

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 431

Introduced by Groene, 42.

Read first time January 18, 2019

Committee: Education

1 A BILL FOR AN ACT relating to school finance; to amend section 77-3446,
2 Reissue Revised Statutes of Nebraska, and sections 79-1015.01,
3 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised
4 Statutes Cumulative Supplement, 2018; to change the base limitation;
5 to change the local effort rate; to change the determination and
6 certification dates relating to the distribution of aid,
7 certification of certain budget limitations as prescribed, and
8 duties of the Appropriations Committee of the Legislature; to
9 harmonize provisions; to repeal the original sections; and to
10 declare an emergency.

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

1 Section 1. Section 77-3446, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-3446 Base limitation means the budget limitation rate applicable
4 to school districts and the limitation on growth of restricted funds
5 applicable to other political subdivisions prior to any increases in the
6 rate as a result of special actions taken by a supermajority of any
7 governing board or of any exception allowed by law. The base limitation
8 is two and one-half percent until adjusted, except that the base
9 limitation for school districts for school fiscal years 2017-18 and
10 2018-19 is one and one-half percent and for school fiscal year 2019-20 is
11 XX percent. The base limitation may be adjusted annually by the
12 Legislature to reflect changes in the prices of services and products
13 used by school districts and political subdivisions.

14 Sec. 2. Section 79-1015.01, Revised Statutes Cumulative Supplement,
15 2018, is amended to read:

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

18 (2) For each school fiscal year except school fiscal years 2017-18
19 through 2019-20 ~~and 2018-19~~: (a) For state aid certified pursuant to
20 section 79-1022, the local effort rate shall be the maximum levy, for the
21 school fiscal year for which aid is being certified, authorized pursuant
22 to subdivision (2)(a) of section 77-3442 less five cents; (b) for the
23 final calculation of state aid pursuant to section 79-1065, the local
24 effort rate shall be the rate which, when multiplied by the total
25 adjusted valuation of all taxable property in local systems receiving
26 equalization aid pursuant to the Tax Equity and Educational Opportunities
27 Support Act, will produce the amount needed to support the total formula
28 need of such local systems when added to state aid appropriated by the
29 Legislature and other actual receipts of local systems described in
30 section 79-1018.01; and (c) the local effort rate yield for such school
31 fiscal years shall be determined by multiplying each local system's total

1 adjusted valuation by the local effort rate.

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

17 (4) For school fiscal year 2019-20: (a) For state aid certified
18 pursuant to section 79-1022, the local effort rate shall be the maximum
19 levy, for the school fiscal year for which aid is being certified,
20 authorized pursuant to subdivision (2)(a) of section 77-3442 less XX
21 cents; (b) for the final calculation of state aid pursuant to section
22 79-1065, the local effort rate shall be the rate which, when multiplied
23 by the total adjusted valuation of all taxable property in local systems
24 receiving equalization aid pursuant to the Tax Equity and Educational
25 Opportunities Support Act, will produce the amount needed to support the
26 total formula need of such local systems when added to state aid
27 appropriated by the Legislature and other actual receipts of local
28 systems described in section 79-1018.01; and (c) the local effort rate
29 yield for such school fiscal years shall be determined by multiplying
30 each local system's total adjusted valuation by the local effort rate.

31 Sec. 3. Section 79-1022, Revised Statutes Cumulative Supplement,

1 2018, is amended to read:

2 79-1022 (1) On or before June 10, 2019 ~~1, 2017~~, and on or before
3 March 1 of each year thereafter, for each ensuing fiscal year, the
4 department shall determine the amounts to be distributed to each local
5 system and each district for the ensuing school fiscal year pursuant to
6 the Tax Equity and Educational Opportunities Support Act and shall
7 certify the amounts to the Director of Administrative Services, the
8 Auditor of Public Accounts, ~~each learning community for school fiscal~~
9 ~~years prior to school fiscal year 2017-18~~, and each district. Except as
10 otherwise provided in this section, the amount to be distributed to each
11 district from the amount certified for a local system shall be
12 proportional based on the formula students attributed to each district in
13 the local system. ~~For school fiscal years prior to school fiscal year~~
14 ~~2017-18, the amount to be distributed to each district that is a member~~
15 ~~of a learning community from the amount certified for the local system~~
16 ~~shall be proportional based on the formula needs calculated for each~~
17 ~~district in the local system.~~ On or before June 10, 2019 ~~1, 2017~~, and on
18 or before March 1 of each year thereafter, for each ensuing fiscal year,
19 the department shall report the necessary funding level for the ensuing
20 school fiscal year to the Governor, the Appropriations Committee of the
21 Legislature, and the Education Committee of the Legislature. The report
22 submitted to the committees of the Legislature shall be submitted
23 electronically. Except as otherwise provided in this subsection,
24 certified state aid amounts, including adjustments pursuant to section
25 79-1065.02, shall be shown as budgeted non-property-tax receipts and
26 deducted prior to calculating the property tax request in the district's
27 general fund budget statement as provided to the Auditor of Public
28 Accounts pursuant to section 79-1024.

29 (2) Except as provided in this subsection, subsection (8) of section
30 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
31 certified pursuant to subsection (1) of this section shall be distributed

1 in ten as nearly as possible equal payments on the last business day of
2 each month beginning in September of each ensuing school fiscal year and
3 ending in June of the following year, except that when a school district
4 is to receive a monthly payment of less than one thousand dollars, such
5 payment shall be one lump-sum payment on the last business day of
6 December during the ensuing school fiscal year.

7 Sec. 4. Section 79-1022.02, Revised Statutes Cumulative Supplement,
8 2018, is amended to read:

9 79-1022.02 Notwithstanding any other provision of law, any
10 certification of state aid pursuant to section 79-1022, certification of
11 budget authority pursuant to section 79-1023, and certification of
12 applicable allowable reserve percentages pursuant to section 79-1027
13 completed prior to the effective date of this act February 16, 2017, for
14 school fiscal year 2019-20 ~~2017-18~~ is null and void.

15 Sec. 5. Section 79-1023, Revised Statutes Cumulative Supplement,
16 2018, is amended to read:

17 79-1023 (1) On or before June 10, 2019 ~~1, 2017~~, and on or before
18 March 1 of each year thereafter, the department shall determine and
19 certify to each school district budget authority for the general fund
20 budget of expenditures for the ensuing school fiscal year.

21 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
22 81-829.51, each school district shall have budget authority for the
23 general fund budget of expenditures equal to the greater of (a) the
24 general fund budget of expenditures for the immediately preceding school
25 fiscal year minus exclusions pursuant to subsection (1) of section
26 79-1028.01 for such school fiscal year with the difference increased by
27 the basic allowable growth rate for the school fiscal year for which
28 budget authority is being calculated, (b) the general fund budget of
29 expenditures for the immediately preceding school fiscal year minus
30 exclusions pursuant to subsection (1) of section 79-1028.01 for such
31 school fiscal year with the difference increased by an amount equal to

1 any student growth adjustment calculated for the school fiscal year for
 2 which budget authority is being calculated, or (c) one hundred ten
 3 percent of formula need for the school fiscal year for which budget
 4 authority is being calculated minus the special education budget of
 5 expenditures as filed on the school district budget statement on or
 6 before September 20 for the immediately preceding school fiscal year,
 7 which special education budget of expenditures is increased by the basic
 8 allowable growth rate for the school fiscal year for which budget
 9 authority is being calculated.

10 (3) For any school fiscal year for which the budget authority for
 11 the general fund budget of expenditures for a school district is based on
 12 a student growth adjustment, the budget authority for the general fund
 13 budget of expenditures for such school district shall be adjusted in
 14 future years to reflect any student growth adjustment corrections related
 15 to such student growth adjustment.

16 Sec. 6. Section 79-1027, Revised Statutes Cumulative Supplement,
 17 2018, is amended to read:

18 79-1027 No district shall adopt a budget, which includes total
 19 requirements of depreciation funds, necessary employee benefit fund cash
 20 reserves, and necessary general fund cash reserves, exceeding the
 21 applicable allowable reserve percentages of total general fund budget of
 22 expenditures as specified in the schedule set forth in this section.

23	Average daily	Allowable
24	membership of	reserve
25	district	percentage
26	0 - 471	45
27	471.01 - 3,044	35
28	3,044.01 - 10,000	25
29	10,000.01 and over	20

30 On or before June 10, 2019 ~~1, 2017~~, and on or before March 1 each
 31 year thereafter, the department shall determine and certify each

1 district's applicable allowable reserve percentage for the ensuing school
2 fiscal year.

3 Each district with combined necessary general fund cash reserves,
4 total requirements of depreciation funds, and necessary employee benefit
5 fund cash reserves less than the applicable allowable reserve percentage
6 specified in this section may, notwithstanding the district's applicable
7 allowable growth rate, increase its necessary general fund cash reserves
8 such that the total necessary general fund cash reserves, total
9 requirements of depreciation funds, and necessary employee benefit fund
10 cash reserves do not exceed such applicable allowable reserve percentage.

11 Sec. 7. Section 79-1031.01, Revised Statutes Cumulative Supplement,
12 2018, is amended to read:

13 79-1031.01 The Appropriations Committee of the Legislature shall
14 annually include the amount necessary to fund the state aid that will be
15 certified to school districts on or before June 10, 2019 ~~1, 2017~~, and on
16 or before March 1 of each year thereafter for each ensuing school fiscal
17 year in its recommendations to the Legislature to carry out the
18 requirements of the Tax Equity and Educational Opportunities Support Act.

19 Sec. 8. Original section 77-3446, Reissue Revised Statutes of
20 Nebraska, and sections 79-1015.01, 79-1022, 79-1022.02, 79-1023, 79-1027,
21 and 79-1031.01, Revised Statutes Cumulative Supplement, 2018, are
22 repealed.

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