

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1038

Introduced by Hughes, 24.

Read first time January 14, 2026

Committee: Revenue

1 A BILL FOR AN ACT relating to education; to amend sections 9-1204,
2 77-4211, 79-1001, 79-1003, 79-1005, 79-1005.01, 79-1006, 79-1007.11,
3 79-1007.18, 79-1008.01, 79-1009, 79-1016, 79-1017.01, 79-1021,
4 79-1022, 79-1022.02, 79-1023, 79-1027, 79-1031.01, 79-10,120,
5 79-3402, 79-3403, and 79-3406, Reissue Revised Statutes of Nebraska,
6 sections 77-3012 and 77-4212, Revised Statutes Cumulative
7 Supplement, 2024, and sections 77-3442, 77-4602, 77-7304, and
8 77-7305, Revised Statutes Supplement, 2025; to change school
9 district levy limitations and provide exceptions; to terminate
10 funds; to eliminate certain property tax credits; to change
11 provisions relating to the transfer of General Fund net receipts; to
12 change the Tax Equity and Educational Opportunities Support Act as
13 prescribed; to state intent regarding certain transfers; to provide
14 levy authority to school districts as prescribed; to change
15 provisions relating to special building fund levies and the School
16 District Property Tax Limitation Act; to harmonize provisions; to
17 repeal the original sections; and to declare an emergency.
18 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 9-1204, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 9-1204 Of the tax imposed by section 9-1203, seventy-five percent
4 shall be remitted to the State Treasurer for credit as follows: Two and
5 one-half percent to the Compulsive Gamblers Assistance Fund, two and one-
6 half percent to the General Fund, and seventy percent to the Education
7 Future Property Tax Credit Cash Fund. The remaining twenty-five percent
8 of the tax shall be remitted to the county treasurer of the county in
9 which the licensed racetrack enclosure is located to be distributed as
10 follows: (1) If the licensed racetrack enclosure is located completely
11 within an unincorporated area of a county, the remaining twenty-five
12 percent shall be distributed to the county in which such licensed
13 racetrack enclosure is located; or (2) if the licensed racetrack
14 enclosure is located at least partially within the limits of a city or
15 village in such county, one-half of the remaining twenty-five percent
16 shall be distributed to such county and one-half of the remaining twenty-
17 five percent to the city or village in which such licensed racetrack
18 enclosure is at least partially located.

19 **Sec. 2.** Section 77-3012, Revised Statutes Cumulative Supplement,
20 2024, is amended to read:

21 77-3012 (1) Except as otherwise provided in subsection (5) of this
22 section, a tax is hereby imposed and levied, in the amount and in
23 accordance with this section, upon the net operating revenue of all cash
24 devices operating within the State of Nebraska for profit or gain either
25 directly or indirectly received. The tax shall be paid in the amount and
26 manner specified in this section.

27 (2) Except as otherwise provided in subsection (5) of this section,
28 beginning on and after July 1, 2025, any distributor of a cash device,
29 and any operator of a cash device if the operator is not subject to a
30 revenue-sharing or other agreement with a distributor who is paying the
31 tax, shall pay a tax for each cash device in operation each calendar

1 quarter during the taxable year. The tax shall be collected by the
2 department and due and payable on January 1, April 1, July 1, and October
3 1 of each year on each cash device in operation during the preceding
4 calendar quarter. For each cash device put into operation on a date
5 subsequent to a quarterly due date that has not been included in
6 computing the tax imposed and levied by the Mechanical Amusement Device
7 Tax Act, the tax shall be due and payable on the immediately succeeding
8 quarterly due date.

9 (3) The amount of the tax imposed and levied under this section
10 shall be five percent of the net operating revenue for each cash device.
11 The quarterly tax shall be submitted on a form prescribed by the Tax
12 Commissioner documenting the total gross and net operating revenue for
13 that quarter.

14 (4) The Tax Commissioner shall remit the taxes collected pursuant to
15 this section to the State Treasurer for credit as follows:

16 (a) Twenty percent to the Charitable Gaming Operations Fund for
17 enforcement of the act and maintenance of the central server;

18 (b) Two and one-half percent to the Compulsive Gamblers Assistance
19 Fund;

20 (c) Two and one-half percent to the General Fund;

21 (d) Ten percent to the Nebraska Tourism Commission Promotional Cash
22 Fund;

23 (e) Forty percent to the Education Future Property Tax Credit Cash
24 Fund; and

25 (f) The remaining twenty-five percent to the county treasurer of the
26 county in which the cash device is located to be distributed as follows:

27 (i) If the cash device is located completely within an unincorporated
28 area of a county, the remaining twenty-five percent shall be distributed
29 to the county in which the cash device is located, or (ii) if the cash
30 device is located within the limits of a city or village in such county,
31 one-half of the remaining twenty-five percent shall be distributed to

1 such county and one-half of the remaining twenty-five percent shall be
2 distributed to the city or village in which such cash device is located.

3 (5) This section does not apply to cash devices operated by a
4 fraternal benefit society organized and licensed under sections 44-1072
5 to 44-10,109 or a recognized veterans organization as defined in section
6 80-401.01.

7 **Sec. 3.** Section 77-3442, Revised Statutes Supplement, 2025, is
8 amended to read:

9 77-3442 (1) Property tax levies for the support of local governments
10 for fiscal years beginning on or after July 1, 1998, shall be limited to
11 the amounts set forth in this section except as provided in section
12 77-3444.

13 (2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this
14 section, school districts and multiple-district school systems may levy a
15 maximum levy of:

16 (i) For fiscal years prior to fiscal year 2026-27, one dollar and
17 five cents per one hundred dollars of taxable valuation of property
18 subject to the levy; and -

19 (ii) For fiscal year 2026-27 and each fiscal year thereafter, fifty
20 cents per one hundred dollars of taxable valuation of property subject to
21 the levy.

22 (b) For each fiscal year prior to fiscal year 2017-18, learning
23 communities may levy a maximum levy for the general fund budgets of
24 member school districts of ninety-five cents per one hundred dollars of
25 taxable valuation of property subject to the levy. The proceeds from the
26 levy pursuant to this subdivision shall be distributed pursuant to
27 section 79-1073.

28 (c) Except as provided in subdivision (2)(e) of this section, for
29 each fiscal year prior to fiscal year 2017-18, school districts that are
30 members of learning communities may levy for purposes of such districts'
31 general fund budget and special building funds a maximum combined levy of

1 the difference of one dollar and five cents on each one hundred dollars
2 of taxable property subject to the levy minus the learning community levy
3 pursuant to subdivision (2)(b) of this section for such learning
4 community.

5 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)
6 of this section are (i) amounts levied to pay for current and future sums
7 agreed to be paid by a school district to certificated employees in
8 exchange for a voluntary termination of employment occurring prior to
9 September 1, 2017, (ii) amounts levied by a school district otherwise at
10 the maximum levy pursuant to subdivision (2)(a) of this section to pay
11 for current and future qualified voluntary termination incentives for
12 certificated teachers pursuant to subsection (3) of section 79-8,142 that
13 are not otherwise included in an exclusion pursuant to subdivision (2)(d)
14 of this section, (iii) amounts levied by a school district otherwise at
15 the maximum levy pursuant to subdivision (2)(a) of this section to pay
16 for seventy-five percent of the current and future sums agreed to be paid
17 to certificated employees in exchange for a voluntary termination of
18 employment occurring between September 1, 2017, and August 31, 2018, as a
19 result of a collective-bargaining agreement in force and effect on
20 September 1, 2017, that are not otherwise included in an exclusion
21 pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a
22 school district otherwise at the maximum levy pursuant to subdivision (2)
23 (a) of this section to pay for fifty percent of the current and future
24 sums agreed to be paid to certificated employees in exchange for a
25 voluntary termination of employment occurring between September 1, 2018,
26 and August 31, 2019, as a result of a collective-bargaining agreement in
27 force and effect on September 1, 2017, that are not otherwise included in
28 an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts
29 levied by a school district otherwise at the maximum levy pursuant to
30 subdivision (2)(a) of this section to pay for twenty-five percent of the
31 current and future sums agreed to be paid to certificated employees in

1 exchange for a voluntary termination of employment occurring between
2 September 1, 2019, and August 31, 2020, as a result of a collective-
3 bargaining agreement in force and effect on September 1, 2017, that are
4 not otherwise included in an exclusion pursuant to subdivision (2)(d) of
5 this section, (vi) amounts levied in compliance with sections 79-10,110
6 and 79-10,110.02, (vii) amounts levied pursuant to section 26 of this
7 act, (viii) amounts levied pursuant to section 79-10,120, and (ix) (vii)
8 amounts levied to pay for special building funds and sinking funds
9 established for projects commenced prior to April 1, 1996, for
10 construction, expansion, or alteration of school district buildings. For
11 purposes of this subsection, commenced means any action taken by the
12 school board on the record which commits the board to expend district
13 funds in planning, constructing, or carrying out the project.

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

22 (f) For each fiscal year, learning communities may levy a maximum
23 levy of one-half cent on each one hundred dollars of taxable property
24 subject to the levy for elementary learning center facility leases, for
25 remodeling of leased elementary learning center facilities, and for up to
26 fifty percent of the estimated cost for focus school or program capital
27 projects approved by the learning community coordinating council pursuant
28 to section 79-2111.

29 (g) For each fiscal year, learning communities may levy a maximum
30 levy of one and one-half cents on each one hundred dollars of taxable
31 property subject to the levy for early childhood education programs for

1 children in poverty, for elementary learning center employees, for
2 contracts with other entities or individuals who are not employees of the
3 learning community for elementary learning center programs and services,
4 and for pilot projects, except that no more than ten percent of such levy
5 may be used for elementary learning center employees.

6 (3) For each fiscal year through fiscal year 2023-24, community
7 college areas may levy the levies provided in subdivisions (2)(a) through
8 (c) of section 85-1517, in accordance with the provisions of such
9 subdivisions. For fiscal year 2024-25 and each fiscal year thereafter,
10 community college areas may levy the levies provided in subdivisions (2)
11 (a) and (b) of section 85-1517, in accordance with the provisions of such
12 subdivisions. A community college area may exceed the levy provided in
13 subdivision (2)(a) of section 85-1517 by the amount necessary to generate
14 sufficient revenue as described in section 85-1543 or 85-2238. A
15 community college area may exceed the levy provided in subdivision (2)(b)
16 of section 85-1517 by the amount necessary to retire general obligation
17 bonds assumed by the community college area or issued pursuant to section
18 85-1515 according to the terms of such bonds or for any obligation
19 pursuant to section 85-1535 entered into prior to January 1, 1997.

20 (4)(a) Natural resources districts may levy a maximum levy of four
21 and one-half cents per one hundred dollars of taxable valuation of
22 property subject to the levy.

23 (b) Natural resources districts shall also have the power and
24 authority to levy a tax equal to the dollar amount by which their
25 restricted funds budgeted to administer and implement ground water
26 management activities and integrated management activities under the
27 Nebraska Ground Water Management and Protection Act exceed their
28 restricted funds budgeted to administer and implement ground water
29 management activities and integrated management activities for FY2003-04,
30 not to exceed one cent on each one hundred dollars of taxable valuation
31 annually on all of the taxable property within the district.

1 (c) In addition, natural resources districts located in a river
2 basin, subbasin, or reach that has been determined to be fully
3 appropriated pursuant to section 46-714 or designated as overappropriated
4 pursuant to section 46-713 by the Chief Water Officer of the Department
5 of Water, Energy, and Environment shall also have the power and authority
6 to levy a tax equal to the dollar amount by which their restricted funds
7 budgeted to administer and implement ground water management activities
8 and integrated management activities under the Nebraska Ground Water
9 Management and Protection Act exceed their restricted funds budgeted to
10 administer and implement ground water management activities and
11 integrated management activities for FY2005-06, not to exceed three cents
12 on each one hundred dollars of taxable valuation on all of the taxable
13 property within the district for fiscal year 2006-07 and each fiscal year
14 thereafter through fiscal year 2017-18.

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

19 (6)(a) Incorporated cities and villages which are not within the
20 boundaries of a municipal county may levy a maximum levy of forty-five
21 cents per one hundred dollars of taxable valuation of property subject to
22 the levy plus an additional five cents per one hundred dollars of taxable
23 valuation to provide financing for the municipality's share of revenue
24 required under an agreement or agreements executed pursuant to the
25 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum
26 levy shall include amounts levied to pay for sums to support a library
27 pursuant to section 51-201, museum pursuant to section 51-501, visiting
28 community nurse, home health nurse, or home health agency pursuant to
29 section 71-1637, or statue, memorial, or monument pursuant to section
30 80-202.

31 (b) Incorporated cities and villages which are within the boundaries

1 of a municipal county may levy a maximum levy of ninety cents per one
2 hundred dollars of taxable valuation of property subject to the levy. The
3 maximum levy shall include amounts paid to a municipal county for county
4 services, amounts levied to pay for sums to support a library pursuant to
5 section 51-201, a museum pursuant to section 51-501, a visiting community
6 nurse, home health nurse, or home health agency pursuant to section
7 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

8 (7) Sanitary and improvement districts which have been in existence
9 for more than five years may levy a maximum levy of forty cents per one
10 hundred dollars of taxable valuation of property subject to the levy, and
11 sanitary and improvement districts which have been in existence for five
12 years or less shall not have a maximum levy. Unconsolidated sanitary and
13 improvement districts which have been in existence for more than five
14 years and are located in a municipal county may levy a maximum of eighty-
15 five cents per hundred dollars of taxable valuation of property subject
16 to the levy.

17 (8) Counties may levy or authorize a maximum levy of fifty cents per
18 one hundred dollars of taxable valuation of property subject to the levy,
19 except that five cents per one hundred dollars of taxable valuation of
20 property subject to the levy may only be levied to provide financing for
21 the county's share of revenue required under an agreement or agreements
22 executed pursuant to the Interlocal Cooperation Act or the Joint Public
23 Agency Act. The maximum levy shall include amounts levied to pay for sums
24 to support a library pursuant to section 51-201 or museum pursuant to
25 section 51-501. The county may allocate up to fifteen cents of its
26 authority to other political subdivisions subject to allocation of
27 property tax authority under subsection (1) of section 77-3443 and not
28 specifically covered in this section to levy taxes as authorized by law
29 which do not collectively exceed fifteen cents per one hundred dollars of
30 taxable valuation on any parcel or item of taxable property. The county
31 may allocate to one or more other political subdivisions subject to

1 allocation of property tax authority by the county under subsection (1)
2 of section 77-3443 some or all of the county's five cents per one hundred
3 dollars of valuation authorized for support of an agreement or agreements
4 to be levied by the political subdivision for the purpose of supporting
5 that political subdivision's share of revenue required under an agreement
6 or agreements executed pursuant to the Interlocal Cooperation Act or the
7 Joint Public Agency Act. If an allocation by a county would cause another
8 county to exceed its levy authority under this section, the second county
9 may exceed the levy authority in order to levy the amount allocated.

10 (9) Municipal counties may levy or authorize a maximum levy of one
11 dollar per one hundred dollars of taxable valuation of property subject
12 to the levy. The municipal county may allocate levy authority to any
13 political subdivision or entity subject to allocation under section
14 77-3443.

15 (10) Beginning July 1, 2016, rural and suburban fire protection
16 districts may levy a maximum levy of ten and one-half cents per one
17 hundred dollars of taxable valuation of property subject to the levy if
18 (a) such district is located in a county that had a levy pursuant to
19 subsection (8) of this section in the previous year of at least forty
20 cents per one hundred dollars of taxable valuation of property subject to
21 the levy or (b) such district had a levy request pursuant to section
22 77-3443 in any of the three previous years and the county board of the
23 county in which the greatest portion of the valuation of such district is
24 located did not authorize any levy authority to such district in such
25 year.

26 (11) A regional metropolitan transit authority may levy a maximum
27 levy of ten cents per one hundred dollars of taxable valuation of
28 property subject to the levy for each fiscal year that commences on the
29 January 1 that follows the effective date of the conversion of the
30 transit authority established under the Transit Authority Law into the
31 regional metropolitan transit authority.

1 (12) Property tax levies (a) for judgments, except judgments or
2 orders from the Commission of Industrial Relations, obtained against a
3 political subdivision which require or obligate a political subdivision
4 to pay such judgment, to the extent such judgment is not paid by
5 liability insurance coverage of a political subdivision, (b) for
6 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)
7 for bonds as defined in section 10-134 approved according to law and
8 secured by a levy on property except as provided in section 44-4317 for
9 bonded indebtedness issued by educational service units and school
10 districts, (d) for payments by a public airport to retire interest-free
11 loans from the Division of Aeronautics of the Department of
12 Transportation in lieu of bonded indebtedness at a lower cost to the
13 public airport, and (e) to pay for cancer benefits provided on or after
14 January 1, 2022, pursuant to the Firefighter Cancer Benefits Act are not
15 included in the levy limits established by this section.

16 (13) The limitations on tax levies provided in this section are to
17 include all other general or special levies provided by law.
18 Notwithstanding other provisions of law, the only exceptions to the
19 limits in this section are those provided by or authorized by sections
20 77-3442 to 77-3444.

21 (14) Tax levies in excess of the limitations in this section shall
22 be considered unauthorized levies under section 77-1606 unless approved
23 under section 77-3444.

24 (15) For purposes of sections 77-3442 to 77-3444, political
25 subdivision means a political subdivision of this state and a county
26 agricultural society.

27 (16) For school districts that file a binding resolution on or
28 before May 9, 2008, with the county assessors, county clerks, and county
29 treasurers for all counties in which the school district has territory
30 pursuant to subsection (7) of section 79-458, if the combined levies,
31 except levies for bonded indebtedness approved by the voters of the

1 school district and levies for the refinancing of such bonded
2 indebtedness, are in excess of the greater of (a) one dollar and twenty
3 cents per one hundred dollars of taxable valuation of property subject to
4 the levy or (b) the maximum levy authorized by a vote pursuant to section
5 77-3444, all school district levies, except levies for bonded
6 indebtedness approved by the voters of the school district and levies for
7 the refinancing of such bonded indebtedness, shall be considered
8 unauthorized levies under section 77-1606.

9 **Sec. 4.** Section 77-4211, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 77-4211 The Property Tax Credit Cash Fund is created. The fund shall
12 only be used pursuant to the Property Tax Credit Act. Any money in the
13 fund available for investment shall be invested by the state investment
14 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
15 State Funds Investment Act. The fund terminates on the effective date of
16 this act, and the State Treasurer shall transfer any money in the fund on
17 such date to the Education Future Fund.

18 **Sec. 5.** Section 77-4212, Revised Statutes Cumulative Supplement,
19 2024, is amended to read:

20 77-4212 (1) The Property Tax Credit Act shall apply to tax years
21 2007 through 2025. For tax year 2007, the amount of relief granted under
22 the act ~~Property Tax Credit Act~~ shall be one hundred five million
23 dollars. For tax year 2008, the amount of relief granted under the act
24 shall be one hundred fifteen million dollars. It is the intent of the
25 Legislature to fund the Property Tax Credit Act for tax years after tax
26 year 2008 using available revenue. For tax year 2017, the amount of
27 relief granted under the act shall be two hundred twenty-four million
28 dollars. For tax year 2020 through tax year 2022, the minimum amount of
29 relief granted under the act shall be two hundred seventy-five million
30 dollars. For tax year 2023, the minimum amount of relief granted under
31 the act shall be three hundred sixty million dollars. For tax year 2024,

1 the minimum amount of relief granted under the act shall be three hundred
2 ninety-five million dollars. For tax year 2025, the minimum amount of
3 relief granted under the act shall be four hundred thirty million
4 dollars. ~~For tax year 2026, the minimum amount of relief granted under~~
5 ~~the act shall be four hundred forty-five million dollars. For tax year~~
6 ~~2027, the minimum amount of relief granted under the act shall be four~~
7 ~~hundred sixty million dollars. For tax year 2028, the minimum amount of~~
8 ~~relief granted under the act shall be four hundred seventy-five million~~
9 ~~dollars. For tax year 2029, the minimum amount of relief granted under~~
10 ~~the act shall be the minimum amount from the prior tax year plus a~~
11 ~~percentage increase equal to the percentage increase, if any, in the~~
12 ~~total assessed value of all real property in the state from the prior~~
13 ~~year to the current year, as determined by the Department of Revenue,~~
14 ~~plus an additional seventy-five million dollars. For tax year 2030 and~~
15 ~~each tax year thereafter, the minimum amount of relief granted under the~~
16 ~~act shall be the minimum amount from the prior tax year plus a percentage~~
17 ~~increase equal to the percentage increase, if any, in the total assessed~~
18 ~~value of all real property in the state from the prior year to the~~
19 ~~current year, as determined by the Department of Revenue. If money is~~
20 ~~transferred or credited to the Property Tax Credit Cash Fund pursuant to~~
21 ~~any other state law, such amount shall be added to the minimum amount~~
22 ~~required under this subsection when determining the total amount of~~
23 ~~relief granted under the act. The relief shall be in the form of a~~
24 ~~property tax credit which appears on the property tax statement.~~

25 (2)(a) For tax years prior to tax year 2017, to determine the amount
26 of the property tax credit, the county treasurer shall multiply the
27 amount disbursed to the county under subdivision (4)(a) of this section
28 by the ratio of the real property valuation of the parcel to the total
29 real property valuation in the county. The amount determined shall be the
30 property tax credit for the property.

31 (b) Beginning with tax year 2017, to determine the amount of the

1 property tax credit, the county treasurer shall multiply the amount
2 disbursed to the county under subdivision (4)(b) of this section by the
3 ratio of the credit allocation valuation of the parcel to the total
4 credit allocation valuation in the county. The amount determined shall be
5 the property tax credit for the property.

6 (3) If the real property owner qualifies for a homestead exemption
7 under sections 77-3501 to 77-3529, the owner shall also be qualified for
8 the relief provided in the act to the extent of any remaining liability
9 after calculation of the relief provided by the homestead exemption. If
10 the credit results in a property tax liability on the homestead that is
11 less than zero, the amount of the credit which cannot be used by the
12 taxpayer shall be returned to the Property Tax Administrator by July 1 of
13 the year the amount disbursed to the county was disbursed. The Property
14 Tax Administrator shall immediately credit any funds returned under this
15 subsection to the Education Future Property Tax Credit Cash Fund. Upon
16 the return of any funds under this subsection, the county treasurer shall
17 electronically file a report with the Property Tax Administrator, on a
18 form prescribed by the Tax Commissioner, indicating the amount of funds
19 distributed to each taxing unit in the county in the year the funds were
20 returned, any collection fee retained by the county in such year, and the
21 amount of unused credits returned.

22 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
23 each county shall be equal to the amount available for disbursement
24 determined under subsection (1) of this section multiplied by the ratio
25 of the real property valuation in the county to the real property
26 valuation in the state. By September 15, the Property Tax Administrator
27 shall determine the amount to be disbursed under this subdivision to each
28 county and certify such amounts to the State Treasurer and to each
29 county. The disbursements to the counties shall occur in two equal
30 payments, the first on or before January 31 and the second on or before
31 April 1. After retaining one percent of the receipts for costs, the

1 county treasurer shall allocate the remaining receipts to each taxing
2 unit levying taxes on taxable property in the tax district in which the
3 real property is located in the same proportion that the levy of such
4 taxing unit bears to the total levy on taxable property of all the taxing
5 units in the tax district in which the real property is located.

6 (b) Beginning with tax year 2017, the amount disbursed to each
7 county shall be equal to the amount available for disbursement determined
8 under subsection (1) of this section multiplied by the ratio of the
9 credit allocation valuation in the county to the credit allocation
10 valuation in the state. By September 15, the Property Tax Administrator
11 shall determine the amount to be disbursed under this subdivision to each
12 county and certify such amounts to the State Treasurer and to each
13 county. The disbursements to the counties shall occur in two equal
14 payments, the first on or before January 31 and the second on or before
15 April 1. After retaining one percent of the receipts for costs, the
16 county treasurer shall allocate the remaining receipts to each taxing
17 unit based on its share of the credits granted to all taxpayers in the
18 taxing unit.

19 (5) For purposes of this section, credit allocation valuation means
20 the taxable value for all real property except agricultural land and
21 horticultural land, one hundred twenty percent of taxable value for
22 agricultural land and horticultural land that is not subject to special
23 valuation, and one hundred twenty percent of taxable value for
24 agricultural land and horticultural land that is subject to special
25 valuation.

26 (6) The State Treasurer shall transfer from the General Fund to the
27 Property Tax Credit Cash Fund one hundred five million dollars by August
28 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

29 (7) The Legislature shall have the power to transfer funds from the
30 Property Tax Credit Cash Fund to the General Fund.

31 **Sec. 6.** Section 77-4602, Revised Statutes Supplement, 2025, is

1 amended to read:

2 77-4602 (1) Within fifteen days after the end of each month, the Tax
3 Commissioner shall provide a public statement of actual General Fund net
4 receipts, a comparison of such actual net receipts to the monthly
5 estimated net receipts from the most recent forecast provided by the
6 Nebraska Economic Forecasting Advisory Board pursuant to section
7 77-27,158, and a comparison of such actual net receipts to the monthly
8 actual net receipts for the same month of the previous fiscal year.

9 (2) Within fifteen days after the end of each fiscal year, the
10 public statement shall also include (a) a summary of actual General Fund
11 net receipts and estimated General Fund net receipts for the fiscal year
12 as certified pursuant to sections 77-4601 and 77-4603 and (b) a
13 comparison of the actual General Fund net receipts for the fiscal year to
14 the actual General Fund net receipts for the previous fiscal year.

15 (3)(a) Within fifteen days after the end of ~~each~~ fiscal year
16 2024-25, the Tax Commissioner shall determine:

17 (i) Actual General Fund net receipts for such ~~the most recently~~
18 ~~completed~~ fiscal year minus estimated General Fund net receipts for such
19 fiscal year as certified pursuant to sections 77-4601 and 77-4603; and

20 (ii) Actual General Fund net receipts for such ~~the most recently~~
21 ~~completed~~ fiscal year minus one hundred three percent of actual General
22 Fund net receipts for the prior fiscal year.

23 (b) If the amount calculated in subdivision (3)(a)(i) of this
24 section is a positive number and the amount calculated in subdivision (3)
25 (a)(ii) of this section is a negative number, the Tax Commissioner shall
26 certify the amount calculated in subdivision (3)(a)(i) of this section to
27 the State Treasurer. The State Treasurer shall transfer such certified
28 amount to the Cash Reserve Fund.

29 (c) If the amounts calculated in subdivisions (3)(a)(i) and (3)(a)
30 (ii) of this section are both positive numbers and the amount calculated
31 in subdivision (3)(a)(i) of this section exceeds the amount calculated in

1 subdivision (3)(a)(ii) of this section, the Tax Commissioner shall
2 certify the amounts calculated in subdivisions (3)(a)(i) and (3)(a)(ii)
3 of this section to the State Treasurer. The State Treasurer shall
4 transfer the difference between the two certified numbers to the Cash
5 Reserve Fund. The State Treasurer shall transfer the amount certified for
6 subdivision (3)(a)(ii) of this section to the School District Property
7 Tax Relief Credit Fund.

8 (d) If the amounts calculated in subdivisions (3)(a)(i) and (3)(a)
9 (ii) of this section are both positive numbers and the amount calculated
10 in subdivision (3)(a)(i) of this section is less than the amount
11 calculated in subdivision (3)(a)(ii) of this section, the Tax
12 Commissioner shall certify the amount calculated in subdivision (3)(a)(i)
13 of this section to the State Treasurer. The State Treasurer shall
14 transfer such certified amount to the School District Property Tax Relief
15 Credit Fund.

16 (4) Within fifteen days after the end of fiscal year 2025-26 and
17 each fiscal year thereafter, the Tax Commissioner shall determine actual
18 General Fund net receipts for the most recently completed fiscal year
19 minus estimated General Fund net receipts for such fiscal year as
20 certified pursuant to sections 77-4601 and 77-4603. If the actual General
21 Fund net receipts exceed the estimated General Fund net receipts for the
22 fiscal year, the Tax Commissioner shall certify the excess amount to the
23 State Treasurer. The State Treasurer shall transfer such certified amount
24 to the Cash Reserve Fund.

25 **Sec. 7.** Section 77-7304, Revised Statutes Supplement, 2025, is
26 amended to read:

27 77-7304 (1) The School District Property Tax Relief Credit Fund is
28 created. The fund shall only be used pursuant to the School District
29 Property Tax Relief Act. Any money in the fund available for investment
30 shall be invested by the state investment officer pursuant to the
31 Nebraska Capital Expansion Act and the Nebraska State Funds Investment

1 Act.

2 (2)(a) The State Treasurer shall transfer seven hundred fifty
3 million dollars from the General Fund to the School District Property Tax
4 Relief Credit Fund in fiscal year 2024-25, on such dates and in such
5 amounts as directed by the budget administrator of the budget division of
6 the Department of Administrative Services.

7 (b) ~~In Beginning~~ in fiscal year 2025-26, it is the intent of the
8 Legislature that an amount sufficient to provide the amount of property
9 tax relief required by subdivision (1)(a) of section 77-7305 for ~~each~~ tax
10 year 2025 be transferred from the General Fund to the School District
11 Property Tax Relief Credit Fund.

12 (3) The School District Property Tax Relief Credit Fund terminates
13 on the effective date of this act, and the State Treasurer shall transfer
14 any money in the fund on such date to the Education Future Fund.

15 **Sec. 8.** Section 77-7305, Revised Statutes Supplement, 2025, is
16 amended to read:

17 77-7305 (1) The School District Property Tax Relief Act shall apply
18 to tax years ~~year~~ 2024 and 2025 ~~each tax year~~ thereafter. The property
19 tax relief shall be in the form of property tax credits which appear on
20 property tax statements. Property tax credits granted under the act shall
21 be credited against the amount of property taxes owed to school
22 districts. The total amount of property tax relief granted under the act
23 shall be determined as follows:

24 (a) For tax year 2024, the minimum amount of relief granted under
25 the act shall be seven hundred fifty million dollars. For tax year 2025,
26 the minimum amount of relief granted under the act shall be seven hundred
27 eighty million dollars ~~. For tax year 2026, the minimum amount of relief~~
28 ~~granted under the act shall be eight hundred eight million dollars. For~~
29 ~~tax year 2027, the minimum amount of relief granted under the act shall~~
30 ~~be eight hundred thirty-eight million dollars. For tax year 2028, the~~
31 ~~minimum amount of relief granted under the act shall be eight hundred~~

1 ~~seventy million dollars. For tax year 2029, the minimum amount of relief~~
2 ~~granted under the act shall be nine hundred two million dollars. For tax~~
3 ~~year 2030 and each tax year thereafter, the minimum amount of relief~~
4 ~~granted under the act shall be the minimum amount of relief from the~~
5 ~~prior year, excluding any additional relief provided pursuant to~~
6 ~~subdivision (1)(b) of this section, with such amount then increased by~~
7 ~~three percent; and~~

8 (b) If money is transferred to the School District Property Tax
9 Relief Credit Fund pursuant to section 77-4602, such amount shall be
10 added to the minimum amount required under subdivision (1)(a) of this
11 section when determining the total amount of relief granted under the act
12 for the tax year in which the transfer occurs. If no such transfer occurs
13 in a given tax year, the minimum amount required under subdivision (1)(a)
14 of this section shall be the total amount of relief granted under the act
15 for such tax year.

16 (2) To determine the amount of the property tax credit for each
17 parcel, the county treasurer shall multiply the amount disbursed to the
18 county under subsection (4) of this section by the ratio of the school
19 district taxes levied in the current year on the parcel to the school
20 district taxes levied in the current year on all real property in the
21 county. The amount so determined shall be the property tax credit for
22 that parcel.

23 (3) If the real property owner qualifies for a homestead exemption
24 under sections 77-3501 to 77-3529, the owner shall also be qualified for
25 the property tax credit provided in this section to the extent of any
26 remaining liability after calculation of the homestead exemption. If the
27 property tax credit provided in this section results in a property tax
28 liability on the homestead that is less than zero, the amount of the
29 credit which cannot be used by the taxpayer shall be returned to the
30 Property Tax Administrator by July 1 of the year the amount disbursed to
31 the county was disbursed. The Property Tax Administrator shall

1 immediately credit any funds returned under this subsection to the
2 ~~Education Future School District Property Tax Relief Credit~~ Fund. Upon
3 the return of any funds under this subsection, the county treasurer shall
4 electronically file a report with the Property Tax Administrator, on a
5 form prescribed by the Tax Commissioner, indicating the amount of funds
6 distributed to each school district in the county in the year the funds
7 were returned and the amount of unused credits returned.

8 (4) The amount disbursed to each county under this section shall be
9 equal to the amount available for disbursement under subsection (1) of
10 this section multiplied by the ratio of the school district taxes levied
11 in the prior year on all real property in the county to the school
12 district taxes levied in the prior year on all real property in the
13 state. By September 15, 2024, and by September 15, 2025 ~~of each year~~
14 ~~thereafter~~, the Property Tax Administrator shall determine the amount to
15 be disbursed under this subsection to each county and shall certify such
16 amounts to the State Treasurer and to each county. The disbursements to
17 the counties shall occur in two equal payments, the first on or before
18 January 31 and the second on or before April 1.

19 (5) After retaining one percent of the amount received under
20 subsection (4) of this section for costs, the county treasurer shall
21 disburse the remaining funds, which are credited against the amount of
22 property taxes owed to school districts, in the same manner as if such
23 funds had been received in the form of property tax payments for property
24 taxes owed to school districts, meaning any amounts attributable to
25 divided taxes pursuant to section 18-2147 of the Community Development
26 Law shall be remitted to the applicable authority for which such taxes
27 were divided.

28 (6) The School District Property Tax Relief Credit Fund shall be
29 used for purposes of making the disbursements to counties required under
30 subsection (4) of this section.

31 **Sec. 9.** Section 79-1001, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-1001 Sections 79-1001 to 79-1033 and section 26 of this act shall
3 be known and may be cited as the Tax Equity and Educational Opportunities
4 Support Act.

5 **Sec. 10.** Section 79-1003, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 79-1003 For purposes of the Tax Equity and Educational Opportunities
8 Support Act:

9 (1) Adjusted general fund operating expenditures means (a) for
10 school fiscal years prior to school fiscal year 2026-27, the difference
11 of the general fund operating expenditures increased by the cost growth
12 factor calculated pursuant to section 79-1007.10, minus the
13 transportation allowance, special receipts allowance, poverty allowance,
14 limited English proficiency allowance, distance education and
15 telecommunications allowance, elementary site allowance, summer school
16 allowance, community achievement plan allowance, and focus school and
17 program allowance and (b) for school fiscal year 2026-27 and each school
18 fiscal year thereafter, the difference of the general fund operating
19 expenditures increased by the cost growth factor calculated pursuant to
20 section 79-1007.10, minus the transportation allowance, special receipts
21 allowance, poverty allowance, limited English proficiency allowance,
22 distance education and telecommunications allowance, elementary site
23 allowance, summer school allowance, and focus school and program
24 allowance;

25 (2) Adjusted valuation means the assessed valuation of taxable
26 property of each local system in the state, adjusted pursuant to the
27 adjustment factors described in section 79-1016. Adjusted valuation means
28 the adjusted valuation for the property tax year ending during the school
29 fiscal year immediately preceding the school fiscal year in which the aid
30 based upon that value is to be paid. For purposes of determining the
31 local effort rate yield pursuant to section 79-1015.01, adjusted

1 valuation does not include the value of any property which a court, by a
2 final judgment from which no appeal is taken, has declared to be
3 nontaxable or exempt from taxation;

4 (3) Allocated income tax funds means the amount of assistance paid
5 to a local system pursuant to section 79-1005.01;

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

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

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

15 (7) Categorical funds means funds limited to a specific purpose by
16 federal or state law, including, but not limited to, Title I funds, Title
17 VI funds, federal career and technical education funds, federal school
18 lunch funds, Indian education funds, Head Start funds, and funds received
19 prior to July 1, 2022, from the Nebraska Education Improvement Fund;

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

23 (9) Converted contract means an expired contract that was in effect
24 for at least fifteen school years beginning prior to school year 2012-13
25 for the education of students in a nonresident district in exchange for
26 tuition from the resident district when the expiration of such contract
27 results in the nonresident district educating students, who would have
28 been covered by the contract if the contract were still in effect, as
29 option students pursuant to the enrollment option program established in
30 section 79-234;

31 (10) Converted contract option student means a student who will be

1 an option student pursuant to the enrollment option program established
2 in section 79-234 for the school fiscal year for which aid is being
3 calculated and who would have been covered by a converted contract if the
4 contract were still in effect and such school fiscal year is the first
5 school fiscal year for which such contract is not in effect;

6 (11) Department means the State Department of Education;

7 (12) District means any school district or unified system as defined
8 in section 79-4,108;

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

11 (14) Equalization aid means the amount of assistance calculated to
12 be paid to a local system pursuant to section 79-1008.01;

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

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

19 (17) Formula students means:

20 (a) For state aid certified pursuant to section 79-1022, the sum of
21 the product of fall membership from the school fiscal year immediately
22 preceding the school fiscal year in which the aid is to be paid
23 multiplied by the average ratio of average daily membership to fall
24 membership for the second school fiscal year immediately preceding the
25 school fiscal year in which the aid is to be paid and the prior two
26 school fiscal years plus sixty percent of the qualified early childhood
27 education fall membership plus tuitioned students from the school fiscal
28 year immediately preceding the school fiscal year in which aid is to be
29 paid minus the product of the number of students enrolled in kindergarten
30 that is not full-day kindergarten from the fall membership multiplied by
31 0.5; and

1 (b) For the final calculation of state aid pursuant to section
2 79-1065, the sum of average daily membership plus sixty percent of the
3 qualified early childhood education average daily membership plus
4 tuitioned students minus the product of the number of students enrolled
5 in kindergarten that is not full-day kindergarten from the average daily
6 membership multiplied by 0.5 from the school fiscal year immediately
7 preceding the school fiscal year in which aid was paid;

8 (18) Free lunch and free milk calculated students means, using the
9 most recent data available on November 1 of the school fiscal year
10 immediately preceding the school fiscal year in which aid is to be paid,

11 (a) for schools that did not provide free meals to all students pursuant
12 to the community eligibility provision, students who individually
13 qualified for free lunches or free milk pursuant to the federal Richard
14 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
15 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
16 and sections existed on January 1, 2021, and rules and regulations
17 adopted thereunder, plus (b) for schools that provided free meals to all
18 students pursuant to the community eligibility provision, the greater of
19 the number of students in such school who individually qualified for free
20 lunch or free milk using the most recent school fiscal year for which the
21 school did not provide free meals to all students pursuant to the
22 community eligibility provision or one hundred ten percent of the product
23 of the students who qualified for free meals at such school pursuant to
24 the community eligibility provision multiplied by the identified student
25 percentage calculated pursuant to such federal provision, except that the
26 free lunch and free milk calculated students for any school pursuant to
27 subdivision (18)(b) of this section shall not exceed one hundred percent
28 of the students qualified for free meals at such school pursuant to the
29 community eligibility provision;

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

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

7 (21) General fund expenditures means all expenditures from the
8 general fund;

9 (22) General fund operating expenditures means, for state aid
10 calculated for each school fiscal year, as reported on the annual
11 financial report for the second school fiscal year immediately preceding
12 the school fiscal year in which aid is to be paid, the total general fund
13 expenditures minus (a) the amount of all receipts to the general fund, to
14 the extent that such receipts are not included in local system formula
15 resources, from early childhood education tuition, summer school tuition,
16 educational entities as defined in section 79-1201.01 for providing
17 distance education courses through the Educational Service Unit
18 Coordinating Council to such educational entities, private foundations,
19 individuals, associations, charitable organizations, the textbook loan
20 program authorized by section 79-734, federal impact aid, and levy
21 override elections pursuant to section 77-3444, (b) the amount of
22 expenditures for categorical funds, tuition paid to other school
23 districts, tuition paid to postsecondary institutions for college credit,
24 transportation fees paid to other districts, adult education, community
25 services, redemption of the principal portion of general fund debt
26 service, retirement incentive plans authorized by section 79-855, and
27 staff development assistance authorized by section 79-856, (c) the amount
28 of any transfers from the general fund to any bond fund and transfers
29 from other funds into the general fund, (d) any legal expenses in excess
30 of fifteen-hundredths of one percent of the formula need for the school
31 fiscal year in which the expenses occurred, (e) expenditures to pay for

1 incentives agreed to be paid by a school district to certificated
2 employees in exchange for a voluntary termination of employment for which
3 the State Board of Education approved an exclusion pursuant to
4 subdivision (1)(h), (i), (j), or (k) of section 79-1028.01, (f)(i)
5 expenditures to pay for employer contributions pursuant to subsection (2)
6 of section 79-958 to the School Employees Retirement System of the State
7 of Nebraska to the extent that such expenditures exceed the employer
8 contributions under such subsection that would have been made at a
9 contribution rate of seven and thirty-five hundredths percent or (ii)
10 expenditures to pay for school district contributions pursuant to
11 subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the retirement
12 system established pursuant to the Class V School Employees Retirement
13 Act to the extent that such expenditures exceed the school district
14 contributions under such subdivision that would have been made at a
15 contribution rate of seven and thirty-seven hundredths percent, and (g)
16 any amounts paid by the district for lobbyist fees and expenses reported
17 to the Clerk of the Legislature pursuant to section 49-1483.

18 For purposes of this subdivision (22) of this section, receipts from
19 levy override elections shall equal ninety-nine percent of the difference
20 of the total general fund levy minus a levy of one dollar and five cents
21 per one hundred dollars of taxable valuation multiplied by the assessed
22 valuation for school districts that have voted pursuant to section
23 77-3444 to override the maximum levy provided pursuant to section
24 77-3442;

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

28 (24) Income tax receipts means the amount of income tax collected
29 pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable
30 credits earned and refunds made;

31 (25) Limited English proficiency students means the number of

1 students with limited English proficiency in a district from the most
2 recent data available on November 1 of the school fiscal year preceding
3 the school fiscal year in which aid is to be paid plus the difference of
4 such students with limited English proficiency minus the average number
5 of limited English proficiency students for such district, prior to such
6 addition, for the three immediately preceding school fiscal years if such
7 difference is greater than zero;

8 (26) Local system means a unified system or a school district;

9 (27) Low-income child means a child under nineteen years of age
10 living in a household having an annual adjusted gross income for the
11 second calendar year preceding the beginning of the school fiscal year
12 for which aid is being calculated equal to or less than the maximum
13 household income pursuant to sections 9(b)(1) and 17(c)(4) of the Richard
14 B. Russell National School Lunch Act, 42 U.S.C. 1758(b)(1) and 42 U.S.C.
15 1766(c)(4), respectively, and sections 3(a)(6) and 4(e)(1)(A) of the
16 Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6) and 42 U.S.C. 1773(e)
17 (1)(A), respectively, as such acts and sections existed on January 1,
18 2021, for a household of that size that would have allowed the child to
19 meet the income qualifications for free meals during the school fiscal
20 year immediately preceding the school fiscal year for which aid is being
21 calculated;

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

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

1 (30) Poverty students means the unadjusted poverty students plus the
2 difference of such unadjusted poverty students minus the average number
3 of poverty students for such district, prior to such addition, for the
4 three immediately preceding school fiscal years if such difference is
5 greater than zero;

6 (31) Qualified early childhood education average daily membership
7 means the product of the average daily membership of students who will be
8 eligible or required to attend kindergarten the following school year and
9 are enrolled in an early childhood education program approved by the
10 department pursuant to section 79-1103 for such school district for such
11 school year multiplied by the ratio of the actual instructional hours of
12 the program divided by one thousand thirty-two if: (a) The program is
13 receiving a grant pursuant to such section for the third year; (b) the
14 program has already received grants pursuant to such section for three
15 years; or (c) the program has been approved pursuant to subsection (5) of
16 section 79-1103 for such school year and the two preceding school years,
17 including any such students in portions of any of such programs receiving
18 an expansion grant;

19 (32) Qualified early childhood education fall membership means the
20 product of membership on October 1 of each school year of students who
21 will be eligible or required to attend kindergarten the following school
22 year and are enrolled in an early childhood education program approved by
23 the department pursuant to section 79-1103 for such school district for
24 such school year multiplied by the ratio of the planned instructional
25 hours of the program divided by one thousand thirty-two if: (a) The
26 program is receiving a grant pursuant to such section for the third year;
27 (b) the program has already received grants pursuant to such section for
28 three years; or (c) the program has been approved pursuant to subsection
29 (5) of section 79-1103 for such school year and the two preceding school
30 years, including any such students in portions of any of such programs
31 receiving an expansion grant;

1 (33) Regular route transportation means the transportation of
2 students on regularly scheduled daily routes to and from the schools such
3 students attend;

4 (34) Reorganized district means any district involved in a
5 consolidation and currently educating students following consolidation;

6 (35) School year or school fiscal year means the fiscal year of a
7 school district as defined in section 79-1091;

8 (36) Sparse local system means a local system that is not a very
9 sparse local system but which meets the following criteria:

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

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

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

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

25 (37) Special education means specially designed kindergarten through
26 grade twelve instruction pursuant to section 79-1125, and includes
27 special education transportation;

28 (38) Special grant funds means the budgeted receipts for grants,
29 including, but not limited to, categorical funds, reimbursements for
30 wards of the court, short-term borrowings including, but not limited to,
31 registered warrants and tax anticipation notes, interfund loans,

1 insurance settlements, and reimbursements to county government for
2 previous overpayment. The state board shall approve a listing of grants
3 that qualify as special grant funds;

4 (39) State aid means the amount of assistance paid to a district
5 pursuant to the Tax Equity and Educational Opportunities Support Act;

6 (40) State board means the State Board of Education;

7 (41) State support means all funds provided to districts by the
8 State of Nebraska for the general fund support of elementary and
9 secondary education;

10 (42) Statewide average basic funding per formula student means the
11 statewide total basic funding for all districts divided by the statewide
12 total formula students for all districts;

13 (43) Statewide average general fund operating expenditures per
14 formula student means the statewide total general fund operating
15 expenditures for all districts divided by the statewide total formula
16 students for all districts;

17 (44) Teacher has the definition found in section 79-101;

18 (45) Tuition receipts from converted contracts means tuition
19 receipts received by a district from another district in the most
20 recently available complete data year pursuant to a converted contract
21 prior to the expiration of the contract;

22 (46) Tuitioned students means students in kindergarten through grade
23 twelve of the district whose tuition is paid by the district to some
24 other district or education agency;

25 (47) Unadjusted poverty students means the greater of the number of
26 low-income students or the free lunch and free milk calculated students
27 in a district; and

28 (48) Very sparse local system means a local system that has:

29 (a)(i) Less than one-half student per square mile in each county in
30 which each high school is located based on the school district census,
31 (ii) less than one formula student per square mile in the local system,

1 and (iii) more than fifteen miles between the high school and the next
2 closest high school on paved roads; or

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

7 **Sec. 11.** Section 79-1005, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-1005 (1) For school fiscal years ~~year~~ 2017-18 through 2025-26 and
10 ~~each school fiscal year thereafter~~, the department shall determine the
11 community achievement plan aid to be paid to each school district that
12 will participate in a community achievement plan approved by the State
13 Board of Education pursuant to section 79-2122 for such school fiscal
14 year. For the first two school fiscal years a school district will
15 participate in such plan, a new community achievement plan adjustment
16 equal to the community achievement aid shall be included in the
17 calculation of formula need for such school district. For all other
18 school fiscal years, a community achievement plan allowance equal to the
19 community achievement aid shall be included in the calculation of formula
20 need for school districts qualifying for community achievement plan aid.
21 Community achievement plan aid shall be included as a formula resource
22 pursuant to section 79-1017.01.

23 (2) Community achievement plan aid shall equal 0.4643 percent of the
24 product of the statewide average general fund operating expenditures per
25 formula student multiplied by the total formula students for all of the
26 member school districts in such learning community. The community
27 achievement plan aid for each learning community shall be divided
28 proportionally among the member school districts based on the sum of two
29 percent of the poverty allowance calculated pursuant to section
30 79-1007.06, two percent of the limited English proficiency allowance
31 calculated pursuant to section 79-1007.08, and, for school districts with

1 poverty students greater than forty percent of the formula students,
2 except as otherwise provided in this section, three percent of the
3 product of the statewide average general fund operating expenditures per
4 formula student multiplied by the difference of the poverty students
5 minus forty percent of the formula students for such school district.

6 (3) For school fiscal year 2017-18, community achievement plan aid
7 and a new community achievement plan adjustment shall be calculated for
8 school districts that are members of a learning community and shall be
9 included in formula resources pursuant to section 79-1017.01 in such
10 amount regardless of the status of the approval of a community
11 achievement plan, but community achievement plan aid shall not be paid to
12 such school districts until a community achievement plan for such
13 learning community is approved by the state board. If a community
14 achievement plan is not approved for such learning community prior to
15 September 1, 2017, the adjustment and aid calculated pursuant to this
16 section shall be removed for the final calculation of state aid pursuant
17 to section 79-1065 for school fiscal year 2017-18 and such amount shall
18 be subtracted from the state aid appropriated by the Legislature for the
19 determination of the local effort rate pursuant to section 79-1015.01 for
20 the final calculation of state aid for school fiscal year 2017-18.

21 (4) This section shall not apply to school fiscal year 2026-27 or
22 any school fiscal year thereafter.

23 **Sec. 12.** Section 79-1005.01, Reissue Revised Statutes of Nebraska,
24 is amended to read:

25 79-1005.01 (1) Not later than November 15 of each year through 2025,
26 the Tax Commissioner shall certify to the department for the preceding
27 tax year the income tax liability of resident individuals for each local
28 system.

29 (2) For school fiscal years prior to 2017-18, one hundred two
30 million two hundred eighty-nine thousand eight hundred seventeen dollars
31 which is equal to the amount appropriated to the School District Income

1 Tax Fund for distribution in school fiscal year 1992-93 shall be
2 disbursed as option payments as determined under section 79-1009 and as
3 allocated income tax funds as determined in this section and sections
4 79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01. For school fiscal
5 years prior to school fiscal year 2017-18, funds not distributed as
6 allocated income tax funds due to minimum levy adjustments shall not
7 increase the amount available to local systems for distribution as
8 allocated income tax funds.

9 (3) Using the data certified by the Tax Commissioner pursuant to
10 subsection (1) of this section, the department shall calculate the
11 allocation percentage and each local system's allocated income tax funds.
12 The allocation percentage shall be the amount stated in subsection (2) of
13 this section minus the total amount paid for option students pursuant to
14 section 79-1009, with the difference divided by the aggregate statewide
15 income tax liability of all resident individuals certified pursuant to
16 subsection (1) of this section. Each local system's allocated income tax
17 funds shall be calculated by multiplying the allocation percentage times
18 the local system's income tax liability certified pursuant to subsection
19 (1) of this section.

20 (4) For school fiscal years ~~year~~ 2017-18 through 2025-26 ~~and each~~
21 ~~school fiscal year thereafter~~, each local system's allocated income tax
22 funds shall be calculated by multiplying the local system's income tax
23 liability certified pursuant to subsection (1) of this section by two and
24 twenty-three hundredths percent.

25 (5) This section shall not apply to school fiscal year 2026-27 or
26 any school fiscal year thereafter.

27 **Sec. 13.** Section 79-1006, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 79-1006 (1) For school fiscal years ~~year~~ 2023-24 through 2025-26 ~~and~~
30 ~~each school fiscal year thereafter~~, the department shall determine the
31 foundation aid to be paid to each school district in accordance with

1 subsection (2) of this section.

2 (2) The foundation aid to be paid to each school district in each
3 school fiscal year shall equal one thousand five hundred dollars
4 multiplied by the number of formula students for such school district.

5 (3) Twenty-four percent of the total amount of foundation aid paid
6 each school fiscal year shall be paid from money appropriated from the
7 Education Future Fund.

8 (4) For school fiscal years 2023-24 and 2024-25, one hundred percent
9 of foundation aid shall be included as a formula resource pursuant to
10 section 79-1017.01. For school fiscal year 2025-26 ~~and each school fiscal~~
11 ~~year thereafter~~, sixty percent of foundation aid shall be included as a
12 formula resource pursuant to section 79-1017.01.

13 (5) This section shall not apply to school fiscal year 2026-27 or
14 any school fiscal year thereafter.

15 **Sec. 14.** Section 79-1007.11, Reissue Revised Statutes of Nebraska,
16 is amended to read:

17 79-1007.11 (1) Except as otherwise provided in this section: 7

18 (a) For school fiscal years prior to school fiscal year 2026-27,
19 each school district's formula need shall equal the difference of the sum
20 of the school district's basic funding, poverty allowance, limited
21 English proficiency allowance, focus school and program allowance, summer
22 school allowance, special receipts allowance, transportation allowance,
23 elementary site allowance, distance education and telecommunications
24 allowance, community achievement plan allowance, averaging adjustment,
25 new community achievement plan adjustment, student growth adjustment, any
26 positive student growth adjustment correction, and new school adjustment
27 minus the sum of the limited English proficiency allowance correction,
28 poverty allowance correction, and any negative student growth adjustment
29 correction; and 7

30 (b) For school fiscal year 2026-27 and each school fiscal year
31 thereafter, each school district's formula need shall equal the

1 difference of the sum of the school district's basic funding, poverty
2 allowance, limited English proficiency allowance, focus school and
3 program allowance, summer school allowance, special receipts allowance,
4 transportation allowance, elementary site allowance, distance education
5 and telecommunications allowance, student growth adjustment, any positive
6 student growth adjustment correction, and new school adjustment minus the
7 sum of the limited English proficiency allowance correction, poverty
8 allowance correction, and any negative student growth adjustment
9 correction.

10 (2) If the formula need calculated for a school district pursuant to
11 subsection (1) of this section is less than one hundred percent of the
12 formula need for such district for the school fiscal year immediately
13 preceding the school fiscal year for which aid is being calculated, the
14 formula need for such district shall equal one hundred percent of the
15 formula need for such district for the school fiscal year immediately
16 preceding the school fiscal year for which aid is being calculated.

17 (3) If the formula need calculated for a school district pursuant to
18 subsection (1) of this section is more than one hundred twelve percent of
19 the formula need for such district for the school fiscal year immediately
20 preceding the school fiscal year for which aid is being calculated, the
21 formula need for such district shall equal one hundred twelve percent of
22 the formula need for such district for the school fiscal year immediately
23 preceding the school fiscal year for which aid is being calculated,
24 except that the formula need shall not be reduced pursuant to this
25 subsection for any district receiving a student growth adjustment for the
26 school fiscal year for which aid is being calculated.

27 (4) For purposes of subsections (2) and (3) of this section, the
28 formula need for the school fiscal year immediately preceding the school
29 fiscal year for which aid is being calculated shall be the formula need
30 used in the final calculation of aid pursuant to section 79-1065 and for
31 districts that were affected by a reorganization with an effective date

1 in the calendar year preceding the calendar year in which aid is
2 certified for the school fiscal year for which aid is being calculated,
3 the formula need for the school fiscal year immediately preceding the
4 school fiscal year for which aid is being calculated shall be attributed
5 to the affected school districts based on information provided to the
6 department by the school districts or proportionally based on the
7 adjusted valuation transferred if sufficient information has not been
8 provided to the department.

9 **Sec. 15.** Section 79-1007.18, Reissue Revised Statutes of Nebraska,
10 is amended to read:

11 79-1007.18 (1) For school fiscal years prior to school fiscal year
12 2017-18:

13 (a) The department shall calculate an averaging adjustment for
14 districts if the basic funding per formula student is less than the
15 averaging adjustment threshold and the general fund levy for the school
16 fiscal year immediately preceding the school fiscal year for which aid is
17 being calculated was at least one dollar per one hundred dollars of
18 taxable valuation. For the calculation of aid for school fiscal years
19 prior to school fiscal year 2018-19, the general fund levy for school
20 districts that are members of a learning community for purposes of this
21 section includes both the common general fund levy and the school
22 district general fund levy authorized pursuant to subdivisions (2)(b) and
23 (2)(c) of section 77-3442. The averaging adjustment shall equal the
24 district's formula students multiplied by the percentage specified in
25 this subsection for such district of the difference between the averaging
26 adjustment threshold minus such district's basic funding per formula
27 student;

28 (b) The averaging adjustment threshold shall equal the aggregate
29 basic funding for all districts with nine hundred or more formula
30 students divided by the aggregate formula students for all districts with
31 nine hundred or more formula students for the school fiscal year for

1 which aid is being calculated; and

2 (c) The percentage to be used in the calculation of an averaging
3 adjustment shall be based on the general fund levy for the school fiscal
4 year immediately preceding the school fiscal year for which aid is being
5 calculated and shall be as follows:

6 (i) If such levy was at least one dollar per one hundred dollars of
7 taxable valuation but less than one dollar and one cent per one hundred
8 dollars of taxable valuation, the percentage shall be fifty percent;

9 (ii) If such levy was at least one dollar and one cent per one
10 hundred dollars of taxable valuation but less than one dollar and two
11 cents per one hundred dollars of taxable valuation, the percentage shall
12 be sixty percent;

13 (iii) If such levy was at least one dollar and two cents per one
14 hundred dollars of taxable valuation but less than one dollar and three
15 cents per one hundred dollars of taxable valuation, the percentage shall
16 be seventy percent;

17 (iv) If such levy was at least one dollar and three cents per one
18 hundred dollars of taxable valuation but less than one dollar and four
19 cents per one hundred dollars of taxable valuation, the percentage shall
20 be eighty percent; and

21 (v) If such levy was at least one dollar and four cents per one
22 hundred dollars of taxable valuation, the percentage shall be ninety
23 percent.

24 (2) For school fiscal years ~~year~~ 2017-18 through 2025-26 ~~and each~~
25 ~~school fiscal year thereafter~~, the department shall calculate an
26 averaging adjustment for districts with at least nine hundred formula
27 students if the basic funding per formula student is less than the
28 averaging adjustment threshold. The averaging adjustment shall equal the
29 district's formula students multiplied by ninety percent of the
30 difference of the averaging adjustment threshold minus such district's
31 basic funding per formula student. The averaging adjustment threshold

1 shall equal the aggregate basic funding for all districts with nine
2 hundred or more formula students divided by the aggregate formula
3 students for all districts with nine hundred or more formula students for
4 the school fiscal year for which aid is being calculated.

5 (3) This section shall not apply to school fiscal year 2026-27 or
6 any school fiscal year thereafter.

7 **Sec. 16.** Section 79-1008.01, Reissue Revised Statutes of Nebraska,
8 is amended to read:

9 79-1008.01 (1) Each local system shall receive equalization aid in
10 an amount equal to the preliminary equalization aid amount for the local
11 system, as determined pursuant to subsection (2) of this section, minus
12 the base levy adjustment for such local system, as determined pursuant to
13 subsection (3) of this section.

14 (2) The local system's preliminary equalization aid amount shall be
15 the greater of:

16 (a) The local system's total formula need, as determined pursuant to
17 section 79-1007.11, minus its total formula resources, as determined
18 pursuant to section 79-1017.01; or

19 (b) The local system's basic funding, as determined pursuant to
20 section 79-1007.16, multiplied by thirty percent.

21 (3)(a) For purposes of this subsection:

22 (i) The base levy shall be equal to thirty cents per one hundred
23 dollars of taxable valuation;

24 (ii) The potential general fund levy for the ensuing school fiscal
25 year shall be equal to the general fund levy for the school fiscal year
26 immediately preceding the school fiscal year for which equalization aid
27 is being calculated plus the potential general fund levy change
28 calculated in subdivision (3)(a)(iii) of this section; and

29 (iii) The potential general fund levy change shall be equal to:

30 (A) For school fiscal year 2026-27, the difference between the
31 amount of state aid certified pursuant to section 79-1022 for the school

1 fiscal year immediately preceding the school fiscal year for which
2 equalization aid is being calculated and the preliminary equalization aid
3 amount calculated pursuant to subsection (2) of this section for the
4 ensuing school fiscal year divided by the total taxable value of the
5 local system and multiplied by one hundred; and

6 (B) For school fiscal year 2027-28 and each school fiscal year
7 thereafter, the difference between the amount of equalization aid for the
8 school fiscal year immediately preceding the school fiscal year for which
9 equalization aid is being calculated and the preliminary equalization aid
10 amount calculated pursuant to subsection (2) of this section for the
11 ensuing school fiscal year divided by the total taxable value of the
12 local system and multiplied by one hundred.

13 (b) The local system's base levy adjustment shall be equal to the
14 base levy minus the potential general fund levy for the ensuing school
15 fiscal year, with the difference then multiplied by the total taxable
16 value of the local system and divided by one hundred. If the amount
17 calculated for a local system under this subsection is a negative number,
18 the base levy adjustment for such local system shall be zero. in the
19 amount that the total formula need, as determined pursuant to section
20 79-1007.11, exceeds its total formula resources, as determined pursuant
21 to section 79-1017.01. The equalization aid for a local system shall be
22 zero if the total formula resources equals or exceeds the total formula
23 need for such local system.

24 **Sec. 17.** Section 79-1009, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 79-1009 (1)(a) A district shall receive net option funding if (i)
27 option students as defined in section 79-233 were actually enrolled in
28 the school year immediately preceding the school year in which the aid is
29 to be paid, (ii) option students as defined in such section will be
30 enrolled in the school year in which the aid is to be paid as converted
31 contract option students, or (iii) for the calculation of aid for school

1 fiscal year 2017-18 for school districts that are members of a learning
2 community, open enrollment students were actually enrolled for school
3 year 2016-17 pursuant to section 79-2110.

4 (b) The determination of the net number of option students shall be
5 based on (i) the number of students enrolled in the district as option
6 students and the number of students residing in the district but enrolled
7 in another district as option students as of the day of the fall
8 membership count pursuant to section 79-528, for the school fiscal year
9 immediately preceding the school fiscal year in which aid is to be paid,
10 (ii) the number of option students that will be enrolled in the district
11 or enrolled in another district as converted contract option students for
12 the fiscal year in which the aid is to be paid, and (iii) for the
13 calculation of aid for school fiscal year 2017-18 for school districts
14 that are members of a learning community, the number of students enrolled
15 in the district as open enrollment students and the number of students
16 residing in the district but enrolled in another district as open
17 enrollment students as of the day of the fall membership count pursuant
18 to section 79-528 for school fiscal year 2016-17.

19 (c) Except as otherwise provided in this subsection, net number of
20 option students means the difference of the number of option students
21 enrolled in the district minus the number of students residing in the
22 district but enrolled in another district as option students. For
23 purposes of the calculation of aid for school fiscal year 2017-18 for
24 school districts that are members of a learning community, net number of
25 option students means the difference of the number of students residing
26 in another school district who are option students or open enrollment
27 students enrolled in the district minus the number of students residing
28 in the district but enrolled in another district as option students or
29 open enrollment students.

30 (2)(a) For school fiscal years prior to school fiscal year 2023-24,
31 net option funding shall be the product of the net number of option

1 students multiplied by the statewide average basic funding per formula
2 student.

3 (b) For school fiscal years ~~year~~ 2023-24 through 2025-26 ~~and each~~
4 ~~school fiscal year thereafter~~, net option funding shall be the product of
5 the net number of option students multiplied by the difference of the
6 statewide average basic funding per formula student minus the amount of
7 foundation aid paid per formula student pursuant to section 79-1006.

8 (c) For school fiscal year 2026-27 and each school fiscal year
9 thereafter, net option funding shall be the product of the net number of
10 option students multiplied by the statewide average basic funding per
11 formula student.

12 (3) A district's net option funding shall be zero if the calculation
13 produces a negative result.

14 Payments made under this section for school fiscal years prior to
15 school fiscal year 2017-18 shall be made from the funds to be disbursed
16 under section 79-1005.01.

17 Such payments shall go directly to the option school district but
18 shall count as a formula resource for the local system.

19 **Sec. 18.** Section 79-1016, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 79-1016 (1) On or before August 20, the county assessor shall
22 certify to the Property Tax Administrator the total taxable value by
23 school district in the county for the current assessment year on forms
24 prescribed by the Tax Commissioner. The county assessor may amend the
25 filing for changes made to the taxable valuation of the school district
26 in the county if corrections or errors on the original certification are
27 discovered. Amendments shall be certified to the Property Tax
28 Administrator on or before August 31.

29 (2) On or before October 10, the Property Tax Administrator shall
30 compute and certify to the State Department of Education the adjusted
31 valuation for the current assessment year for each class of property in

1 each school district and each local system. The adjusted valuation of
2 property for each school district and each local system, for purposes of
3 determining state aid pursuant to the Tax Equity and Educational
4 Opportunities Support Act, shall reflect as nearly as possible state aid
5 value as defined in subsection (3) of this section. The Property Tax
6 Administrator shall notify each school district and each local system of
7 its adjusted valuation for the current assessment year by class of
8 property on or before October 10. Establishment of the adjusted valuation
9 shall be based on the taxable value certified by the county assessor for
10 each school district in the county adjusted by the determination of the
11 level of value for each school district from an analysis of the
12 comprehensive assessment ratio study or other studies developed by the
13 Property Tax Administrator, in compliance with professionally accepted
14 mass appraisal techniques, as required by section 77-1327. The Tax
15 Commissioner shall adopt and promulgate rules and regulations setting
16 forth standards for the determination of level of value for state aid
17 purposes.

18 (3) For purposes of this section, state aid value means:

19 (a) For the calculation of state aid to be paid in school fiscal
20 years prior to school fiscal year 2026-27:

21 (i) Ninety-six percent of actual value for real property other than
22 agricultural and horticultural land;

23 (ii) Seventy-two percent of actual value as provided in sections
24 77-1359 and 77-1363 for agricultural and horticultural land;

25 (iii) Seventy-two percent of special valuation as defined in section
26 77-1343 for agricultural and horticultural land that receives special
27 valuation pursuant to section 77-1344; and

28 (iv) The net book value as defined in section 77-120 for personal
29 property; and

30 (b) For the calculation of state aid to be paid in school fiscal
31 year 2026-27 and each school fiscal year thereafter:

1 (i) Eighty-six percent of actual value for real property other than
2 agricultural and horticultural land;

3 (ii) Forty-two percent of actual value as provided in sections
4 77-1359 and 77-1363 for agricultural and horticultural land;

5 (iii) Forty-two percent of special valuation as defined in section
6 77-1343 for agricultural and horticultural land that receives special
7 valuation pursuant to section 77-1344; and

8 (iv) The net book value as defined in section 77-120 for personal
9 property.

10 ~~(a) For real property other than agricultural and horticultural~~
11 ~~land, ninety-six percent of actual value;~~

12 ~~(b) For agricultural and horticultural land, seventy-two percent of~~
13 ~~actual value as provided in sections 77-1359 to 77-1363. For agricultural~~
14 ~~and horticultural land that receives special valuation pursuant to~~
15 ~~section 77-1344, seventy-two percent of special valuation as defined in~~
16 ~~section 77-1343; and~~

17 ~~(c) For personal property, the net book value as defined in section~~
18 ~~77-120.~~

19 (4) On or before November 10, any local system may file with the Tax
20 Commissioner written objections to the adjusted valuations prepared by
21 the Property Tax Administrator, stating the reasons why such adjusted
22 valuations are not the valuations required by subsection (3) of this
23 section. The Tax Commissioner shall fix a time for a hearing. Either
24 party shall be permitted to introduce any evidence in reference thereto.
25 On or before January 1, the Tax Commissioner shall enter a written order
26 modifying or declining to modify, in whole or in part, the adjusted
27 valuations and shall certify the order to the State Department of
28 Education. Modification by the Tax Commissioner shall be based upon the
29 evidence introduced at hearing and shall not be limited to the
30 modification requested in the written objections or at hearing. A copy of
31 the written order shall be mailed to the local system within seven days

1 after the date of the order. The written order of the Tax Commissioner
2 may be appealed within thirty days after the date of the order to the Tax
3 Equalization and Review Commission in accordance with section 77-5013.

4 (5) On or before November 10, any local system or county official
5 may file with the Tax Commissioner a written request for a nonappealable
6 correction of the adjusted valuation due to clerical error as defined in
7 section 77-128 or, for agricultural and horticultural land, assessed
8 value changes by reason of land qualified or disqualified for special use
9 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
10 following January 1, the Tax Commissioner shall approve or deny the
11 request and, if approved, certify the corrected adjusted valuations
12 resulting from such action to the State Department of Education.

13 (6) On or before May 31 of the year following the certification of
14 adjusted valuation pursuant to subsection (2) of this section, any local
15 system or county official may file with the Tax Commissioner a written
16 request for a nonappealable correction of the adjusted valuation due to
17 changes to the tax list that change the assessed value of taxable
18 property. Upon the filing of the written request, the Tax Commissioner
19 shall require the county assessor to recertify the taxable valuation by
20 school district in the county on forms prescribed by the Tax
21 Commissioner. The recertified valuation shall be the valuation that was
22 certified on the tax list, pursuant to section 77-1613, increased or
23 decreased by changes to the tax list that change the assessed value of
24 taxable property in the school district in the county in the prior
25 assessment year. On or before the following July 31, the Tax Commissioner
26 shall approve or deny the request and, if approved, certify the corrected
27 adjusted valuations resulting from such action to the State Department of
28 Education.

29 (7) No injunction shall be granted restraining the distribution of
30 state aid based upon the adjusted valuations pursuant to this section.

31 (8) A school district whose state aid is to be calculated pursuant

1 to subsection (5) of this section and whose state aid payment is
2 postponed as a result of failure to calculate state aid pursuant to such
3 subsection may apply to the state board for lump-sum payment of such
4 postponed state aid. Such application may be for any amount up to one
5 hundred percent of the postponed state aid. The state board may grant the
6 entire amount applied for or any portion of such amount. The state board
7 shall notify the Director of Administrative Services of the amount of
8 funds to be paid in a lump sum and the reduced amount of the monthly
9 payments. The Director of Administrative Services shall, at the time of
10 the next state aid payment made pursuant to section 79-1022, draw a
11 warrant for the lump-sum amount from appropriated funds and forward such
12 warrant to the district.

13 **Sec. 19.** Section 79-1017.01, Reissue Revised Statutes of Nebraska,
14 is amended to read:

15 79-1017.01 (1) For state aid calculated for each school fiscal year
16 prior to school fiscal year 2023-24, local system formula resources
17 includes other actual receipts determined pursuant to section 79-1018.01,
18 net option funding determined pursuant to section 79-1009, allocated
19 income tax funds determined pursuant to section 79-1005.01, and community
20 achievement plan aid determined pursuant to section 79-1005, and is
21 reduced by amounts paid by the district in the most recently available
22 complete data year as property tax refunds pursuant to or in the manner
23 prescribed by section 77-1736.06.

24 (2) For state aid calculated for school fiscal years ~~year~~ 2023-24
25 through 2025-26 ~~and each school fiscal year thereafter~~, local system
26 formula resources includes other actual receipts determined pursuant to
27 section 79-1018.01, net option funding determined pursuant to section
28 79-1009, allocated income tax funds determined pursuant to section
29 79-1005.01, community achievement plan aid determined pursuant to section
30 79-1005, and a percentage of foundation aid determined pursuant to
31 section 79-1006, and is reduced by amounts paid by the district in the

1 most recently available complete data year as property tax refunds
2 pursuant to or in the manner prescribed by section 77-1736.06.

3 (3) For state aid calculated for school fiscal year 2026-27 and each
4 school fiscal year thereafter, local system formula resources includes
5 other actual receipts determined pursuant to section 79-1018.01 and net
6 option funding determined pursuant to section 79-1009, and is reduced by
7 amounts paid by the district in the most recently available complete data
8 year as property tax refunds pursuant to or in the manner prescribed by
9 section 77-1736.06.

10 **Sec. 20.** Section 79-1021, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 79-1021 (1) The Education Future Fund is created. The fund shall be
13 administered by the department and shall consist of money transferred to
14 the fund by the Legislature. Transfers may be made from the Education
15 Future Fund to the Computer Science and Technology Education Fund at the
16 direction of the Legislature. Any money in the Education Future Fund
17 available for investment shall be invested by the state investment
18 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
19 State Funds Investment Act.

20 (2) The fund shall be used only for the following purposes, in order
21 of priority:

22 (a) To fully fund equalization aid under the Tax Equity and
23 Educational Opportunities Support Act;

24 (b) To fund reimbursements related to special education under
25 section 79-1142;

26 (c) To fund foundation aid under the Tax Equity and Educational
27 Opportunities Support Act for school fiscal years 2023-24 through
28 2025-26;

29 (d) To increase funding for school districts in a way that results
30 in direct property tax relief, which means a dollar-for-dollar
31 replacement of property taxes by a state funding source;

1 (e) To provide funding for a grant program created by the
2 Legislature to address teacher turnover rates and keep existing teachers
3 in classrooms;

4 (f) To provide funding to increase career and technical educational
5 classroom opportunities for students, including, but not limited to,
6 computer science education. Such funding must provide students with the
7 academic and technical skills, knowledge, and training necessary to
8 succeed in future careers;

9 (g) To provide funding for a grant program created by the
10 Legislature to provide students the opportunity to have a mentor who will
11 continuously engage with the student directly to aid in the student's
12 professional growth and give ongoing support and encouragement to the
13 student;

14 (h) To provide funding for extraordinary increases in special
15 education expenditures to allow school districts with large, unexpected
16 special education expenditures to more easily meet the needs of all
17 students;

18 (i) To provide funding to help recruit teachers throughout the state
19 by utilizing apprenticeships through a teacher apprenticeship program and
20 an alternative certification process;

21 (j) To provide funding to develop and implement a professional
22 learning system to help provide sustained professional learning and
23 training regarding evidence-based reading instruction and for a grant
24 program relating to dyslexia research; and

25 (k) To provide funding for a pilot project administered by the State
26 Department of Education to provide menstrual products to school
27 districts.

28 (3)(a) The State Treasurer shall transfer one billion dollars from
29 the General Fund to the Education Future Fund in fiscal year 2023-24, on
30 such dates and in such amounts as directed by the budget administrator of
31 the budget division of the Department of Administrative Services.

1 (b) The State Treasurer shall transfer two hundred fifty million
2 dollars from the General Fund to the Education Future Fund in fiscal year
3 2024-25, on such dates and in such amounts as directed by the budget
4 administrator of the budget division of the Department of Administrative
5 Services.

6 (c) It is the intent of the Legislature that two hundred fifty
7 million dollars be transferred from the General Fund to the Education
8 Future Fund in fiscal year 2025-26 ~~and each fiscal year thereafter.~~

9 (d) It is the intent of the Legislature that:

10 (i) XX billion XX million dollars be transferred from the General
11 Fund to the Education Future Fund in fiscal year 2026-27;

12 (ii) XX billion XX million dollars be transferred from the General
13 Fund to the Education Future Fund in fiscal year 2027-28;

14 (iii) XX billion XX million dollars be transferred from the General
15 Fund to the Education Future Fund in fiscal year 2028-29; and

16 (iv) XX billion XX million dollars be transferred from the General
17 Fund to the Education Future Fund in fiscal year 2029-30.

18 **Sec. 21.** Section 79-1022, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 79-1022 (1) On or before June 15, 2026 ~~2023~~, and on or before March
21 1 of each year thereafter, the department shall determine the amounts to
22 be distributed to each local system for the ensuing school fiscal year
23 pursuant to the Tax Equity and Educational Opportunities Support Act and
24 shall certify the amounts to the Director of Administrative Services, the
25 Auditor of Public Accounts, and each local system. On or before June 15,
26 2026 ~~2023~~, and on or before March 1 of each year thereafter, the
27 department shall report the necessary funding level for the ensuing
28 school fiscal year to the Governor, the Appropriations Committee of the
29 Legislature, and the Education Committee of the Legislature. The report
30 submitted to the committees of the Legislature shall be submitted
31 electronically. Except as otherwise provided in this subsection,

1 certified state aid amounts, including adjustments pursuant to section
2 79-1065.02, shall be shown as budgeted non-property-tax receipts and
3 deducted prior to calculating the property tax request in the local
4 system's general fund budget statement as provided to the Auditor of
5 Public Accounts pursuant to section 79-1024.

6 (2) Except as provided in this subsection, subsection (8) of section
7 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
8 certified pursuant to subsection (1) of this section shall be distributed
9 in ten as nearly as possible equal payments on the last business day of
10 each month beginning in September of each ensuing school fiscal year and
11 ending in June of the following year, except that when a local system is
12 to receive a monthly payment of less than one thousand dollars, such
13 payment shall be one lump-sum payment on the last business day of
14 December during the ensuing school fiscal year.

15 **Sec. 22.** Section 79-1022.02, Reissue Revised Statutes of Nebraska,
16 is amended to read:

17 79-1022.02 Notwithstanding any other provision of law, any
18 certification of state aid pursuant to section 79-1022, certification of
19 budget authority pursuant to section 79-1023, and certification of
20 applicable allowable reserve percentages pursuant to section 79-1027
21 completed prior to the effective date of this act June 1, 2023, for
22 school fiscal year 2026-27 ~~2023-24~~ are null and void.

23 **Sec. 23.** Section 79-1023, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 79-1023 (1) On or before June 15, 2026 ~~2023~~, and on or before March
26 1 of each year thereafter, the department shall determine and certify to
27 each school district budget authority for the general fund budget of
28 expenditures for the ensuing school fiscal year.

29 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
30 81-829.51, each school district shall have budget authority for the
31 general fund budget of expenditures equal to the greater of (a) the

1 general fund budget of expenditures for the immediately preceding school
2 fiscal year minus exclusions pursuant to subsection (1) of section
3 79-1028.01 for such school fiscal year with the difference increased by
4 the basic allowable growth rate for the school fiscal year for which
5 budget authority is being calculated, (b) the general fund budget of
6 expenditures for the immediately preceding school fiscal year minus
7 exclusions pursuant to subsection (1) of section 79-1028.01 for such
8 school fiscal year with the difference increased by an amount equal to
9 any student growth adjustment calculated for the school fiscal year for
10 which budget authority is being calculated, or (c) one hundred ten
11 percent of formula need for the school fiscal year for which budget
12 authority is being calculated minus the special education budget of
13 expenditures as filed on the school district budget statement on or
14 before September 30 for the immediately preceding school fiscal year,
15 which special education budget of expenditures is increased by the basic
16 allowable growth rate for the school fiscal year for which budget
17 authority is being calculated.

18 (3) For any school fiscal year for which the budget authority for
19 the general fund budget of expenditures for a school district is based on
20 a student growth adjustment, the budget authority for the general fund
21 budget of expenditures for such school district shall be adjusted in
22 future years to reflect any student growth adjustment corrections related
23 to such student growth adjustment.

24 **Sec. 24.** Section 79-1027, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 79-1027 No district shall adopt a budget, which includes total
27 requirements of depreciation funds, necessary employee benefit fund cash
28 reserves, and necessary general fund cash reserves, exceeding the
29 applicable allowable reserve percentages of total general fund budget of
30 expenditures as specified in the schedule set forth in this section.

31 Average daily

Allowable

1	membership of	reserve
2	district	percentage
3	0 - 471	45
4	471.01 - 3,044	35
5	3,044.01 - 10,000	25
6	10,000.01 and over	20

7 On or before June 15, 2026 ~~2023~~, and on or before March 1 each year
8 thereafter, the department shall determine and certify each district's
9 applicable allowable reserve percentage for the ensuing school fiscal
10 year.

11 Each district with combined necessary general fund cash reserves,
12 total requirements of depreciation funds, and necessary employee benefit
13 fund cash reserves less than the applicable allowable reserve percentage
14 specified in this section may, notwithstanding the district's applicable
15 allowable growth rate, increase its necessary general fund cash reserves
16 such that the total necessary general fund cash reserves, total
17 requirements of depreciation funds, and necessary employee benefit fund
18 cash reserves do not exceed such applicable allowable reserve percentage.

19 **Sec. 25.** Section 79-1031.01, Reissue Revised Statutes of Nebraska,
20 is amended to read:

21 79-1031.01 The Appropriations Committee of the Legislature shall
22 annually include the amount necessary to fund the state aid that will be
23 certified to school districts on or before June 15, 2026 ~~2023~~, and on or
24 before March 1 of each year thereafter for each ensuing school fiscal
25 year in its recommendations to the Legislature to carry out the
26 requirements of the Tax Equity and Educational Opportunities Support Act.

27 **Sec. 26.** For fiscal year 2026-27 and each fiscal year thereafter,
28 if the amount of money transferred from the General Fund to the Education
29 Future Fund does not equal the amounts described in subdivision (3)(d) of
30 section 79-1021 and is insufficient for any fiscal year to fully fund
31 equalization aid under the Tax Equity and Educational Opportunities

1 Support Act, each school district may, if approved by a majority vote of
2 the school board, levy an amount for such fiscal year sufficient to
3 generate revenue equal to the amount of equalization aid that should have
4 been provided to the school district for such fiscal year. The property
5 tax levy provided in this section is in addition to the maximum allowable
6 property tax levy described in subdivision (2)(a) of section 77-3442.

7 **Sec. 27.** Section 79-10,120, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-10,120 (1) The school board or board of education of any school
10 district may establish a special fund for purposes of acquiring sites for
11 school buildings or teacherages, purchasing existing buildings for use as
12 school buildings or teacherages, including the sites upon which such
13 buildings are located, and the erection, alteration, equipping, and
14 furnishing of school buildings or teacherages and additions to school
15 buildings for elementary and high school grades and for no other purpose.
16 The fund shall be established from the proceeds of an annual levy, to be
17 determined by the board. The maximum levy under this section shall be:

18 (a) For fiscal years prior to fiscal year 2026-27, fourteen cents
19 per one hundred dollars of taxable valuation of property subject to the
20 levy; and

21 (b) For fiscal year 2026-27 and each fiscal year thereafter, ten
22 cents per one hundred dollars of taxable valuation of property subject to
23 the levy, except that the maximum levy shall be fourteen cents per one
24 hundred dollars of taxable valuation of property subject to the levy for
25 any project commenced prior to the effective date of this act.

26 (2) The tax authorized in this section , of not to exceed fourteen
27 cents on each one hundred dollars upon the taxable value of all taxable
28 property in the district which shall be in addition to any other taxes
29 authorized to be levied for school purposes. Such tax shall be levied and
30 collected as are other taxes for school purposes. For fiscal year 2026-27
31 and each fiscal year thereafter, such tax shall not be subject to the

1 levy limitation provided in subdivision (2)(a) of section 77-3442.

2 **Sec. 28.** Section 79-3402, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 79-3402 For purposes of the School District Property Tax Limitation
5 Act, unless the context otherwise requires:

6 (1) Approved bonds means (a) bonds that are issued by a school
7 district after the question of issuing such bonds has been approved by
8 the voters of such school district and (b) bonds that are issued by a
9 school district pursuant to section 79-10,110, 79-10,110.01, or
10 79-10,110.02;

11 (2) Average daily membership has the same meaning as in section
12 79-1003;

13 (3) Base growth percentage means the sum of:

14 (a) Three percent;

15 (b) The annual percentage increase in the student enrollment of the
16 school district multiplied by:

17 (i) One if the school district's student enrollment has grown by an
18 average of at least three percent and by at least one hundred fifty
19 students over the preceding three years;

20 (ii) Seven-tenths if the school district's student enrollment has
21 grown by an average of at least three percent over the preceding three
22 years; or

23 (iii) Four-tenths if subdivisions (3)(b)(i) and (3)(b)(ii) of this
24 section do not apply;

25 (c) The percentage obtained by first dividing the annual increase in
26 the total number of limited English proficiency students in the school
27 district by the student enrollment of the school district and then
28 multiplying the quotient by fifteen hundredths; and

29 (d) The percentage obtained by first dividing the annual increase in
30 the total number of poverty students in the school district by the
31 student enrollment of the school district and then multiplying the

1 quotient by fifteen hundredths;

2 (4) Department means the State Department of Education;

3 (5) Non-property-tax revenue means revenue of a school district from
4 all state and local sources other than real and personal property taxes.
5 Non-property-tax revenue does not include grants, donations, bonds, all
6 revenue from a school district that has been merged into another school
7 district or dissolved, activity funds, bond funds, cooperative funds,
8 depreciation funds, employee benefit funds, nutrition funds, qualified
9 capital purpose undertaking funds, or student fee funds, insurance
10 proceeds, proceeds from the sale of property including land, buildings,
11 or capital assets in special building funds, or proceeds of financing;

12 (6) Property tax request means the total amount of property taxes
13 for the general fund ~~and special building funds~~ requested to be raised
14 for a school district through the levy imposed pursuant to section
15 77-1601;

16 (7) Property tax request authority means the amount that may be
17 included in a property tax request for the general fund ~~or special~~
18 ~~building funds~~ of the school district as determined pursuant to the
19 School District Property Tax Limitation Act;

20 (8) School board has the same meaning as in section 79-101;

21 (9) School district has the same meaning as in section 79-101; and

22 (10) Student enrollment means the total number of students in the
23 school district according to the fall school district membership report
24 described in subsection (4) of section 79-528.

25 **Sec. 29.** Section 79-3403, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 79-3403 (1) Except as provided in sections 79-3404 and 79-3405, a
28 school district's property tax request for any year shall not exceed the
29 school district's property tax request authority.

30 (2) The department shall calculate each school district's property
31 tax request authority on an annual basis as follows:

1 (a) The school district's property tax request from the prior year
2 shall be added to the non-property-tax revenue from the prior year ~~minus~~
3 ~~any investment income from special building funds from the prior year,~~
4 and the total shall be increased by the school district's base growth
5 percentage; and

6 (b) The amount determined under subdivision (2)(a) of this section
7 shall then be decreased by the amount of total non-property-tax revenue
8 for the current year and adjusted for any known or documented errors in
9 documentation received by the department from the school district. In
10 determining the total non-property-tax revenue for the current year, any
11 category of non-property-tax revenue for which there is insufficient data
12 as of June 1 to make an accurate determination shall be deemed to be
13 equal to the prior year's amount.

14 (3) The department shall certify the amount determined for each
15 school district under this section to the school board of such school
16 district. Such certified amount shall be the school district's property
17 tax request authority.

18 **Sec. 30.** Section 79-3406, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 79-3406 A school district may choose not to increase its property
21 tax request by the full amount allowed by the school district's property
22 tax request authority in a particular year. In such cases, the school
23 district may carry forward to future years the amount of unused property
24 tax request authority, excluding any unused amounts obtained pursuant to
25 subsection (2) of section 79-3405. The department shall calculate each
26 school district's unused property tax request authority and shall submit
27 an accounting of such amount to the school board of the school district.
28 Such unused property tax request authority may then be used in later
29 years for increases in the school district's property tax request.

30 **Sec. 31.** Original sections 9-1204, 77-4211, 79-1001, 79-1003,
31 79-1005, 79-1005.01, 79-1006, 79-1007.11, 79-1007.18, 79-1008.01,

1 79-1009, 79-1016, 79-1017.01, 79-1021, 79-1022, 79-1022.02, 79-1023,
2 79-1027, 79-1031.01, 79-10,120, 79-3402, 79-3403, and 79-3406, Reissue
3 Revised Statutes of Nebraska, sections 77-3012 and 77-4212, Revised
4 Statutes Cumulative Supplement, 2024, and sections 77-3442, 77-4602,
5 77-7304, and 77-7305, Revised Statutes Supplement, 2025, are repealed.

6 **Sec. 32.** Since an emergency exists, this act takes effect when
7 passed and approved according to law.