school district~~ or an appointed representative of a state association of school boards ~~or boards of education representing such districts.~~

Sec. 85. This act becomes operative on January 1, 2019.

Sec. 86. Original sections 32-570, 32-606, 32-1007, 32-1303, 48-303, 72-2304, 77-3444, 79-102, 79-104, 79-203, 79-413, 79-415, 79-418, 79-419, 79-434, 79-443, 79-447, 79-447, 79-451, 79-458, 79-470, 79-473, 79-479, 79-4,108, 79-4,129, 79-501, 79-506, 79-524, 79-525, 79-526, 79-547, 79-550, 79-554, 79-559, 79-564, 79-569, 79-570, 79-572, 79-577, 79-578, 79-579, 79-580, 79-581, 79-586, 79-587, 79-588, 79-594, 79-598, 79-5,104, 79-605, 79-728, 79-828, 79-850, 79-1029, 79-1030, 79-1045, 79-1065.02, 79-1072, 79-1089, 79-1090, 79-1098, 79-10,100, 79-10,101, 79-10,103, 79-10,114, 79-10,117, 79-10,118, 79-1217, and 79-1504, Reissue Revised Statutes of Nebraska, sections 79-101, 79-234, 79-499, 79-4,123, 79-528, 79-576, 79-611, 79-1036, 79-1075, 79-10,110, 79-10,110.02, and 79-10,120, Revised Statutes Cumulative Supplement, 2016, and sections 13-508, 79-407, 79-1003, and 79-1108.02, Revised Statutes Supplement, 2017, are repealed.

Sec. 87. The following sections are outright repealed: Sections 10-704, 10-716.01, 23-3302, 32-541, 32-542, 32-546, 79-401, 79-402, 79-403, 79-404, 79-406, 79-410, 79-411, 79-416, 79-417, 79-423, 79-424, 79-425, 79-426, 79-427, 79-431, 79-452, 79-453, 79-454, 79-455, 79-472, 79-477, 79-478, 79-492, 79-493, 79-494, 79-495, 79-4,100, 79-4,101, 79-4,102, 79-4,103, 79-4,104, 79-4,109, 79-4,110, 79-4,111, 79-519, 79-523, 79-540, 79-541, 79-542, 79-548, 79-553, 79-556, 79-557, 79-558, 79-563, 79-565, 79-568, 79-585, 79-5,107, 79-5,108, 79-716, 79-717, 79-8,110, 79-1027.01, 79-1077, 79-1078, 79-1083.02, 79-1099, 79-10,111, 79-10,113, 79-10,121, 79-10,122, 79-10,123, 79-10,124, and 79-10,125, Reissue Revised Statutes of Nebraska.