

LEGISLATIVE BILL 409

Approved by the Governor May 10, 2017

Introduced by Groene, 42; Erdman, 47; Linehan, 39.

A BILL FOR AN ACT relating to school finance; to amend section 79-1015.01, Reissue Revised Statutes of Nebraska, and sections 77-3446, 79-1009, and 79-10,145, Revised Statutes Cumulative Supplement, 2016; to change provisions relating to the Tax Equity and Educational Opportunities Support Act; to change the base limitation; to change net option funding; to change the local effort rate; to eliminate obsolete provisions; to change the learning community transition aid calculation; to repeal the original sections; and to declare an emergency.

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

Section 1. Section 77-3446, Revised Statutes Cumulative Supplement, 2016, is amended to read:

77-3446 Base limitation means the budget limitation rate applicable to school districts and the limitation on growth of restricted funds applicable to other political subdivisions prior to any increases in the rate as a result of special actions taken by a supermajority of any governing board or of any exception allowed by law. The base limitation is two and one-half percent until adjusted, except that the base limitation for school districts for school fiscal years 2017-18 and 2018-19 year 2012-13 is one-half of one percent and the base limitation for school districts for school fiscal year 2013-14 is one and one-half percent. The base limitation may be adjusted annually by the Legislature to reflect changes in the prices of services and products used by school districts and political subdivisions.

Sec. 2. Section 79-1009, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1009 (1)(a) A district shall receive net option funding if (i) option students as defined in section 79-233 were actually enrolled in the school year immediately preceding the school year in which the aid is to be paid, (ii) option students as defined in such section will be enrolled in the school year in which the aid is to be paid as converted contract option students, or (iii) for the calculation of aid for school fiscal year 2017-18 for school districts that are members of a learning community, open enrollment students were actually enrolled for school year 2016-17 pursuant to section 79-2110.

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

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

~~(2)(a) For all school fiscal years except school fiscal years 2017-18 and 2018-19 (2) For purposes of this section, net option funding shall be the sum of the product of the net number of option students multiplied by the statewide average basic funding per formula student.~~

~~(b) For school fiscal years 2017-18 and 2018-19, net option funding shall be the product of the net number of option students multiplied by ninety-five and five-tenths percent of the statewide average basic funding per formula student.~~

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

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

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

Sec. 3. Section 79-1015.01, Reissue Revised Statutes of Nebraska, is

amended to read:

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

(2) For each school fiscal year except school fiscal years 2017-18 and 2018-19 ~~2011-12 through 2013-14~~: (a) For state aid certified pursuant to section 79-1022, the local effort rate shall be the maximum levy, for the school fiscal year for which aid is being certified, authorized pursuant to subdivision (2)(a) of section 77-3442 less five cents; (b) for the final calculation of state aid pursuant to section 79-1065, the local effort rate shall be the rate which, when multiplied by the total adjusted valuation of all taxable property in local systems receiving equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act, will produce the amount needed to support the total formula need of such local systems when added to state aid appropriated by the Legislature and other actual receipts of local systems described in section 79-1018.01; and (c) the local effort rate yield for such school fiscal years shall be determined by multiplying each local system's total adjusted valuation by the local effort rate.

~~(3) For school fiscal years 2011-12 and 2012-13: (a) For state aid certified pursuant to section 79-1022, the local effort rate shall be the maximum levy, for the school fiscal year for which aid is being certified, authorized pursuant to subdivision (2)(a) of section 77-3442 less one and five-hundredths of one cent; (b) for the final calculation of state aid pursuant to section 79-1065, the local effort rate shall be the rate which, when multiplied by the total adjusted valuation of all taxable property in local systems receiving equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act, will produce the amount needed to support the total formula need of such local systems when added to state aid appropriated by the Legislature and other actual receipts of local systems described in section 79-1018.01; and (c) the local effort rate yield for such school fiscal years shall be determined by multiplying each local system's total adjusted valuation by the local effort rate.~~

(3) ~~(4)~~ For school fiscal years 2017-18 and 2018-19 ~~year 2013-14~~: (a) For state aid certified pursuant to section 79-1022, the local effort rate shall be the maximum levy, for the school fiscal year for which aid is being certified, authorized pursuant to subdivision (2)(a) of section 77-3442 less two and ninety-seven hundredths ~~two and~~ cents; (b) for the final calculation of state aid pursuant to section 79-1065, the local effort rate shall be the rate which, when multiplied by the total adjusted valuation of all taxable property in local systems receiving equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act, will produce the amount needed to support the total formula need of such local systems when added to state aid appropriated by the Legislature and other actual receipts of local systems described in section 79-1018.01; and (c) the local effort rate yield for such school fiscal years shall be determined by multiplying each local system's total adjusted valuation by the local effort rate.

Sec. 4. Section 79-10,145, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-10,145 (1) For school fiscal year 2017-18, the department shall, based on data for school fiscal year 2016-17, calculate the amount of learning community transition aid, if any, to be paid from the Nebraska Education Improvement Fund to each school district that is a member of a learning community which levied a common levy for member school districts prior to school fiscal year 2017-18. Learning community transition aid for each such district shall be calculated by:

(a) Recalculating the 2016-17 state aid for each member school district as if the district were not a member of the learning community using the same data that was used in the certification pursuant to section 79-1022 to determine the calculated 2016-17 individual state aid for each member school district;

(b) Multiplying the aggregate taxable valuation for all member school districts for the 2016 tax year by the ratio of ninety-five cents per one hundred dollars of taxable valuation and multiplying the result by ninety-nine percent to determine the calculated 2016-17 common levy receipts;

(c) Dividing the calculated 2016-17 common levy receipts among member school districts proportionally based on the difference of the formula need calculated pursuant to section 79-1007.11 minus the sum of the state aid certified pursuant to section 79-1022 and the other actual receipts included in local system formula resources pursuant to section 79-1018.01 for the 2016-17 school fiscal year to determine the district share of the calculated 2016-17 common levy receipts for each member district;

(d) Adding the district share of the calculated 2016-17 common levy receipts to the state aid certified pursuant to section 79-1022 for the 2016-17 school fiscal year to determine the calculated 2016-17 common levy resources total for each member school district;

(e) Multiplying the taxable valuation for each member school district for the 2016 tax year by the ratio of ninety-five cents per one hundred dollars of taxable valuation and multiplying the result by ninety-nine percent to determine the calculated 2016-17 individual levy receipts for each member school district;

(f) Adding the calculated 2016-17 individual levy receipts to the calculated 2016-17 individual state aid to determine the calculated 2016-17 individual district resources total for each member school district; and

(g) Multiplying the difference of ~~between~~ the calculated 2016-17 common levy resources total minus both the calculated 2016-17 individual district

resources total and the community achievement plan aid calculated for school fiscal year 2017-18 pursuant to section 79-1005 for each member school district by fifty percent to equal the 2017-18 learning community transition aid for each member school district for which the calculated common levy resources total is greater than such sum of the calculated individual district resources total plus the community achievement plan aid.

(2) For school fiscal year 2018-19, the department shall, based on data for school fiscal year 2017-18, calculate the amount of learning community transition aid, if any, to be paid from the Nebraska Education Improvement Fund to each school district that is a member of a learning community which levied a common levy for member school districts prior to school fiscal year 2017-18. Learning community transition aid for each such district shall be calculated by:

(a) Recalculating the 2017-18 state aid for each member school district as if the district continued to be subject to a learning community general fund common levy and without any poverty allowance adjustment pursuant to section 79-1007.06 or community achievement aid pursuant to section 79-1005 using the same data that was used in the certification pursuant to section 79-1022 to determine the calculated 2017-18 common levy formula need and calculated 2017-18 common levy state aid for each member school district;

(b) Multiplying the aggregate taxable valuation for all member school districts for the 2017 tax year by the ratio of ninety-five cents per one hundred dollars of taxable valuation and multiplying the result by ninety-nine percent to determine the calculated 2017-18 common levy receipts;

(c) Dividing the calculated 2017-18 common levy receipts among member school districts proportionally based on the difference of the calculated common levy formula need minus the sum of the calculated 2017-18 common levy state aid and the other actual receipts included in local system formula resources pursuant to section 79-1018.01 for the 2017-18 school fiscal year to determine the district share of the calculated 2017-18 common levy receipts for each member district;

(d) Adding the district share of the calculated 2017-18 common levy receipts to the calculated 2017-18 common levy state aid to determine the calculated 2017-18 common levy resources total for each member school district;

(e) Multiplying the taxable valuation for each member school district for the 2017 tax year by the ratio of ninety-five cents per one hundred dollars of taxable valuation and multiplying the result by ninety-nine percent to determine the calculated 2017-18 individual levy receipts for each member school district;

(f) Adding the calculated 2017-18 individual levy receipts to the state aid certified pursuant to section 79-1022 for school fiscal year 2017-18 to determine the calculated 2017-18 individual district resources total for each member school district; and

(g) Multiplying the difference between the calculated 2017-18 common levy resources total minus the calculated 2017-18 individual district resources total for each member school district by twenty-five percent to equal the 2018-19 learning community transition aid for each member school district for which the calculated common levy resources total is greater than the calculated individual district resources total.

(3) Learning community transition aid shall not be considered in the calculation of formula resources pursuant to section 79-1017.01.

Sec. 5. Original section 79-1015.01, Reissue Revised Statutes of Nebraska, and sections 77-3446, 79-1009, and 79-10,145, Revised Statutes Cumulative Supplement, 2016, are repealed.

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