

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1024

FINAL READING

Introduced by Raikes, 25

Read first time January 10, 2006

Committee: Education

A BILL

1 FOR AN ACT relating to schools; to amend sections 32-543,  
2 77-1601.02, 77-1614, 77-1624, 77-1702, 77-1704.01,  
3 77-1708, 77-1772, 77-2201, 77-2202, 79-232, 79-233,  
4 79-237, 79-238, 79-458, 79-458.01, 79-467, 79-468,  
5 79-469, 79-476, 79-527, 79-528, 79-535, 79-536, 79-549,  
6 79-760, 79-979, 79-980, 79-981, 79-983, 79-984, 79-985,  
7 79-986, 79-9,107, 79-9,108, 79-9,109, 79-9,115, 79-1002,  
8 79-1008.02, 79-1024, 79-1030, 79-1033, 79-1074, 79-1075,  
9 79-1083, 79-1084, 79-1086, 79-10,120, and 79-10,126,  
10 Reissue Revised Statutes of Nebraska, sections 13-503,  
11 13-508, 13-511, 79-1001, and 79-1008.01, Revised Statutes  
12 Cumulative Supplement, 2004, sections 77-3442, 79-102,  
13 79-407, 79-408, 79-409, 79-413, 79-415, 79-416, 79-433,

1 79-452, 79-473, 79-479, 79-611, 79-850, 79-1007.01,  
2 79-1022, 79-1026, and 79-1028, Revised Statutes  
3 Supplement, 2005, and sections 79-1003 and 79-1007.02,  
4 Revised Statutes Supplement, 2005, as amended by  
5 sections 4 and 5, respectively, Legislative Bill 1208,  
6 Ninety-ninth Legislature, Second Session, 2006; to adopt  
7 the Learning Community Reorganization Act; to provide  
8 for the establishment of focus schools and programs; to  
9 change provisions relating to the calculation of state  
10 aid; to provide powers and duties; to change provisions  
11 relating to school district boundaries; to provide for  
12 learning community coordinating councils; to provide  
13 powers and duties and taxing authority for the councils;  
14 to provide for a high-needs education coordinator; to  
15 eliminate certain tax foreclosure proceedings; to provide  
16 for severability; to harmonize provisions; to repeal  
17 the original sections; and to outright repeal section  
18 77-1933, Reissue Revised Statutes of Nebraska.

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

1           Section 1. Section 13-503, Revised Statutes Cumulative  
2 Supplement, 2004, is amended to read:

3           13-503 For purposes of the Nebraska Budget Act, unless  
4 the context otherwise requires:

5           (1) Governing body shall mean the governing body of  
6 any county agricultural society, elected county fair board, joint  
7 airport authority formed under the Joint Airport Authorities  
8 Act, city or county airport authority, bridge commission created  
9 pursuant to section 39-868, cemetery district, city, village,  
10 municipal county, community college, community redevelopment  
11 authority, county, drainage or levee district, educational  
12 service unit, rural or suburban fire protection district,  
13 historical society, hospital district, irrigation district,  
14 learning community, natural resources district, nonprofit county  
15 historical association or society for which a tax is levied under  
16 subsection (1) of section 23-355.01, public building commission,  
17 railroad transportation safety district, reclamation district,  
18 road improvement district, rural water district, school district,  
19 sanitary and improvement district, township, offstreet parking  
20 district, transit authority, metropolitan utilities district, and  
21 political subdivision with the authority to have a property tax  
22 request, with the authority to levy a toll, or that receives state  
23 aid;

24           (2) Levying board shall mean any governing body which has  
25 the power or duty to levy a tax;

1           (3) Fiscal year shall mean the twelve-month period used  
2 by each governing body in determining and carrying on its financial  
3 and taxing affairs;

4           (4) Tax shall mean any general or special tax levied  
5 against persons, property, or business for public purposes as  
6 provided by law but shall not include any special assessment;

7           (5) Auditor shall mean the Auditor of Public Accounts;

8           (6) Cash reserve shall mean funds required for the period  
9 before revenue would become available for expenditure but shall not  
10 include funds held in any special reserve fund;

11           (7) Public funds shall mean all money, including nontax  
12 money, used in the operation and functions of governing bodies.  
13 For purposes of a county, city, or village which has a lottery  
14 established under the Nebraska County and City Lottery Act, only  
15 those net proceeds which are actually received by the county, city,  
16 or village from a licensed lottery operator shall be considered  
17 public funds, and public funds shall not include amounts awarded as  
18 prizes;

19           (8) Adopted budget statement shall mean a proposed budget  
20 statement which has been adopted or amended and adopted as provided  
21 in section 13-506. Such term shall include additions, if any, to an  
22 adopted budget statement made by a revised budget which has been  
23 adopted as provided in section 13-511;

24           (9) Special reserve fund shall mean any special fund  
25 set aside by the governing body for a particular purpose and not

1 available for expenditure for any other purpose. Funds created  
2 for (a) the retirement of bonded indebtedness, (b) the funding  
3 of employee pension plans, (c) the purposes of the Political  
4 Subdivisions Self-Funding Benefits Act, (d) the purposes of the  
5 Local Option Municipal Economic Development Act, (e) voter-approved  
6 sinking funds, ~~or~~ (f) statutorily authorized sinking funds, or (g)  
7 the distribution of property tax receipts by a learning community  
8 to member school districts shall be considered special reserve  
9 funds;

10 (10) Biennial period shall mean the two fiscal years  
11 comprising a biennium commencing in odd-numbered years used by  
12 a city in determining and carrying on its financial and taxing  
13 affairs; and

14 (11) Biennial budget shall mean a budget by a city of  
15 the primary or metropolitan class that adopts a charter provision  
16 providing for a biennial period to determine and carry on the  
17 city's financial and taxing affairs.

18 Sec. 2. Section 13-508, Revised Statutes Cumulative  
19 Supplement, 2004, is amended to read:

20 13-508 (1) After publication and hearing thereon and  
21 within the time prescribed by law, each governing body, except as  
22 provided in subsection (3) of this section, shall file with and  
23 certify to the levying board or boards on or before September 20  
24 of each year, ~~or for Class I school districts, on or before August~~  
25 ~~1 of each year,~~ and file with the auditor a copy of the adopted

1 budget statement which complies with sections 13-518 to 13-522 or  
2 79-1023 to 79-1030, together with the amount of the tax required to  
3 fund the adopted budget, setting out separately (a) the amount to  
4 be levied for the payment of principal or interest on bonds issued  
5 by the governing body and (b) the amount to be levied for all other  
6 purposes. Proof of publication shall be attached to the statements.  
7 School districts that are members of a learning community shall  
8 also file a copy of such adopted budget statement with the learning  
9 community coordinating council on or before September 1, 2007, and  
10 on or before September 1 of each year thereafter. The governing  
11 body, in certifying the amount required, may make allowance for  
12 delinquent taxes not exceeding five percent of the amount required  
13 plus the actual percentage of delinquent taxes for the preceding  
14 tax year and for the amount of estimated tax loss from any pending  
15 or anticipated litigation which involves taxation and in which tax  
16 collections have been or can be withheld or escrowed by court  
17 order. For purposes of this section, anticipated litigation shall  
18 be limited to the anticipation of an action being filed by a  
19 taxpayer who or which filed a similar action for the preceding year  
20 which is still pending. Except for such allowances, a governing  
21 body shall not certify an amount of tax more than one percent  
22 greater or lesser than the amount determined under section 13-505.

23 (2) Each governing body shall use the final adjusted  
24 values as provided by the county assessor pursuant to section  
25 13-509 for the current year in setting or certifying the levy. Each

1 governing body may designate one of its members to perform any duty  
2 or responsibility required of such body by this section.

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

6 (b) A school district which is a member of a learning  
7 community shall do such filing and certification on or before  
8 September 1 of each year.

9 Sec. 3. Section 13-511, Revised Statutes Cumulative  
10 Supplement, 2004, is amended to read:

11 13-511 (1) Unless otherwise provided by law, whenever  
12 during the current fiscal year or biennial period it becomes  
13 apparent to a governing body that (a) there are circumstances which  
14 could not reasonably have been anticipated at the time the budget  
15 for the current year or biennial period was adopted, (b) the budget  
16 adopted violated sections 13-518 to 13-522, such that the revenue  
17 of the current fiscal year or biennial period for any fund thereof  
18 will be insufficient, additional expenses will be necessarily  
19 incurred, or there is a need to reduce the budget requirements to  
20 comply with sections 13-518 to 13-522, or (c) the governing body  
21 has been notified by the auditor of a mathematical or accounting  
22 error or noncompliance with the Nebraska Budget Act, such governing  
23 body may propose to revise the previously adopted budget statement  
24 and shall conduct a public hearing on such proposal.

25 (2) Notice of the time and place of the hearing shall

1 be published at least five days prior to the date set for hearing  
2 in a newspaper of general circulation within the governing body's  
3 jurisdiction. Such published notice shall set forth (a) the time  
4 and place of the hearing, (b) the amount in dollars of additional  
5 or reduced money required and for what purpose, (c) a statement  
6 setting forth the nature of the unanticipated circumstances and, if  
7 the budget requirements are to be increased, the reasons why the  
8 previously adopted budget of expenditures cannot be reduced during  
9 the remainder of the current year or biennial period to meet the  
10 need for additional money in that manner, (d) a copy of the summary  
11 of the originally adopted budget previously published, and (e) a  
12 copy of the summary of the proposed revised budget.

13 (3) At such hearing any taxpayer may appear or file a  
14 written statement protesting any application for additional money.  
15 A written record shall be kept of all such hearings.

16 (4) Upon conclusion of the public hearing on the proposed  
17 revised budget and approval of the proposed revised budget by  
18 the governing body, the governing body shall file with the county  
19 clerk of the county or counties in which such governing body  
20 is located, with the learning community coordinating council for  
21 school districts that are members of learning communities, and  
22 with the auditor, a copy of the revised budget, as adopted. The  
23 governing body may then issue warrants in payment for expenditures  
24 authorized by the adopted revised budget. Such warrants shall be  
25 referred to as registered warrants and shall be repaid during the



1 next fiscal year or biennial period from funds derived from taxes  
2 levied therefor.

3 (5) Within thirty days after the adoption of the budget  
4 under section 13-506, a governing body may, or within thirty  
5 days after notification of an error by the auditor, a governing  
6 body shall, correct an adopted budget which contains a clerical,  
7 mathematical, or accounting error which does not affect the total  
8 amount budgeted by more than one percent or increase the amount  
9 required from property taxes. No public hearing shall be required  
10 for such a correction. After correction, the governing body shall  
11 file a copy of the corrected budget with the county clerk of the  
12 county or counties in which such governing body is located and with  
13 the auditor. The governing body may then issue warrants in payment  
14 for expenditures authorized by the budget.

15 Sec. 4. Section 32-543, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17 32-543 (1) If more than seventy-five percent of the  
18 geographical area of a Class III school district lies within a  
19 city of the metropolitan class and a caucus is held for nominations  
20 under section 79-549 for a Class III school district, the board  
21 of education shall consist of six members to be elected by the  
22 registered voters of the school district at the statewide primary  
23 election. Two members shall be elected at each election for a term  
24 of six years. The members shall meet the qualifications found in  
25 section 79-543.

1           (2) Except as provided in subsection (1) of this section,  
2 members of the board of education of a Class III school district  
3 shall be nominated at the statewide primary election and elected at  
4 the statewide general election. The board of education of a Class  
5 III school district shall have six or nine members as provided in  
6 section 79-549 or 79-550, and the members shall be nominated and  
7 elected at large or by district or ward as provided in section  
8 32-554 or nominated by district or ward and elected at large as  
9 provided in section 79-550. The number of members to be nominated  
10 at the statewide primary election and elected at the statewide  
11 general election and the terms for which they will be nominated  
12 and elected shall be determined by the election commissioner or  
13 county clerk with the aid of the elected secretary of the board of  
14 education of the district. The terms of office of members of such  
15 board shall expire on the first Thursday after the first Tuesday  
16 in January. Terms shall be staggered so that three members shall  
17 be elected to each six-member board and four or five members shall  
18 be elected to each nine-member board at each general election for  
19 terms of four years. When it becomes necessary to establish the  
20 staggering of terms by electing members for terms of different  
21 duration at the same election, candidates receiving the greatest  
22 number of votes shall be elected for the longest terms. The members  
23 shall meet the qualifications found in section 79-543.

24           Sec. 5. Section 77-1601.02, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

1                   77-1601.02 (1) The property tax request for the prior  
2 year shall be the property tax request for the current year for  
3 purposes of the levy set by the county board of equalization  
4 in section 77-1601 unless the governing body of the county,  
5 municipality, school district, learning community, sanitary and  
6 improvement district, natural resources district, educational  
7 service unit, or community college passes by a majority vote a  
8 resolution or ordinance setting the tax request at a different  
9 amount. Such resolution or ordinance shall only be passed after  
10 a special public hearing called for such purpose is held and  
11 after notice is published in a newspaper of general circulation  
12 in the area of the political subdivision at least five days prior  
13 to the hearing. The hearing notice shall contain the following  
14 information: The dollar amount of the prior year's tax request and  
15 the property tax rate that was necessary to fund that tax request;  
16 the property tax rate that would be necessary to fund last year's  
17 tax request if applied to the current year's valuation; and the  
18 proposed dollar amount of the tax request for the current year  
19 and the property tax rate that will be necessary to fund that tax  
20 request. Any resolution setting a tax request under this section  
21 shall be certified and forwarded to the county clerk on or before  
22 October 13 of the year for which the tax request is to apply.

23                   (2) Any levy which is not in compliance with this section  
24 and section 77-1601 shall be construed as an unauthorized levy  
25 under section 77-1606.

1           Sec. 6. Section 77-1614, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           77-1614 All taxes which are uniform, throughout any  
4 precinct, township, school district, learning community, village,  
5 city, county, or other taxing subdivision of a county, shall be  
6 formed into a single tax, be entered upon the tax list in a double  
7 column, and be denominated a consolidated tax.

8           Sec. 7. Section 77-1624, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10           77-1624 It shall be the duty of the county treasurer for  
11 each and every county, when collecting personal and real estate  
12 taxes being delinquent five years or more, to receipt for such  
13 taxes on a receipt for the fifth delinquent year. Such taxes so  
14 collected shall be prorated in proportion to the levies applicable  
15 for the year levied. All state taxes when collected shall be  
16 remitted to the State Treasurer and by him or her credited to  
17 the fund or funds for which the levy or levies were made, and  
18 all county funds when collected shall be placed to the credit of  
19 the county general fund; all municipal, school district, learning  
20 community, township, precinct, and special funds shall be entered  
21 in separate columns. All taxes so consolidated shall be paid in  
22 order of priority of delinquency.

23           Sec. 8. Section 77-1702, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25           77-1702 State warrants are receivable for the amount

1 payable into the state treasury on account of tax levied for  
2 general state purposes. County warrants are receivable for the  
3 amount payable into the county treasury for general purposes.  
4 City warrants shall be received for the city general tax, village  
5 warrants for the village general tax, and town warrants for the  
6 town general tax. State, city, village, or township taxes, levied  
7 for other special purposes, may be paid by warrants drawn and  
8 payable out of the particular fund on account of which they are  
9 tendered. Lawful money of the United States, checks, drafts, credit  
10 cards, charge cards, debit cards, money orders, electronic funds  
11 transfers, or other bills of exchange may be accepted in payment  
12 of any state, county, village, township, school district, learning  
13 community, or other governmental subdivision tax, levy, excise,  
14 duty, custom, toll, penalty, fine, license, fee, or assessment of  
15 whatever kind or nature, whether general or special.

16           Sec. 9. Section 77-1704.01, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18           77-1704.01 (1) The county treasurer shall include with  
19 each tax notice or receipt to every taxpayer the following  
20 information:

21           (a) The total amount of aid from state sources  
22 appropriated to the county and each city, village, and school  
23 district in the county;

24           (b) The net amount of property taxes to be levied by the  
25 county and each city, village, and school district, and learning

1 community in the county; and

2 (c) Beginning with tax year 2000, for real property, the  
3 amount of taxes reflected on the statement that are levied by the  
4 county, city, village, school district, learning community, and  
5 other subdivisions for the tax year and for the immediately past  
6 year on the same parcel.

7 (2) The necessary form for furnishing the information  
8 required by subdivisions (1)(a) and (b) of this section shall be  
9 prescribed by the Department of Revenue. The necessary information  
10 required by subdivision (1)(a) of this section shall be furnished  
11 to the county treasurer by the Department of Revenue prior to  
12 October 1 of each year. The form prescribed by the Department of  
13 Revenue shall contain the following statement:

14 THE AMOUNT OF STATE FUNDS SHOWN ABOVE WOULD HAVE BEEN  
15 ADDITIONAL PROPERTY TAXES IF NOT ALLOCATED TO THE COUNTY, CITY,  
16 VILLAGE, AND SCHOOL DISTRICT BY THE LEGISLATURE.

17 Sec. 10. Section 77-1708, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19 77-1708 The county treasurer is required to keep a cash  
20 book in which he or she shall enter an account of all money by him  
21 received, specifying in proper columns provided for that purpose  
22 the date of payment, the number of the receipt issued therefor,  
23 and on account of what fund or funds the same was paid, whether  
24 state, county, school, learning community, road, sinking fund or  
25 otherwise, each in separate columns, and the total amount for which

1 the receipt was given in another column. The treasurer shall keep  
2 ~~his~~ the account of money received for and on account of taxes,  
3 separate and distinct from money received on any other account. He  
4 or she shall also keep ~~his~~ the account of money received for and  
5 on account of taxes,  
6 levied and assessed for any one year separate  
7 and distinct from those levied and assessed for any other year. All  
8 entries in the cash book of money received for taxes shall be in  
9 the numerical order of the receipts issued therefor.

9 Sec. 11. Section 77-1772, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11 77-1772 Interest collected upon delinquent county, city,  
12 village, ~~or~~ school district, or learning community taxes shall  
13 be credited on the books and distributed among the various  
14 governmental subdivisions and municipal corporations in the  
15 same proportion as the principal of the taxes is credited and  
16 distributed.

17 Sec. 12. Section 77-2201, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19 77-2201 All warrants upon the State Treasurer, or the  
20 treasurer of any county, city, school district, learning community,  
21 or other municipal corporation shall be paid in the order of their  
22 presentation therefor.

23 Sec. 13. Section 77-2202, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25 77-2202 The State Treasurer and the treasurer of every

1 county, city, school district, learning community, or other  
2 municipal corporation shall keep a warrant register, which register  
3 shall show in columns arranged for that purpose the number, the  
4 date, and the amount of each warrant presented and registered, as  
5 hereinafter provided, the particular fund upon which the same is  
6 drawn, the date of presentation, the name and address of the person  
7 in whose name the same warrant is registered, the date of payment,  
8 the amount of interest, and the total amount paid thereon, with  
9 the date when notice to the person in whose name such warrant is  
10 registered is mailed, as hereinafter provided.

11 Sec. 14. Section 77-3442, Revised Statutes Supplement,  
12 2005, is amended to read:

13 77-3442 (1) Property tax levies for the support of local  
14 governments for fiscal years beginning on or after July 1, 1998,  
15 shall be limited to the amounts set forth in this section except as  
16 provided in section 77-3444.

17 (2) (a) Except as provided in subdivision ~~(2)(b)~~ (2)(d)  
18 of this section, school districts and multiple-district school  
19 systems, except learning communities and school districts that are  
20 members of learning communities, may levy a maximum levy of (i) one  
21 dollar and five cents per one hundred dollars of taxable valuation  
22 of property subject to the levy for fiscal years 2003-04 through  
23 2007-08 and (ii) one dollar per one hundred dollars of taxable  
24 valuation of property subject to the levy for all fiscal years  
25 except fiscal years 2003-04 through 2007-08.



1           (b) Except as provided in subdivision (2)(d) of this  
2 section, for fiscal year 2008-09 and each fiscal year thereafter,  
3 (i) learning communities may levy a maximum levy for the general  
4 fund budgets of member school districts equal to the ratio of the  
5 aggregate difference of one hundred ten percent of the formula  
6 needs as calculated pursuant to section 79-1007.02 minus the amount  
7 of state aid certified pursuant to section 79-1022 and minus the  
8 other actual receipts included in local system formula resources  
9 pursuant to section 79-1018.01 for each member school district for  
10 such school fiscal year divided by each one hundred dollars of  
11 taxable property subject to the levy, except that such levy shall  
12 not exceed one dollar and two cents on each one hundred dollars  
13 of taxable property subject to the levy, and (ii) school districts  
14 that are members of learning communities may levy a maximum levy  
15 of the difference of one dollar and two cents on each one hundred  
16 dollars of taxable property subject to the levy minus the learning  
17 community levy pursuant to this subdivision for purposes of such  
18 school district's general fund budget and special building funds.

19           (c) Excluded from this limitation the limitations in  
20 subdivisions (a) and (b) of this subsection are amounts levied  
21 to pay for sums agreed to be paid by a school district to  
22 certificated employees in exchange for a voluntary termination of  
23 employment and amounts levied to pay for special building funds and  
24 sinking funds established for projects commenced prior to April 1,  
25 1996, for construction, expansion, or alteration of school district

1 buildings. For purposes of this subsection, commenced means any  
2 action taken by the school board on the record which commits  
3 the board to expend district funds in planning, constructing, or  
4 carrying out the project.

5 ~~(b)~~ (d) Federal aid school districts may exceed the  
6 maximum levy prescribed by subdivision (2)(a) or (b) of this  
7 section only to the extent necessary to qualify to receive  
8 federal aid pursuant to Title VIII of Public Law 103-382, as  
9 such title existed on September 1, 2001. For purposes of this  
10 subdivision, federal aid school district means any school district  
11 which receives ten percent or more of the revenue for its general  
12 fund budget from federal government sources pursuant to Title VIII  
13 of Public Law 103-382, as such title existed on September 1, 2001.

14 ~~(e)~~ (e) For school fiscal year 2002-03 through school  
15 fiscal year 2007-08, school districts and multiple-district school  
16 systems may, upon a three-fourths majority vote of the school board  
17 of the school district, the board of the unified system, or the  
18 school board of the high school district of the multiple-district  
19 school system that is not a unified system, exceed the maximum  
20 levy prescribed by subdivision (2)(a) of this section in an amount  
21 equal to the net difference between the amount of state aid that  
22 would have been provided under the Tax Equity and Educational  
23 Opportunities Support Act without the temporary aid adjustment  
24 factor and if subdivision ~~(3)~~ of section 79-1007.02 and subsections  
25 ~~(2)~~ and ~~(5)~~ of section 79-1008.01 had applied as defined in section

1 79-1003 for the ensuing school fiscal year for the school district  
2 or multiple-district school system and the amount provided with the  
3 temporary aid adjustment factor, and if subdivision (4) of section  
4 79-1007.02 and subsections (3) and (6) of section 79-1008.01 had  
5 applied. The State Department of Education shall certify to the  
6 school districts and multiple-district school systems the amount  
7 by which the maximum levy may be exceeded for the next school  
8 fiscal year pursuant to this subdivision (2)(e) (e) of this section  
9 subsection on or before February 15 for school fiscal years 2004-05  
10 through 2007-08.

11 (f) For fiscal year 2008-09 and each fiscal year  
12 thereafter, learning communities may levy a maximum levy of two  
13 cents on each one hundred dollars of taxable property subject to  
14 the levy for special building funds for member school districts.

15 (g) For fiscal year 2008-09 and each fiscal year  
16 thereafter, learning communities may levy a maximum levy of one  
17 cent on each one hundred dollars of taxable property subject to the  
18 levy for the learning community budget and for projects approved by  
19 the learning community coordinating council.

20 (3) Community colleges may levy a maximum levy on each  
21 one hundred dollars of taxable property subject to the levy of  
22 seven cents, plus amounts allowed under subsection (7) of section  
23 85-1536.01, except that any community college whose valuation per  
24 reported aid equivalent student as defined in section 85-1503 was  
25 less than eighty-two percent of the average valuation per statewide

1 reimbursable reported aid equivalent total as defined in section  
2 85-1503 for all community colleges for fiscal year 1997-98 may levy  
3 up to an additional one-half cent for each of fiscal years 2005-06  
4 and 2006-07 upon a three-fourths majority vote of the board.

5 (4) Natural resources districts may levy a maximum levy  
6 of four and one-half cents per one hundred dollars of taxable  
7 valuation of property subject to the levy. Natural resources  
8 districts shall also have the power and authority to levy a  
9 tax equal to the dollar amount by which their restricted funds  
10 budgeted to administer and implement ground water management  
11 activities and integrated management activities under the Nebraska  
12 Ground Water Management and Protection Act exceed their restricted  
13 funds budgeted to administer and implement ground water management  
14 activities and integrated management activities for FY2003-04, not  
15 to exceed one cent on each one hundred dollars of taxable valuation  
16 annually on all of the taxable property within the district.

17 (5) Educational service units may levy a maximum levy of  
18 one and one-half cents per one hundred dollars of taxable valuation  
19 of property subject to the levy.

20 (6) (a) Incorporated cities and villages which are not  
21 within the boundaries of a municipal county may levy a maximum levy  
22 of forty-five cents per one hundred dollars of taxable valuation  
23 of property subject to the levy plus an additional five cents per  
24 one hundred dollars of taxable valuation to provide financing for  
25 the municipality's share of revenue required under an agreement

1 or agreements executed pursuant to the Interlocal Cooperation Act  
2 or the Joint Public Agency Act. The maximum levy shall include  
3 amounts levied to pay for sums to support a library pursuant  
4 to section 51-201, museum pursuant to section 51-501, visiting  
5 community nurse, home health nurse, or home health agency pursuant  
6 to section 71-1637, or statue, memorial, or monument pursuant to  
7 section 80-202.

8 (b) Incorporated cities and villages which are within the  
9 boundaries of a municipal county may levy a maximum levy of ninety  
10 cents per one hundred dollars of taxable valuation of property  
11 subject to the levy. The maximum levy shall include amounts paid  
12 to a municipal county for county services, amounts levied to pay  
13 for sums to support a library pursuant to section 51-201, a museum  
14 pursuant to section 51-501, a visiting community nurse, home health  
15 nurse, or home health agency pursuant to section 71-1637, or a  
16 statue, memorial, or monument pursuant to section 80-202.

17 (7) Sanitary and improvement districts which have been in  
18 existence for more than five years may levy a maximum levy of forty  
19 cents per one hundred dollars of taxable valuation of property  
20 subject to the levy, and sanitary and improvement districts which  
21 have been in existence for five years or less shall not have  
22 a maximum levy. Unconsolidated sanitary and improvement districts  
23 which have been in existence for more than five years and are  
24 located in a municipal county may levy a maximum of eighty-five  
25 cents per hundred dollars of taxable valuation of property subject

1 to the levy.

2           (8) Counties may levy or authorize a maximum levy of  
3 fifty cents per one hundred dollars of taxable valuation of  
4 property subject to the levy, except that five cents per one  
5 hundred dollars of taxable valuation of property subject to the  
6 levy may only be levied to provide financing for the county's  
7 share of revenue required under an agreement or agreements executed  
8 pursuant to the Interlocal Cooperation Act or the Joint Public  
9 Agency Act. The maximum levy shall include amounts levied to pay  
10 for sums to support a library pursuant to section 51-201 or museum  
11 pursuant to section 51-501. The county may allocate up to fifteen  
12 cents of its authority to other political subdivisions subject  
13 to allocation of property tax authority under subsection (1) of  
14 section 77-3443 and not specifically covered in this section to  
15 levy taxes as authorized by law which do not collectively exceed  
16 fifteen cents per one hundred dollars of taxable valuation on any  
17 parcel or item of taxable property. The county may allocate to  
18 one or more other political subdivisions subject to allocation  
19 of property tax authority by the county under subsection (1) of  
20 section 77-3443 some or all of the county's five cents per one  
21 hundred dollars of valuation authorized for support of an agreement  
22 or agreements to be levied by the political subdivision for the  
23 purpose of supporting that political subdivision'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. If an

1 allocation by a county would cause another county to exceed its  
2 levy authority under this section, the second county may exceed the  
3 levy authority in order to levy the amount allocated.

4 (9) Municipal counties may levy or authorize a maximum  
5 levy of one dollar per one hundred dollars of taxable valuation  
6 of property subject to the levy. The municipal county may allocate  
7 levy authority to any political subdivision or entity subject to  
8 allocation under section 77-3443.

9 (10) Property tax levies for judgments, except judgments  
10 or orders from the Commission of Industrial Relations, obtained  
11 against a political subdivision which require or obligate a  
12 political subdivision to pay such judgment, to the extent such  
13 judgment is not paid by liability insurance coverage of a  
14 political subdivision, for preexisting lease-purchase contracts  
15 approved prior to July 1, 1998, for bonded indebtedness approved  
16 according to law and secured by a levy on property, and for  
17 payments by a public airport to retire interest-free loans from the  
18 Department of Aeronautics in lieu of bonded indebtedness at a lower  
19 cost to the public airport are not included in the levy limits  
20 established by this section.

21 (11) The limitations on tax levies provided in this  
22 section are to include all other general or special levies  
23 provided by law. Notwithstanding other provisions of law, the  
24 only exceptions to the limits in this section are those provided by  
25 or authorized by sections 77-3442 to 77-3444.

1           (12) Tax levies in excess of the limitations in this  
2 section shall be considered unauthorized levies under section  
3 77-1606 unless approved under section 77-3444.

4           (13) For purposes of sections 77-3442 to 77-3444,  
5 political subdivision means a political subdivision of this state  
6 and a county agricultural society.

7           Sec. 15. Section 79-102, Revised Statutes Supplement,  
8 2005, is amended to read:

9           79-102 School districts in this state are classified as  
10 follows:

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

15           (2) Class III includes any school district embracing  
16 territory having a population of more than one thousand and less  
17 than one hundred fifty thousand inhabitants that maintains both  
18 elementary and high school grades under the direction of a single  
19 school board;

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

25           (4) Class V includes any school district ~~embracing~~ whose



1 employees participate in a retirement system established pursuant  
2 to the Class V School Employees Retirement Act and which embraces  
3 territory having a population of two hundred thousand or more  
4 inhabitants with a city of the metropolitan class within the  
5 territory of the district that maintains both elementary grades and  
6 high school grades under the direction of a single school board and  
7 any school district with territory in a city of the metropolitan  
8 class created pursuant to the Learning Community Reorganization Act  
9 and designated as a Class V school district in the reorganization  
10 plan.

11           Sec. 16. (1) For school year 2008-09 and each school year  
12 thereafter, each member school district in a learning community  
13 shall establish a maximum capacity for each school building  
14 under such district's control. Each member school district shall  
15 also establish attendance areas for each school building under  
16 the district's control, except that the school board shall not  
17 establish attendance areas for school buildings with focus schools  
18 or programs. The attendance areas shall be established such that  
19 all of the territory of the school district is within an attendance  
20 area for each grade, but no territory of the school district is  
21 within more than one attendance area for a grade. Students residing  
22 in an attendance area shall be allowed to attend such school  
23 building for the grades offered.

24           (2) On or before March 1, 2008, and March 1 of each  
25 year thereafter, the school board shall certify to the learning

1 community coordinating council the number of students that will  
2 be accepted into each school building from outside of the school  
3 building's attendance area for the next school year based on the  
4 established capacity and the estimated number of students who  
5 will attend the school building from the attendance area or as  
6 continuing students.

7 (3) (a) On or before March 15, 2008, and March 15 of  
8 each year thereafter, a parent or guardian of a student residing  
9 in a member school district in a learning community may apply  
10 to the learning community coordinating council to attend for the  
11 following school year a school building in the learning community  
12 that is not in an attendance area where the student resides. On  
13 or before April 1, 2008, and April 1 of each year thereafter,  
14 the learning community coordinating council shall accept or reject  
15 such applications based on the number of such students the school  
16 district is willing to accept for a given school building and shall  
17 notify the applicant in writing of the acceptance or rejection.

18 (b) If more students have applied to attend a school  
19 building, other than a focus school or program, than the number of  
20 such students the school district is willing to accept for such  
21 building, the learning community coordinating council shall select  
22 applications for approval up to the number of such students the  
23 school district is willing to accept for such building as follows:  
24 (i) Students who qualify for free lunch shall be selected first,  
25 with applications for such students selected randomly up to the

1 number of students the school district is willing to accept for  
2 such building; (ii) students who qualify for reduced-price lunch  
3 shall be selected randomly up to the remainder of the number of  
4 students the school district is willing to accept for such building  
5 if all of the applications for students who qualify for free lunch  
6 have been selected; and (iii) all other applications shall be  
7 selected randomly up to the remainder of the number of students  
8 the school district is willing to accept for such building if all  
9 of the applications for students who qualify for free lunch and  
10 reduced-price lunch have been selected.

11 (c) If more students have applied to attend a focus  
12 school or program than the number of such students the school  
13 district is willing to accept for such focus school or program, the  
14 learning community coordinating council shall select applications  
15 for approval up to the number of such students the school district  
16 is willing to accept for such building as follows: (i) Students  
17 who qualify for free lunch shall be selected randomly up to the  
18 product of the number of students the school district is willing  
19 to accept for such focus school or program multiplied by the ratio  
20 of students qualifying for free lunch in the learning community  
21 divided by the total formula students in the learning community;  
22 (ii) students qualifying for reduced-price lunch shall be selected  
23 randomly up to the product of the number of students the school  
24 district is willing to accept for such focus school or program  
25 multiplied by the ratio of students qualifying for reduced-price

1 lunch in the learning community divided by the total formula  
2 students in the learning community; (iii) students who do not  
3 qualify for free or reduced-price lunch shall be selected randomly  
4 up to the product of the number of students the school district  
5 is willing to accept for such school or program multiplied by the  
6 ratio of students not qualifying for free or reduced-price lunch  
7 in the learning community divided by the total formula students in  
8 the learning community; and (iv) students who were not selected  
9 pursuant to subdivision (c) (i), (ii), or (iii) of this subsection  
10 shall be selected randomly up to the number of students the school  
11 district is willing to accept for such school or program minus  
12 the number of students that were selected pursuant to subdivisions  
13 (c) (i), (ii), and (iii) of this subsection.

14 (d) Any student who attended a particular school building  
15 in the prior school year and who is seeking education in the  
16 grades offered in such school building shall be allowed to continue  
17 attending such school building as a continuing student.

18 (4) On or before February 15 of each year, a parent or  
19 guardian of a student who is currently attending a school building  
20 outside of the attendance area where the student resides and who  
21 will complete the grades offered at such school building prior to  
22 the following school year shall provide notice, on a form provided  
23 by the school district, to the school board of the school district  
24 containing such school building if such student will attend another  
25 school building within such district as a continuing student and

1 which school building such student would prefer to attend. On or  
2 before March 1, such school board shall provide a notice to such  
3 parent or guardian stating which school building or buildings the  
4 student will be allowed to attend in such school district as a  
5 continuing student for the following school year. If the student  
6 resides within the school district, the notice shall include the  
7 school building offering the grade the student will be entering  
8 for the following school year in the attendance area where the  
9 student resides. This subsection shall not apply to focus schools  
10 or programs.

11 (5) A parent or guardian of a student who moves to a  
12 new residence in the learning community after April 1 may apply  
13 directly to a school board within the learning community within  
14 ninety days after moving for the student to attend a school  
15 building outside of the attendance area where the student resides.  
16 Such school board shall accept or reject such application within  
17 fifteen days after receiving the application, based on the capacity  
18 established pursuant to subsection (2) of this section.

19 (6) A parent or guardian of a student who wishes to  
20 change school buildings for emergency or hardship reasons may apply  
21 directly to a school board within the learning community at any  
22 time for the student to attend a school building outside of the  
23 attendance area where the student resides. Such application shall  
24 state the emergency or hardship and shall be kept confidential by  
25 the school board. Such school board shall accept or reject such

1 application within fifteen days after receiving the application,  
2 based on the judgment of such school board, except that the board  
3 may not exceed the established capacity.

4           Sec. 17. Section 79-232, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6           79-232 ~~(1)~~ The Legislature finds and declares that  
7 parents and legal guardians have the primary responsibility of  
8 ensuring that their children receive the best education possible.  
9 In recognition of this responsibility, the Legislature intends to  
10 provide educational options for parents and legal guardians, when  
11 deciding what public school or public school district is best for  
12 their children, by allowing them to consider the following factors,  
13 including, but not limited to:

14           ~~(a)~~ (1) The size of the schools and school districts in  
15 the area;

16           ~~(b)~~ (2) The distance children have to travel and the ease  
17 and availability of transportation;

18           ~~(c)~~ (3) The course offerings and extracurricular  
19 offerings of the schools and school districts in the area;

20           ~~(d)~~ (4) The quantity and quality of the staff at such  
21 schools and school districts; and

22           ~~(e)~~ (5) The performance of the school district on any  
23 indicators of performance established by the State Department of  
24 Education.

25           ~~(2)~~ The Legislature also finds and declares that

1 desegregation and racial integration in the public schools are of  
2 critical importance for the future of this state and that those  
3 school districts with desegregation plans may, as authorized in  
4 section 79-238, adopt standards which deny the educational options  
5 for parents and that such school districts are not required to  
6 consider, in denying such options, any of the factors in subsection  
7 (1) of this section or any other factors considered by parents  
8 or legal guardians in seeking enrollment for a child in a school  
9 district in which they do not reside.

10           Sec. 18. Section 79-233, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12           79-233 For purposes of sections 79-232 to 79-246:

13           (1) Enrollment option program means the program  
14 established in section 79-234;

15           (2) Option school district means the public school  
16 district that a student chooses to attend other than instead  
17 of his or her resident school district, except when a student  
18 chooses to attend another school district in a learning community  
19 in which the student resides pursuant to section 16 of this act;

20           (3) Option student means a student that has chosen to  
21 attend a public school district other than his or her resident an  
22 option school district;

23           (4) Resident school district means the public school  
24 district in which a student resides; and

25           (5) Siblings means all children residing in the same

1 household on a permanent basis who have the same mother or father  
2 or who are stepbrother or stepsister to each other.

3 Sec. 19. Section 79-237, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5 79-237 ~~(1)(a)~~ Except as provided in subdivision ~~(b)~~ of  
6 ~~this subsection,~~ for (1) For a student to attend school in an  
7 option school district, the student's parent or legal guardian  
8 shall submit an application to the school board of the option  
9 school district between September 1 and March 15 for enrollment  
10 during the following and subsequent school years. Applications  
11 submitted after March 15 shall be accompanied by a written release  
12 from the resident school district. The option school district shall  
13 provide the resident school district with the name of the applicant  
14 on or before April 1. The option school district shall notify,  
15 in writing, the parent or legal guardian of the student and the  
16 resident school district, and the State Department of Education  
17 whether the application is accepted or rejected on or before April  
18 1.

19 ~~(b)~~ For a student to attend school in an option school  
20 district whose resident school district has a desegregation plan  
21 adopted by the school board or ordered by the federal court, the  
22 student's parent or legal guardian shall submit an application to  
23 the school board of the resident school district between September  
24 1 and January 1 for enrollment during the following and subsequent  
25 school years. If the application is accepted, the resident school



1 district shall notify~~7~~ in writing~~7~~ the option school district and  
2 the parent or legal guardian of the student on or before February  
3 1~~7~~. If the application is rejected~~7~~, the resident school district  
4 shall notify~~7~~ in writing~~7~~ the parent or legal guardian of the  
5 student on or before February 1~~7~~. If the application is accepted  
6 by the resident school district~~7~~, the option school district shall  
7 notify~~7~~ in writing~~7~~ the parent or legal guardian of the student~~7~~,  
8 the resident school district~~7~~, and the State Department of Education  
9 whether the application is accepted or rejected by the option  
10 school district on or before April 1~~7~~.

11 (2) Applications for students who do not actually attend  
12 the option school district may be withdrawn in good standing upon  
13 mutual agreement by both the resident and option school districts.

14 (3) No option student shall attend an option school  
15 district for less than one school year unless the student relocates  
16 to a different resident school district, completes requirements for  
17 graduation prior to the end of his or her senior year, transfers  
18 to a private or parochial school, or upon mutual agreement of the  
19 resident and option school districts cancels the enrollment option  
20 and returns to the resident school district.

21 (4) Except as provided in subsection (3) of this section,  
22 the option student shall attend the option school district until  
23 graduation unless the student relocates in a different resident  
24 school district, transfers to a private or parochial school, or  
25 chooses to return to the resident school district.

1           (5) In each case of cancellation pursuant to subsections  
2           (3) and (4) of this section, the student's parent or legal guardian  
3           shall notify the school board of the option school district and  
4           the resident school district and the department by March 15 for  
5           automatic approval for the following school year.

6           (6) The application and cancellation forms shall be  
7           prescribed and furnished by the State Department of Education.

8           (7) An option student who subsequently chooses to attend  
9           a private or parochial school shall be automatically accepted to  
10          return to either the resident school district or option school  
11          district upon the completion of the grade levels offered at the  
12          private or parochial school. If such student chooses to return to  
13          the option school district, the student's parent or legal guardian  
14          shall submit another application to the school board of the option  
15          school district which shall be automatically accepted, and the  
16          deadlines prescribed in this section shall be waived.

17                 Sec. 20. Section 79-238, Reissue Revised Statutes of  
18          Nebraska, is amended to read:

19                 79-238 (1) Except as provided in section 79-240, the  
20          school board of the option school district shall adopt by  
21          resolution specific standards for acceptance and rejection of  
22          applications. Standards may include the capacity of a program,  
23          class, grade level, or school building or the availability of  
24          appropriate special education programs operated by the option  
25          district. Capacity shall be determined by setting a maximum number

1 of option students that a district will accept in any program,  
2 class, grade level, or school building, based upon available  
3 staff, facilities, projected enrollment of resident students,  
4 projected number of students with which the option district  
5 will contract based on existing contractual arrangements, and  
6 availability of appropriate special education programs. The school  
7 board of the option school district may by resolution declare  
8 a program, a class, or a school unavailable to option students  
9 due to lack of capacity. Standards shall not include previous  
10 academic achievement, athletic or other extracurricular ability,  
11 disabilities, proficiency in the English language, or previous  
12 disciplinary proceedings except as provided in section 79-266.01.

13           (2) A school district that has a desegregation plan  
14 adopted by the school board or ordered by the federal court may  
15 adopt standards for acceptance and rejection of applications for  
16 transfer into or out of such district which are designed to make  
17 desegregation easier to maintain or improve. Desegregation is made  
18 easier to maintain or improve by standards which, considering all  
19 requests for transfer into or out of the school district received  
20 prior to the school district's application deadline established  
21 in conformity with section 79-237 or 79-240, prohibit transfers  
22 which if granted would increase the racial percentage in the school  
23 district's total enrollment of the minority group for whom the  
24 desegregation plan was ordered or adopted. Any such standards may  
25 apply to students residing within the school district who seek to

1 transfer to a school in another school district and to students  
2 who reside in another district who seek to transfer into a school  
3 district which has a desegregation plan.

4 ~~(3)~~ (2) Any option school district shall give first  
5 priority for enrollment to option students whose request for  
6 enrollment would aid the racial integration of the option school  
7 district and the resident school district and to siblings of option  
8 students, except that the option school district shall not be  
9 required to accept the sibling of an option student if the district  
10 is at capacity except as provided in subsections (2) and (4) of  
11 section 79-240.

12 ~~(4)~~ For purposes of this section, racial integration  
13 is aided if a student transfers to an option school district  
14 in which his or her race is a smaller percentage of the total  
15 student enrollment of the option school district than it is of the  
16 student's resident school district.

17 Sec. 21. Section 79-407, Revised Statutes Supplement,  
18 2005, is amended to read:

19 79-407 The territory within the corporate limits of each  
20 incorporated city or village in the State of Nebraska that is not  
21 in part within the boundaries of a learning community, together  
22 with such additional territory and additions to such city or  
23 village as may be added thereto, as declared by ordinances to  
24 be boundaries of such city or village, having a population of  
25 more than one thousand and less than one hundred fifty thousand

1 inhabitants, including such adjacent territory as now is or  
2 hereafter may be attached for school purposes, shall constitute  
3 a Class III school district, except that nothing in this section  
4 shall be construed to change the boundaries of any school district  
5 that is a member of a learning community. Except as provided in  
6 section 79-473, the title to all school buildings or other real or  
7 personal property owned by any school district within the corporate  
8 limits of any city or village shall, upon the organization of  
9 the school district, vest immediately in the new school district.  
10 The school board of the new school district shall have exclusive  
11 control of such buildings and real or personal property for all  
12 purposes contemplated in this section.

13 Sec. 22. Section 79-408, Revised Statutes Supplement,  
14 2005, is amended to read:

15 79-408 The territory now or hereafter embraced within  
16 each incorporated city of the primary class in the State of  
17 Nebraska that is not in part within the boundaries of a learning  
18 community, such adjacent territory as now or hereafter may be  
19 included therewith for school purposes, and such territory not  
20 adjacent thereto as may have been added thereto by law shall  
21 constitute a Class IV school district, except that nothing in  
22 this section shall be construed to change the boundaries of any  
23 school district that is a member of a learning community. The  
24 powers of a Class IV district include, but are not limited to,  
25 the power to adopt, administer, and amend from time to time

1 such retirement, annuity, insurance, and other benefit plans for  
2 its present and future employees after their retirement, or any  
3 reasonable classification thereof, as may be deemed proper by the  
4 board of education. The board of education shall not establish  
5 a retirement system for new employees supplemental to the School  
6 Employees Retirement System of the State of Nebraska.

7           The title to all real or personal property owned by  
8 such school district shall, upon the organization of the school  
9 district, vest immediately in the school district so created. The  
10 board of education shall have exclusive control of all property  
11 belonging to the school district.

12           In the discretion of the board of education, funds  
13 accumulated in connection with a retirement plan may be transferred  
14 to and administered by a trustee or trustees to be selected by the  
15 board of education, or if the retirement plan is in the form of  
16 annuity or insurance contracts, such funds, or any part thereof,  
17 may be paid to a duly licensed insurance carrier or carriers  
18 selected by the board of education. Funds accumulated in connection  
19 with any such retirement plan, and any other funds of the school  
20 district which are not immediately required for current needs or  
21 expenses, may be invested and reinvested by the board of education  
22 or by its authority in securities of a type permissible either for  
23 the investment of funds of a domestic legal reserve life insurance  
24 company or for the investment of trust funds, according to the laws  
25 of the State of Nebraska.

1           Sec. 23. Section 79-409, Revised Statutes Supplement,  
2 2005, is amended to read:

3           79-409 Each incorporated city of the metropolitan class  
4 in the State of Nebraska shall constitute contain at least one  
5 Class V school district.

6           Sec. 24. Section 79-413, Revised Statutes Supplement,  
7 2005, is amended to read:

8           79-413 (1) The State Committee for the Reorganization of  
9 School Districts created under section 79-435 may create a new  
10 school district from other districts or change the boundaries of  
11 any Class II, III, ~~IV,~~ or V or IV school district that is not a  
12 member of a learning community upon receipt of petitions signed by  
13 sixty percent of the legal voters of each district affected. If the  
14 petitions contain signatures of at least sixty-five percent of the  
15 legal voters of each district affected, the state committee shall  
16 approve the petitions.

17           (2) Petitions proposing to change the boundaries of  
18 existing school districts that are not members of a learning  
19 community through the transfer of a parcel of land, not to exceed  
20 six hundred forty acres, shall be approved by the state committee  
21 when the petitions involve the transfer of land between Class II,  
22 III, or IV, ~~or V~~ school districts or when there would be an  
23 exchange of parcels of land between Class II, III, ~~IV,~~ ~~or V~~ or IV  
24 school districts and the petitions have the approval of at least  
25 sixty-five percent of the school board of each affected district.

1           (3) (a) Petitions proposing to create a new school  
2 district or to change the boundary lines of existing Class II, III,  
3 IV, or V or IV school districts that are not members of a learning  
4 community, any of which involves the transfer of more than six  
5 hundred forty acres, shall, when signed by at least sixty percent  
6 of the legal voters in each district affected, be submitted to  
7 the state committee. The state committee shall, within forty days  
8 after receipt of the petition, hold one or more public hearings and  
9 review and approve or disapprove such proposal.

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

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

22           (4) Any person adversely affected by the changes made by  
23 the state committee pursuant to this section may appeal to the  
24 district court of any county in which the real estate or any part  
25 thereof involved in the dispute is located. If the real estate is



1 located in more than one county, the court in which an appeal is  
2 first perfected shall obtain jurisdiction to the exclusion of any  
3 subsequent appeal.

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

10 Sec. 25. Section 79-415, Revised Statutes Supplement,  
11 2005, is amended to read:

12 79-415 In addition to the petitions of legal voters  
13 pursuant to section 79-413, changes in boundaries and the creation  
14 of a new school district from other districts may be initiated and  
15 accepted by the school board or board of education of any Class II,  
16 III, IV, or V district or IV district that is not a member of a  
17 learning community.

18 Sec. 26. Section 79-416, Revised Statutes Supplement,  
19 2005, is amended to read:

20 79-416 When the legal voters of a Class II school  
21 district that is not a member of a learning community and in which  
22 no city or village is located petition to merge in whole or in part  
23 with a Class II district, the merger may be accepted by petition of  
24 the school board of the accepting district.

25 Sec. 27. Section 79-433, Revised Statutes Supplement,

1 2005, is amended to read:

2 79-433 For purposes of the Reorganization of School  
3 Districts Act, unless the context otherwise requires:

4 (1) Reorganization of school districts means the  
5 formation of new school districts, the alteration of boundaries of  
6 established Class II, III, ~~IV~~, ~~or V~~ or IV school districts that  
7 are not members of a learning community, and the dissolution or  
8 disorganization of established school districts through or by means  
9 of any one or combination of the methods set out in section 79-434;  
10 and

11 (2) State committee means the State Committee for the  
12 Reorganization of School Districts created by section 79-435.

13 Sec. 28. Sections 28 to 41 of this act shall be known and  
14 may be cited as the Learning Community Reorganization Act.

15 Sec. 29. For purposes of the Learning Community  
16 Reorganization Act:

17 (1) Learning community has the definition found in  
18 section 103 of this act;

19 (2) Reorganization of school districts means the  
20 formation of new school districts that will become members of a  
21 learning community, the alteration of boundaries of established  
22 school districts that are members of a learning community, the  
23 dissolution or disorganization of established school districts that  
24 are members of a learning community through or by means of any one  
25 or combination of the methods set out in section 31 of this act,

1 and any other alteration of school district boundaries involving a  
2 school district that is a member of a learning community; and

3 (3) State committee means the State Committee for the  
4 Reorganization of School Districts created by section 79-435.

5 Sec. 30. Any reorganization of school districts that  
6 affects a school district that is a member of a learning community,  
7 except dissolutions pursuant to section 79-470, 79-498, 79-499,  
8 or 79-598, shall only be accomplished pursuant to the Learning  
9 Community Reorganization Act, based on a plan submitted to the  
10 state committee by the learning community coordinating council.

11 Sec. 31. Reorganization of school districts pursuant to  
12 the Learning Community Reorganization Act may be accomplished  
13 through or by means of any one or more of the following  
14 methods: (1) The creation of new districts; (2) the uniting of  
15 one or more established districts; (3) the subdivision of one or  
16 more established districts; (4) the transfer and attachment to  
17 an established district of a part of the territory of one or  
18 more districts; and (5) the dissolution or disorganization of an  
19 established district for any of the reasons specified by law.

20 Sec. 32. In the review of a plan for the reorganization  
21 of school districts pursuant to the Learning Community  
22 Reorganization Act, the state committee shall give due  
23 consideration to (1) the educational needs of the learning  
24 community, (2) economies in administration costs, (3) the  
25 future use of existing satisfactory school buildings, sites,

1 and play fields, (4) the convenience and welfare of pupils,  
2 (5) transportation requirements, (6) the equalization of the  
3 educational opportunity of pupils, (7) the amount of outstanding  
4 indebtedness of each district and proposed disposition thereof,  
5 (8) the equitable adjustment of all property, debts, and  
6 liabilities among the districts involved, (9) any additional  
7 statutory requirements for learning community organization, and  
8 (10) any other matters which, in its judgment, are of importance.  
9 The learning community coordinating council proposing the plan  
10 of reorganization, in preparation or review of a plan for  
11 reorganization, shall take into consideration any advice or  
12 suggestions offered by the state committee.

13           Sec. 33. Before any plan of reorganization submitted by  
14 a learning community coordinating council is approved by the state  
15 committee pursuant to the Learning Community Reorganization Act,  
16 the state committee shall hold one or more public hearings. At  
17 such hearings, the state committee shall hear any and all persons  
18 interested with respect to the areas of consideration listed in  
19 section 32 of this act. The state committee shall keep a record  
20 of all hearings in the formulation or approval of plans for the  
21 reorganization of school districts. Notice of such public hearings  
22 of the state committee shall be given by publication in a legal  
23 newspaper of general circulation in the county or counties in which  
24 the affected districts are located at least ten days prior to such  
25 hearing.

1           Sec. 34. After one or more public hearings have been  
2 held, the state committee may approve a plan or plans of  
3 reorganization pursuant to the Learning Community Reorganization  
4 Act. Such plan shall contain:

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

8           (2) A summary of the reasons for each proposed change,  
9 realignment, or adjustment of the boundaries which shall include,  
10 but not be limited to, an explanation of how the plan complies  
11 with any statutory requirements for learning community organization  
12 and an assurance that the plan does not increase the geographic  
13 size of any school district that has more than twenty-five thousand  
14 students;

15           (3) A summary of the terms on which reorganization is to  
16 be made between the reorganized districts. Such terms shall include  
17 a provision for initial school board districts or wards within the  
18 proposed district, which proposed initial school board districts  
19 or wards shall be determined by the state committee taking into  
20 consideration population and valuation, and a determination of the  
21 terms of the board members first appointed to membership on the  
22 board of the newly reorganized district;

23           (4) A statement of the findings with respect to the  
24 location of schools, the utilization of existing buildings, the  
25 construction of new buildings, and the transportation requirements

1 under the proposed plan of reorganization;

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

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

7 Sec. 35. The state committee shall, within thirty days  
8 after holding the hearings provided for in section 33 of this  
9 act, notify the learning community whether or not it approves or  
10 disapproves such plan or plans.

11 Sec. 36. Except as provided in section 41 of this act, if  
12 the state committee disapproves the plan pursuant to the Learning  
13 Community Reorganization Act, it shall be considered a disapproved  
14 plan and returned to the learning community coordinating council as  
15 a disapproved plan.

16 Sec. 37. When a plan of reorganization or any part  
17 thereof has been approved by the state committee pursuant to the  
18 Learning Community Reorganization Act, it shall be designated as  
19 the final approved plan and shall be returned to the learning  
20 community coordinating council to be submitted to the school boards  
21 of the affected school districts for approval or rejection by such  
22 school boards within forty-five days, except that reorganizations  
23 required pursuant to section 41 of this act shall not require the  
24 approval of any school board and approval shall not be required by  
25 any school board for dissolutions required pursuant to section 110

1 of this act.

2           Sec. 38. Whenever two or more school districts are  
3 involved in a reorganization plan pursuant to the Learning  
4 Community Reorganization Act, the old districts shall continue  
5 to be responsible for any indebtedness incurred before the  
6 reorganization takes place unless a different arrangement is  
7 included in the plan.

8           Sec. 39. If the plan of reorganization is approved  
9 by the state committee and the school board of each affected  
10 school district, if required, pursuant to the Learning Community  
11 Reorganization Act, the county clerk shall proceed to cause the  
12 changes, realignment, and adjustment of districts to be carried out  
13 as provided in the plan. The county clerk shall classify the school  
14 districts according to the plan of reorganization. He or she shall  
15 also file certificates with the county assessor, county treasurer,  
16 and state committee showing the boundaries of the various districts  
17 under the approved plan of reorganization.

18           Sec. 40. (1) Within thirty days after the classification  
19 of the reorganized school districts by the county clerk under  
20 section 39 of this act, the state committee shall appoint from  
21 among the legal voters of each new school district created the  
22 number of members necessary to constitute a school board of the  
23 class in which the new school district has been classified. A  
24 reorganized school district shall be formed and organized and shall  
25 have a school board not later than April 1 following the last

1 legal action, as prescribed in section 39 of this act, necessary  
2 to effect the changes in boundaries as set forth in the plan  
3 of reorganization, although the physical reorganization of such  
4 reorganized school district shall take effect July 1 following the  
5 classification of the reorganized school districts under section  
6 39 of this act. The first board shall be appointed on an at-large  
7 basis, and all boards shall be elected at large until such time as  
8 election districts are established as provided in section 32-554.

9       (2) In appointing the first school board of a Class  
10 II school district, the members shall be appointed so that the  
11 terms of three members expire on the date of the first regular  
12 meeting of the board in January after the first even-numbered year  
13 following their appointment and the terms of the three remaining  
14 members expire on the date of the first regular meeting of the  
15 board in January after the second even-numbered year following  
16 their appointment. At the statewide general election in the first  
17 even-numbered year after the reorganization, three board members  
18 in each Class II school district shall be elected to terms of  
19 four years. Thereafter all candidates shall be elected to terms  
20 of four years. Each member's term shall begin on the date of the  
21 first regular meeting of the board in January following his or her  
22 election.

23       (3) In appointing the first school board of a Class  
24 III school district with a six-member board serving terms of  
25 four years, the terms of three members shall expire on the first



1 Thursday after the first Tuesday in January after the first  
2 even-numbered year following their appointment and the terms of  
3 the three remaining members shall expire on the first Thursday  
4 after the first Tuesday in January after the second even-numbered  
5 year following their appointment. Thereafter all Class III district  
6 school boards with six-member boards shall be elected to terms of  
7 four years.

8       (4) In appointing the first school board of a Class  
9 III school district with a nine-member board serving terms of  
10 four years, the terms of four members shall expire on the first  
11 Thursday after the first Tuesday in January after the first  
12 even-numbered year following their appointment and the terms of  
13 five members shall expire on the first Thursday after the first  
14 Tuesday in January after the second even-numbered year following  
15 their appointment. Thereafter all Class III district school boards  
16 with nine-member boards shall be elected to terms of four years.

17       (5) In appointing the first school board of a Class IV  
18 school district, the members shall be appointed so that the terms  
19 of three members shall expire on the third Monday in May of the  
20 first odd-numbered year following their appointment and the terms  
21 of four members shall expire on the third Monday in May of the  
22 second odd-numbered year following their appointment. Thereafter  
23 all Class IV district school boards shall be elected to terms of  
24 four years.

25       (6) In appointing the first school board of a Class V

1 school district with a twelve-member board serving terms of four  
2 years, the terms of six members shall expire on the first Monday  
3 in January after the first even-numbered year following their  
4 appointment and the terms of six members shall expire on the first  
5 Monday in January after the second even-numbered year following  
6 their appointment. Thereafter all Class V district school boards  
7 shall be elected to terms of four years.

8 (7) The school boards appointed under this section shall  
9 proceed at once to organize in the manner prescribed by law.

10 Sec. 41. (1) On or before July 1, 2007, each learning  
11 community coordinating council shall submit a plan to the state  
12 committee to divide any Class V school districts in the learning  
13 community into new Class V school districts organized around the  
14 attendance areas of existing high school buildings which are not  
15 currently being used exclusively for specialized programs, with  
16 two or three such high school buildings in each new Class V  
17 school district. Such new Class V districts shall consist of  
18 school buildings having attendance areas which are contiguous. The  
19 effective date for reorganizations pursuant to this section shall  
20 be July 1, 2008. Such reorganizations shall not be subject to the  
21 approval or disapproval of any school board pursuant to section 37  
22 of this act.

23 (2) If the state committee disapproves such plan pursuant  
24 to section 35 of this act, the state committee shall revise the  
25 plan and shall hold one or more hearings pursuant to section 33

1 of this act on the revised plan. The state committee may further  
2 revise the plan and hold one or more additional hearings pursuant  
3 to such section.

4 (3) If a learning community coordinating council fails  
5 to submit a plan as required pursuant to subsection (1) of this  
6 section on or before July 1, 2007, the state committee shall  
7 develop a plan to divide any Class V school districts in the  
8 learning community into new Class V school districts organized  
9 around the attendance areas of the existing high school buildings  
10 which are not currently being used exclusively for specialized  
11 programs, with two or three such high school buildings in each new  
12 Class V school district. The state committee shall hold a hearing  
13 pursuant to section 33 of this act and may revise the plan and may  
14 hold one or more additional hearings pursuant to such section.

15 (4) On or before December 31, 2007, the state committee  
16 shall approve plans to divide all Class V school districts in  
17 learning communities into new Class V school districts organized  
18 around the attendance areas of existing high school buildings,  
19 which are not currently being used exclusively for specialized  
20 programs, with two or three such high school buildings in each new  
21 Class V school district.

22 Sec. 42. Section 79-452, Revised Statutes Supplement,  
23 2005, is amended to read:

24 79-452 A proposal to dissolve a Class II school district  
25 and attach it to one or more existing Class II, III, IV, or

1 V or IV school districts that are not members of a learning  
2 community may be initiated by filing with the State Committee for  
3 the Reorganization of School Districts a petition or petitions  
4 signed by at least twenty-five percent of the legal voters of  
5 the district, together with an affidavit from the county clerk  
6 or election commissioner listing all legal voters of the district  
7 and a determination by the county clerk or election commissioner  
8 that the signatures are sufficient. The petition shall contain  
9 a plan of the proposed reorganization, an effective date, and a  
10 statement whether any existing bonded indebtedness shall remain on  
11 the property of the district which incurred it or be assumed by  
12 the enlarged district. The petition may also contain provisions  
13 for the holding of school within existing buildings in the  
14 proposed reorganized district, and when so provided, the holding of  
15 school within such buildings shall be maintained from the date of  
16 reorganization unless either the legal voters served by the school  
17 or the school board of the reorganized district votes by a majority  
18 vote for discontinuance of the school. In case of conflicting votes  
19 between the legal voters and the school board on such issue, the  
20 decision of the legal voters shall prevail. A signing petitioner  
21 shall not be permitted to withdraw his or her name from the  
22 petition after the petition has been filed. The school board of  
23 each Class II, III, IV, ~~or~~ V or IV district to which the merger  
24 is proposed shall also submit to the state committee a statement  
25 to the effect that a majority of the board members approve the

1 proposal contained in the petition.

2           Sec. 43. Section 79-458, Reissue Revised Statutes of  
3 Nebraska, is amended to read:

4           79-458 (1) Any freeholder or freeholders, person in  
5 possession or constructive possession as vendee pursuant to a  
6 contract of sale of the fee, holder of a school land lease  
7 under section 72-232, or entrant upon government land who has  
8 not yet received a patent therefor may file a petition with  
9 a board consisting of the county assessor, county clerk, and  
10 county treasurer, asking to have any tract or tracts of land  
11 described in the petition set off from an existing Class II or III  
12 school district in which the land is situated and attached to an  
13 accredited district which is contiguous to such tract or tracts of  
14 land if:

15           (a) The Class II or III school district has had an  
16 average daily membership in grades nine through twelve of less  
17 than sixty for the two consecutive school fiscal years immediately  
18 preceding the filing of the petition;

19           (b) The Class II or III school district has voted to  
20 exceed the maximum levy established pursuant to subdivision (2)(a)  
21 of section 77-3442, which vote is effective for the school fiscal  
22 year in which the petition is filed or for the following school  
23 fiscal year; and

24           (c) The high school is within fifteen miles on a  
25 maintained public highway or maintained public road of another

1 high school; and -

2 (d) Neither school district is a member of a learning  
3 community.

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

7 (2) The petition shall state the reasons for the proposed  
8 change and shall show with reference to the land of each  
9 petitioner: (a) That (i) the land described in the petition is  
10 either owned by the petitioner or petitioners or that he, she,  
11 or they hold a school land lease under section 72-232, are in  
12 possession or constructive possession as vendee under a contract  
13 of sale of the fee simple interest, or have made an entry on  
14 government land but have not yet received a patent therefor and  
15 (ii) such tract of land includes all such contiguous land owned or  
16 controlled by each petitioner; (b) that the land described in the  
17 petition is located in a Class II or III district that is not a  
18 member of a learning community, the district has had an average  
19 daily membership in grades nine through twelve of less than sixty  
20 for the two consecutive school fiscal years immediately preceding  
21 the filing of the petition, the district has voted to exceed the  
22 maximum levy established pursuant to subdivision (2)(a) of section  
23 77-3442 as provided in subdivision (1)(b) of this section, and  
24 the land is to be attached to an accredited school district which  
25 is contiguous to such tract or tracts of land and which is not

1 a member of a learning community; and (c) that such petition is  
2 approved by a majority of the members of the school board of the  
3 district to which such land is sought to be attached.

4 (3) The petition shall be verified by the oath of each  
5 petitioner. Notice of the filing of the petition and of the hearing  
6 on such petition before the board constituted as prescribed in  
7 subsection (1) or (4) of this section shall be given at least  
8 ten days prior to the date of such hearing by one publication  
9 in a legal newspaper of general circulation in each district and  
10 by posting a notice on the outer door of the schoolhouse in each  
11 district affected thereby, and such notice shall designate the  
12 territory to be transferred. Such board shall, after a public  
13 hearing on the petition and a determination that all requirements  
14 of this section have been complied with, change the boundaries of  
15 the school districts so as to set off the land described in the  
16 petition and attach it to such district pursuant to the petition.

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

24 (5) Appeals may be taken from the action of such board  
25 or, when such board fails to agree, to the district court of the

1 county in which the land is located within twenty days after entry  
2 of such action on the records of the board by the county clerk of  
3 the county in which the land is located or within twenty days after  
4 March 15 if such board fails to act upon such petition, in the same  
5 manner as appeals are now taken from the action of the county board  
6 in the allowance or disallowance of claims against the county.

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

10 Sec. 44. Section 79-458.01, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12 79-458.01 Any landowner or group of landowners whose  
13 property is a part of a school district and is encapsulated by  
14 another school district may, upon filing a notarized affidavit with  
15 the county assessor, have such property become a part of the school  
16 district by which it is encapsulated if neither school district is  
17 a member of a learning community. The transfer shall take place on  
18 January 1 next following the filing of the affidavit. Any student  
19 resident of such property shall be counted as a resident of the  
20 district from which the property was transferred until the close of  
21 the school year in which the transfer becomes effective.

22 For purposes of this section, encapsulated by means  
23 entirely within.

24 Sec. 45. Section 79-467, Reissue Revised Statutes of  
25 Nebraska, is amended to read:



1           79-467 Whenever (1) a school district that is not a  
2 member of a learning community suffers a reduction in the taxable  
3 valuation of the real property within the district by reason  
4 of the purchase or appropriation by the United States or any  
5 instrumentality of the United States of land in the district  
6 for any defense, flood control, irrigation, or war project, (2)  
7 the number of children who are five through twenty years of age  
8 residing in the district increases by reason of the use by the  
9 United States of the land so purchased or appropriated for such  
10 purposes, and (3) such increase in the number of pupils who will be  
11 eligible to attend school in the district does or will require a  
12 levy of taxes for general school purposes in excess of the average  
13 levy for general school purposes of school districts of the same  
14 class in the county, the State Committee for the Reorganization  
15 of School Districts shall change the boundaries of the existing  
16 district to exclude all land purchased and appropriated by the  
17 United States and all land which by reason of its use or ownership  
18 is exempt from state taxation under the United States Constitution  
19 and the statutes of the United States. When the United States,  
20 by the appropriate officer, does not accept or has not accepted  
21 exclusive jurisdiction over land so excluded, the state committee  
22 shall form a new school district embracing land thus excluded.

23           Sec. 46. Section 79-468, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25           79-468 (1) Whenever a city of the second class, a

1 village, or a ward of a city of the second class or village is  
2 consolidated according to law with a city of the primary class or  
3 a city of the metropolitan class, the territory so consolidated  
4 shall become annexed to and merged into the school district of  
5 such city of the primary class or metropolitan class. All school  
6 property located in the territory annexed shall become the property  
7 of such district, and all if such territory is in a school district  
8 that is not a member of a learning community and the school  
9 district of such city of the primary class is not a member of a  
10 learning community. All laws, rules, and regulations governing the  
11 school district and schools of such city of the primary class or  
12 metropolitan class shall apply to the district and schools within  
13 the territory annexed to it. The school district into which the  
14 others in whole or in part are merged shall succeed to all the  
15 property, contracts, and obligations of each and all of the school  
16 districts so merged into it, in whole or in part, and shall assume  
17 all of their valid contracts and obligations.

18 (2) If one or more wards, but less than all wards, of  
19 a city of the second class or of a village become consolidated  
20 with such city of the primary class or metropolitan class, the  
21 school district into which such territory is merged shall assume  
22 such portion of all valid contracts and obligations of the school  
23 district of which such territory before the consolidation was a  
24 part as the taxable valuation of all the property of the territory  
25 thus merged with the school district of such city of the primary

1 class or metropolitan class bears to the total taxable valuation  
2 of all the property within the school district from which such  
3 territory has been detached.

4 Sec. 47. Section 79-469, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6 79-469 Upon a consolidation taking effect as provided in  
7 section 79-468, the office and tenure of all members of boards  
8 of education and other school district officers of the district  
9 which is annexed to and merged into the school district of the  
10 city of the primary class or city of the metropolitan class shall  
11 cease. All the officers of any city or village school district  
12 thus annexed having any of the funds, records, books, papers, or  
13 property of any kind in their hands or under their control shall  
14 immediately deliver the same to such officers of the district to  
15 which their district is annexed as are entitled to receive them.

16 Sec. 48. Section 79-473, Revised Statutes Supplement,  
17 2005, is amended to read:

18 79-473 (1) If the territory annexed by a change of  
19 boundaries of a city or village which lies within a Class III  
20 school district as provided in section 79-407 has been part of a  
21 Class IV or Class V school district prior to such annexation, a  
22 merger of the annexed territory with the Class III school district  
23 shall become effective only if the merger is approved by a majority  
24 of the members of the school board of the Class IV or V school  
25 district and a majority of the members of the school board of the

1 Class III school district within ninety days after the effective  
2 date of the annexation ordinance, except that a merger shall not  
3 become effective pursuant to this section if such merger involves a  
4 school district that is a member of a learning community.

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

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

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

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

1 (d) Community educational planning.

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

17 (3) If, within the boundaries of the annexed territory,  
18 there exists a school building, facilities, or land owned by any  
19 class of school district, the school building, facilities, or land  
20 shall remain a part of the school district owning the school  
21 building, facilities, or land prior to the annexation. If the  
22 school district owning the school building, facilities, or land  
23 wishes to dispose of such school building, facilities, or land  
24 to any individual or political subdivision, the question of such  
25 disposition shall be placed on the ballot for the next primary or

1 general election. All legal voters of such school district shall  
2 then vote on the question at such election. A simple majority of  
3 the votes cast shall resolve the issue.

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

20 If no agreement has been reached prior to the approval  
21 of the final plat or replat, the territory shall transfer to the  
22 school district of the city of the first or second class upon  
23 the filing of the final plat unless an affected school district  
24 petitions the district court within ten days after approval of the  
25 final plat or replat and obtains an order enjoining the transfer

1 and requiring the affected boards to continue negotiation. The  
2 court shall issue the order upon a finding that the affected board  
3 or boards have not negotiated in good faith based on one or more of  
4 the criteria listed in subsection (2) of this section. The district  
5 court shall require no bond or other surety as a condition for  
6 any preliminary injunctive relief. If no agreement is reached after  
7 such order by the district court and additional negotiations, the  
8 platted or replatted territory shall become a part of the school  
9 district of the city of the first or second class.

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

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

20 Sec. 49. Section 79-476, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 79-476 All property within the corporate limits of cities  
23 of the metropolitan class, except such property as now is or may  
24 hereafter be exempt by law, shall be subject to taxation for all  
25 school purposes. The affairs of the school district created by

1 Chapter 79 shall be conducted exclusively by the board of education  
2 except as otherwise provided by Chapter 79. Any school district  
3 in an unincorporated area which maintains a high school shall,  
4 when its area or any part thereof is incorporated into a city  
5 of the metropolitan class, remain as a separate and independent  
6 district unless a majority of the legal voters of that district  
7 voting on the question vote in favor of merging with the Class V  
8 school district in the city of the metropolitan class. Whenever  
9 a petition signed by twenty-five percent of the legal voters in  
10 such independent district is presented to the school board or board  
11 of education of such independent district requesting that a vote  
12 be taken for or against such merger, an election shall be called  
13 by the board for that purpose within a reasonable time, which  
14 in no event shall exceed six months, upon a notice given by the  
15 officers of such independent district at least twenty days prior  
16 to such election. Such election shall be conducted by the election  
17 commissioner of the county and results canvassed and certified by  
18 him or her to the boards of the respective districts involved in  
19 the merger. If a majority of the legal voters in such independent  
20 district voting on the question vote in favor of merging with  
21 the Class V district, the merger shall become effective upon an  
22 affirmative vote of a majority of the members of the board of  
23 education of the Class V district, except that if a majority of the  
24 members of the board of education of the Class V district do not  
25 vote in favor of the merger within ninety days after such election,



1 ~~the merger shall not become effective.~~

2           Sec. 50. Section 79-479, Revised Statutes Supplement,  
3 2005, is amended to read:

4           79-479 (1)(a) Beginning January 1, 1992, any school  
5 district boundaries changed by the means provided by Nebraska law,  
6 but excluding the method provided by sections 79-407~~7~~, 79-473 ~~to~~  
7 ~~79-475~~7~~~~, and ~~79-549~~ and 79-473 to 79-475, shall be made only upon  
8 an order issued by the State Committee for the Reorganization of  
9 School Districts or county clerk.

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

1           (2) Unless otherwise provided by state law or by the  
2 terms of an affiliation or reorganization plan or petition which is  
3 consistent with state law, all assets, including budget authority  
4 as provided in sections 79-1023 to 79-1030, and liabilities, except  
5 bonded obligations, of school districts merged, dissolved, or  
6 annexed shall be transferred to the receiving district or districts  
7 on the basis of the proportionate share of assessed valuation  
8 received at the time of reorganization.

9           Sec. 51. Section 79-527, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11           79-527 The superintendent or head administrator of a  
12 public school district or a nonpublic school system shall annually  
13 report to the Commissioner of Education in such detail and on  
14 such date as required by the commissioner the number of students  
15 who have dropped out of school or were for any reason suspended,  
16 expelled, or excluded from school during the year. School districts  
17 that are members of learning communities shall also provide the  
18 learning community coordinating council with a copy of the report  
19 to the commissioner on or before the date the report is due  
20 to the commissioner. Each learning community coordinating council  
21 shall annually report to the commissioner in such detail and on  
22 such date as required by the commissioner the number of students  
23 who have dropped out of school or were for any reason suspended,  
24 expelled, or excluded from school during the year for all of the  
25 member school districts. The due date for reports from learning

1 communities shall be established by the commissioner to provide a  
2 reasonable period of time for the learning community coordinating  
3 councils to compile the information from the member school district  
4 reports.

5           Sec. 52. Section 79-528, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7           79-528 (1)(a) On or before July 20 in all school  
8 districts, the superintendent or head administrator shall file  
9 with the State Department of Education a report under oath showing  
10 the number of children from five through eighteen years of age  
11 belonging to the school district according to the census taken as  
12 provided in sections 79-524 and 79-578. The report shall identify  
13 the number of boys and the number of girls in each of the  
14 respective age categories. On or before July 20, school districts  
15 that are members of learning communities shall provide the learning  
16 community coordinating council with a copy of the report filed  
17 with the department. On or before August 1, each learning community  
18 coordinating council shall file with the department a report  
19 showing the number of children from five through eighteen years  
20 of age belonging to the member school districts according to the  
21 school district reports filed with the department.

22           (b) Each Class I school district which is part of a Class  
23 VI school district offering instruction (i) in grades kindergarten  
24 through five shall report children from five through ten years  
25 of age, (ii) in grades kindergarten through six shall report

1 children from five through eleven years of age, and (iii) in grades  
2 kindergarten through eight shall report children from five through  
3 thirteen years of age.

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

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

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

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

20 (2) On or before June 30 the superintendent or head  
21 administrator of each school district shall file with the  
22 Commissioner of Education a report under oath described as an  
23 end-of-the-school-year annual statistical summary showing (a) the  
24 number of children attending school during the year under five  
25 years of age, (b) the length of time the school has been taught

1 during the year by a qualified teacher, (c) the length of time  
2 taught by each substitute teacher, and (d) such other information  
3 as the Commissioner of Education directs. On or before June 30,  
4 school districts that are members of learning communities shall  
5 also provide the learning community coordinating council with a  
6 copy of the report filed with the commissioner. On or before July  
7 15, each learning community coordinating council shall file with  
8 the commissioner a report showing the number of children from  
9 five through eighteen years of age belonging to the member school  
10 districts according to the school district reports filed with the  
11 commissioner.

12           ~~(3)~~ (3) (a) On or before November 1 the superintendent  
13 or head administrator of each school district shall submit to  
14 the Commissioner of Education, to be filed in his or her  
15 office, a report under oath described as the annual financial  
16 report showing ~~(a)~~ (i) the amount of money received from all  
17 sources during the year and the amount of money expended by  
18 the school district during the year, ~~(b)~~ (ii) the amount of  
19 bonded indebtedness, ~~(c)~~ (iii) such other information as shall  
20 be necessary to fulfill the requirements of the Tax Equity and  
21 Educational Opportunities Support Act and section 79-1114, and  
22 ~~(d)~~ (iv) such other information as the Commissioner of Education  
23 directs.

24           (b) On or before November 1, school districts that are  
25 members of learning communities shall also provide the learning

1 community coordinating council with a copy of the report submitted  
2 to the commissioner. On or before November 15, each learning  
3 community coordinating council shall submit to the commissioner,  
4 to be filed in his or her office, a report described as the  
5 annual financial report showing (i) the aggregate amount of money  
6 received from all sources during the year for all member school  
7 districts and the aggregate amount of money expended by member  
8 school districts during the year, (ii) the aggregate amount of  
9 bonded indebtedness for all member school districts, (iii) such  
10 other aggregate information as shall be necessary to fulfill  
11 the requirements of the Tax Equity and Educational Opportunities  
12 Support Act and section 79-1114 for all member school districts,  
13 and (iv) such other aggregate information as the Commissioner of  
14 Education directs for all member school districts.

15           ~~(4)~~ (4) (a) On or before October 15 of each year, the  
16 superintendent or head administrator of each school district shall  
17 deliver to the department the fall school district membership  
18 report, which report shall include the number of children from  
19 birth through twenty years of age enrolled in the district on  
20 the last Friday in September of a given school year. The report  
21 shall enumerate ~~(a)~~ (i) students by grade level, ~~(b)~~ (ii) school  
22 district levies and total assessed valuation for the current fiscal  
23 year, and ~~(c)~~ (iii) such other information as the Commissioner of  
24 Education directs.

25           (b) On or before October 15 of each year, school

1 districts that are members of learning communities shall also  
2 provide the learning community coordinating council with a copy of  
3 the report delivered to the department. On or before October 31  
4 of each year, each learning community coordinating council shall  
5 deliver to the department the fall learning community membership  
6 report, which report shall include the aggregate number of children  
7 from birth through twenty years of age enrolled in the member  
8 school districts on the last Friday in September of a given  
9 school year for all member school districts. The report shall  
10 enumerate (i) the aggregate students by grade level for all member  
11 school districts, (ii) learning community levies and total assessed  
12 valuation for the current fiscal year, and (iii) such other  
13 information as the Commissioner of Education directs.

14       (c) When any school district or learning community fails  
15 to submit its fall school district membership report by November  
16 1, the commissioner shall, after notice to the district and  
17 an opportunity to be heard, direct that any state aid granted  
18 pursuant to the Tax Equity and Educational Opportunities Support  
19 Act be withheld until such time as the report is received by the  
20 department. In addition, the commissioner shall direct the county  
21 treasurer to withhold all school money belonging to the school  
22 district or learning community until such time as the commissioner  
23 notifies the county treasurer of receipt of such report. The county  
24 treasurer shall withhold such money. For school districts that are  
25 members of learning communities, a determination of school money

1 belonging to the district shall be based on the proportionate  
2 share of state aid and property tax receipts allocated to the  
3 school district by the learning community coordinating council,  
4 and the treasurer of the learning community coordinating council  
5 shall withhold any such school money in the possession of the  
6 learning community from the school district. If a school district  
7 that is a member of a learning community fails to provide a copy  
8 of the report to the learning community coordinating council on  
9 or before October 15, the learning community coordinating council  
10 shall complete the fall learning community membership report with  
11 information from the reports received from other member school  
12 districts.

13           Sec. 53. Section 79-535, Reissue Revised Statutes of  
14 Nebraska, is amended to read:

15           79-535 All schools erected or organized within the limits  
16 of cities of the metropolitan class Class V school districts shall  
17 be under the direction and control of the board of education  
18 authorized by section 79-552.

19           Sec. 54. Section 79-536, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21           79-536 The board of education of a Class V any school  
22 district shall may require children between and including the ages  
23 of six and fifteen years, regularly enrolled within the system and  
24 deemed by the school administration to be making unsatisfactory  
25 progress, to attend summer school for up to one-half of a regular



1 school day if in the opinion of the administration they would  
2 benefit from the experience. Chief emphasis in such summer classes  
3 shall be on reading, language arts, and arithmetic and those areas  
4 of personality development especially in need of development.  
5 Teachers shall be encouraged to design new and imaginative  
6 techniques and curricula not usually used during the regular  
7 school year which in the opinion of such teachers will offer  
8 new incentives towards learning, with special emphasis on those  
9 techniques that seek to develop the students' personalities in  
10 a wholesome manner, especially developing pride, self-confidence,  
11 and self-control. Teachers of such classes shall not be assigned  
12 more than fifteen students, or more than twenty-five students if  
13 assisted full time by an aide or paraprofessional. Such students  
14 shall be graded at the end of the course upon their relative degree  
15 of striving to improve their skills, attitudes, and personalities.

16           Sec. 55. Section 79-549, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18           79-549 (1) When more than seventy-five percent of the  
19 geographical area of a Class III school district lies within a  
20 city of the metropolitan class, the school board of the Class III  
21 district shall consist of six members to be elected as provided in  
22 section 32-543 and also may include one or more nonvoting student  
23 members selected pursuant to section 79-559. Until The school board  
24 of any Class III school district that is a member of a learning  
25 community may place before the legal voters of the school district

1 the issue of whether to begin to have a caucus for nominations  
2 by adopting a resolution to place the issue before the legal  
3 voters and certifying the issue to the election commissioner or  
4 county clerk prior to September 1 for placement on the ballot  
5 at the next statewide general election. The legal voters of the  
6 school district may also have the issue placed on the ballot  
7 at the statewide general election by circulating a petition and  
8 gathering the signatures of the legal voters residing within the  
9 school district at least equal to seven percent of the number  
10 of persons registered to vote in the school district at the last  
11 statewide primary election. The petitions shall be filed with the  
12 election commissioner or county clerk for signature verification  
13 on or before August 15 prior to a statewide general election.  
14 If the election commissioner or county clerk determines that the  
15 appropriate number of legal voters signed the petition, he or  
16 she shall place the issue on the ballot for the next statewide  
17 general election. The issue shall not be placed on the ballot again  
18 within four years after voting on the issue at a statewide general  
19 election.

20 (2) Any Class III school district that nominated school  
21 board members by caucus pursuant to this section as it existed  
22 immediately before the effective date of this act shall continue  
23 such procedure until the legal voters of the district vote not to  
24 continue to have a caucus for nominations pursuant to subsection  
25 ~~(2)~~ (3) of this section. A 7 a caucus shall be held pursuant to

1 subsection ~~(4)~~ (5) of this section not less than seventy days prior  
2 to the holding of the election to nominate two or more candidates  
3 for each vacancy to be voted upon at the election to be held  
4 in conjunction with the statewide primary election pursuant to  
5 subsection (1) of section 32-543. No candidate nominated shall have  
6 his or her name placed upon the ballot for the general election  
7 unless, not more than ten days after his or her nomination, he  
8 or she files with the secretary of the school board a written  
9 statement accepting the nomination. The secretary of the school  
10 board shall certify the names of the candidates to the election  
11 commissioner or county clerk who shall prepare the official ballot  
12 listing the names as certified and without any area designation.  
13 All legal voters residing within the school district shall be  
14 permitted to vote at such election.

15 ~~(2)~~ (3) The school board may place before the legal  
16 voters of the school district the issue of whether to continue to  
17 have a caucus for nominations by adopting a resolution to place  
18 the issue before the legal voters and certifying the issue to the  
19 election commissioner or county clerk prior to September 1 for  
20 placement on the ballot at the next statewide general election. The  
21 legal voters of the school district may also have the issue placed  
22 on the ballot at the statewide general election by circulating a  
23 petition and gathering the signatures of the legal voters residing  
24 within the school district at least equal to seven percent of  
25 the number of persons registered to vote in the school district

1 at the last statewide primary election. The petitions shall be  
2 filed with the election commissioner or county clerk for signature  
3 verification on or before August 15 prior to a statewide general  
4 election. If the election commissioner or county clerk determines  
5 that the appropriate number of legal voters signed the petition, he  
6 or she shall place the issue on the ballot for the next statewide  
7 general election. The issue shall not be placed on the ballot again  
8 within four years after voting on the issue at a statewide general  
9 election.

10 ~~(3)~~ (4) If the legal voters vote not to continue to have  
11 a caucus, candidates shall be nominated and elected as provided  
12 in subsection (2) of section 32-543. The terms of the members in  
13 office at the time of the vote shall be extended to the first  
14 Thursday after the first Tuesday in January after the expiration  
15 of their terms. At the first general election following the vote,  
16 the member receiving the greatest number of votes shall be elected  
17 for a term of four years and the member receiving the next greatest  
18 number of votes shall be elected for a term of two years.

19 ~~(4)~~ (5) A school district which uses a caucus for  
20 nominations shall develop rules and procedures for conducting the  
21 caucus which will ensure:

22 (a) Publication of the rules and procedures by multiple  
23 sources if necessary so that every resident of the school district  
24 has access to information on the process for placing a name in  
25 nomination and voting at the caucus;

1           (b) Facilities for voting at the caucus which comply with  
2 the federal Americans with Disabilities Act of 1990 and which will  
3 accommodate a reasonably anticipated number of legal voters;

4           (c) Election security which will provide for a fair and  
5 impartial election, including the secrecy of the ballot, one vote  
6 per legal voter, and only legal voters of the school district being  
7 allowed to vote;

8           (d) Equal access to all legal voters of the school  
9 district, including the presence of an interpreter at the caucus  
10 at the expense of the school district and ballots for the blind  
11 and visually impaired to provide access to the process by all legal  
12 voters of the school district;

13           (e) Adequate time and opportunity for legal voters of the  
14 school district to exercise their right to vote; and

15           (f) Notification of nomination to the candidates and to  
16 the secretary of the school board.

17           The rules and regulations shall be approved by the  
18 election commissioner or county clerk prior to use for a caucus.

19           Sec. 56. Section 79-611, Revised Statutes Supplement,  
20 2005, is amended to read:

21           79-611 (1) The school board of any school district that  
22 is not subject to subsection (2) of this section shall either  
23 provide free transportation or pay an allowance for transportation  
24 in lieu of free transportation as follows:

25           (a) When a student in grades kindergarten through eight

1 attends an elementary school in his or her own district and lives  
2 more than four miles from the public schoolhouse in such district;  
3 and

4 (b) When a student in grades kindergarten through eight  
5 is required to attend an elementary school outside of his or her  
6 own district and lives more than four miles from such elementary  
7 school.

8 (2) The school board of any school district that is a  
9 member of a learning community subject to the enrollment provisions  
10 of section 16 of this act shall provide free transportation  
11 for a student if (a) the student is a resident of any school  
12 district that is a member of such learning community, (b) the  
13 student is attending a school in the school district under the  
14 control of such school board, and (c) the student does not reside  
15 in the attendance area for such school. Transportation shall be  
16 provided from the school building providing education in at least  
17 kindergarten through grade three in the attendance area in which  
18 the student resides to the school building the student attends.  
19 This subsection does not prohibit a school district from providing  
20 additional transportation to any student.

21 ~~(2)~~ (3) The transportation allowance which may be paid to  
22 the parent, custodial parent, or guardian of students qualifying  
23 for free transportation pursuant to subsection (1) or (2) of this  
24 section shall equal two hundred eighty-five percent of the mileage  
25 rate provided in section 81-1176, multiplied by each mile actually

1 and necessarily traveled, on each day of attendance, beyond which  
2 the one-way distance from the residence of the student to the  
3 schoolhouse exceeds three miles.

4 ~~(3)~~ (4) Whenever students from more than one family  
5 travel to school in the same vehicle, the transportation allowance  
6 prescribed in subsection ~~(2)~~ (3) of this section shall be payable  
7 as follows:

8 (a) To the parent, custodial parent, or guardian  
9 providing transportation for students from other families, one  
10 hundred percent of the amount prescribed in subsection ~~(2)~~ (3) of  
11 this section for the transportation of students of such parent's,  
12 custodial parent's, or guardian's own family and an additional  
13 five percent for students of each other family not to exceed a  
14 maximum of one hundred twenty-five percent of the amount determined  
15 pursuant to subsection ~~(2)~~ (3) of this section; and

16 (b) To the parent, custodial parent, or guardian not  
17 providing transportation for students of other families, two  
18 hundred eighty-five percent of the mileage rate provided in section  
19 81-1176 multiplied by each mile actually and necessarily traveled,  
20 on each day of attendance, from the residence of the student to  
21 the pick-up point at which students transfer to the vehicle of a  
22 parent, custodial parent, or guardian described in subdivision (a)  
23 of this subsection.

24 ~~(4)~~ (5) The board may authorize school-provided  
25 transportation to any student who does not qualify under the

1 mileage requirements of subsection (1) of this section and may  
2 charge a fee to the parent or guardian of the student for such  
3 service. No transportation payments shall be made to a family for  
4 mileage not actually traveled by such family. The number of days  
5 the student has attended school shall be reported monthly by the  
6 teacher to the board of such public school district.

7       ~~(5)~~ (6) No more than one allowance shall be made to a  
8 family irrespective of the number of students in a family being  
9 transported to school. If a family resides in a Class I district  
10 which is part of a Class VI district and has students enrolled in  
11 any of the grades offered by the Class I district and in any of  
12 the non-high-school grades offered by the Class VI district, such  
13 family shall receive not more than one allowance for the distance  
14 actually traveled when both districts are on the same direct travel  
15 route with one district being located a greater distance from the  
16 residence than the other. In such cases, the travel allowance shall  
17 be prorated among the school districts involved.

18       ~~(6)~~ (7) No student shall be exempt from school attendance  
19 on account of distance from the public schoolhouse.

20       Sec. 57. Any member school district of a learning  
21 community may establish a focus school or program anywhere in  
22 the learning community with approval from the learning community  
23 coordinating council. A focus school or program shall be:

24       (1) Centered around meeting specific learning goals that  
25 are an addition to the standard curriculum;



1           (2) Open to all students residing in the learning  
2 community in the grades offered on an equal basis; and

3           (3) Designed to create an economically and culturally  
4 diverse learning environment.

5           Sec. 58. Section 79-760, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7           79-760 (1) The State Board of Education shall implement  
8 a statewide system for the assessment of student learning and  
9 for reporting the performance of school districts and learning  
10 communities. The assessment and reporting system shall test student  
11 knowledge of subject matter materials covered by the measurable  
12 model academic content standards approved by the state board.  
13 The state board shall adopt an assessment and reporting plan  
14 and begin implementation of the assessment and reporting system  
15 in the 2000-01 school year beginning with the assessment of  
16 reading and writing. The state board shall prescribe statewide  
17 assessments of writing that rely on writing samples beginning in  
18 the spring of 2001 with students in each of three grades selected  
19 by the state board. For each academic year thereafter, one of the  
20 three selected grades shall participate in the statewide writing  
21 assessment. The state board shall develop an assessment system and  
22 prescribe statewide assessments for the subject areas of reading,  
23 mathematics, science, social studies, and history. The assessment  
24 and reporting system for each subject area, except writing, shall  
25 be based on locally developed assessments the first year. Following

1 the first assessment in each subject area, except writing, the  
2 State Department of Education shall contract with independent,  
3 recognized assessment experts to review and rate locally developed  
4 assessments. The department shall identify the criteria for rating  
5 the model assessments. The assessment experts shall identify not  
6 more than four model assessments receiving the highest ratings.  
7 Districts shall thereafter adopt one of the four model assessments  
8 and may, in addition, adapt their locally developed assessments.  
9 The aggregate results of any assessments required by the state  
10 board pursuant to this section shall be reported by the district on  
11 a building basis to the public in that district, to the learning  
12 community coordinating council if such district is a member of a  
13 learning community, and to the department. Each learning community  
14 shall also report the aggregate results of any assessments required  
15 by the state board pursuant to this section to the public in that  
16 learning community and to the department. The department shall  
17 report the aggregate results of any assessments required by the  
18 state board pursuant to this section on a learning community,  
19 district, and ~~or~~ building basis as part of the statewide assessment  
20 and reporting system.

21 (2) The purposes of the assessment and reporting system  
22 are to:

23 (a) Determine how well public schools are performing in  
24 terms of achievement of public school students related to the model  
25 state academic content standards;

1           (b) Report the performance of public schools based upon  
2 the results of the assessment;

3           (c) Provide information for the public and policymakers  
4 on the performance of public schools; and

5           (d) Provide for the comparison of Nebraska public schools  
6 to their peers and to school systems of other states and other  
7 countries.

8           (3) The assessment and reporting plan shall include  
9 all public schools and all public school students. The state  
10 board shall adopt criteria for the inclusion of students with  
11 disabilities, students entering the school for the first time, and  
12 students with limited English proficiency.

13           (4) The assessment and reporting plan shall provide for  
14 the confidentiality of the individual students.

15           (5) The state board shall adopt and promulgate rules and  
16 regulations to carry out this section.

17           Sec. 59. Section 79-850, Revised Statutes Supplement,  
18 2005, is amended to read:

19           79-850 For purposes of sections 79-850 to 79-858:

20           (1) Reorganized school district means: (a) Any expanded  
21 or altered school district, organized or altered by any of the  
22 means provided by Nebraska law including, but not limited to, the  
23 methods provided by the Reorganization of School Districts Act, the  
24 Learning Community Reorganization Act, or section 79-407, 79-413,  
25 79-415, 79-416, 79-452 to 79-455, 79-473, 79-4,113, or 79-4,114; or

1 (b) any school district to be formed in the future if the petition  
2 or plan for such reorganized school district has been approved  
3 pursuant to any of the methods set forth in subdivision (1)(a)  
4 of this section when the effective date of such reorganization  
5 is prospective. For purposes of this subdivision, a petition or  
6 plan shall be deemed approved when the last legal action has been  
7 taken, as prescribed in section 79-413, 79-450, 79-455, 79-4,113,  
8 or 79-4,114, necessary to effect the changes in boundaries as set  
9 forth in the petition or plan; and

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

14 Sec. 60. Section 79-979, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16 79-979 (1) Prior to September 13, 1997, in each Class  
17 V school district in the State of Nebraska there is hereby  
18 established a separate retirement system for all regular employees  
19 of such school district. Such system shall be for the purpose  
20 of providing retirement benefits for all regular employees of  
21 the school district as provided in the Class V School Employees  
22 Retirement Act. The system shall be known as School Employees'  
23 Retirement System of (corporate name of the school district  
24 as described in section 79-405). All of its business shall be  
25 transacted, all of its funds shall be invested, and all of its cash

1 and securities and other property shall be held in trust by such  
2 name for the purposes set forth in the act. Such funds shall be  
3 kept separate from all other funds of the school district and shall  
4 be used for no other purpose.

5 (2) If Except as provided in subsection (3) of this  
6 section, if any new Class V school districts are formed after  
7 September 13, 1997, such new Class V school district shall elect  
8 to become or remain a part of the retirement system established  
9 pursuant to the School Employees Retirement Act.

10 (3) Any new Class V school districts formed pursuant  
11 to the Learning Community Reorganization Act shall continue to  
12 participate in the retirement system established pursuant to the  
13 Class V School Employees Retirement Act if such new Class V  
14 school district was formed at least in part by territory that  
15 had been in a Class V school district that participated in the  
16 retirement system established pursuant to the Class V School  
17 Employees Retirement Act.

18 Sec. 61. Section 79-980, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20 79-980 The (1) At any time that the retirement system  
21 consists of only one Class V school district, the general  
22 administration of the retirement system is hereby vested in  
23 the board of education. The board shall appoint, by a majority  
24 of all its members, ten trustees to serve as executive officers  
25 to administer the Class V School Employees Retirement Act. Such

1 trustees shall consist of ~~(1)~~ (a) the superintendent of schools, as  
2 ex officio trustee, ~~(2)~~ (b) four members of the retirement system,  
3 two from the certificated staff, one from the classified staff,  
4 and one from the annuitants, ~~(3)~~ (c) three members of the board  
5 of education, and ~~(4)~~ (d) two trustees who are business persons  
6 qualified in financial affairs and who are not members of the  
7 retirement system. The trustees shall serve without compensation,  
8 but they shall be reimbursed from the funds of the retirement  
9 system for expenses that they may incur through service on the  
10 board of trustees as provided in sections 81-1174 to 81-1177.  
11 A trustee shall serve until a successor qualifies, except that  
12 trustees who are members of the retirement system or members of the  
13 board of education shall be disqualified as trustees immediately  
14 upon ceasing to be a member of the retirement system or of the  
15 board of education. Each trustee shall be entitled to one vote on  
16 the board of trustees, and six trustees shall constitute a quorum  
17 for the transaction of any business. The trustees who are appointed  
18 from the board of education and the membership shall be appointed  
19 for each fiscal year. The two trustees who are not members of the  
20 board of education or of the retirement system shall be appointed  
21 for three fiscal years each. The trustees and the administrator  
22 of the retirement system shall administer the retirement system  
23 in compliance with the tax-qualification requirements applicable to  
24 government retirement plans under section 401(a) of the Internal  
25 Revenue Code, as defined in section 49-801.01.

1           (2) At any time that the retirement system consists of  
2 more than one Class V school district, the general administration  
3 of the retirement system is hereby vested in a Class V Retirement  
4 System Board composed of three members of the school board for each  
5 participating Class V school district. The board shall appoint,  
6 by a majority of all its members, trustees to serve as executive  
7 officers to administer the Class V School Employees Retirement  
8 Act. Such trustees shall consist of (a) the superintendent of each  
9 participating Class V school district, as ex officio trustees, (b)  
10 four members of the retirement system, two from the certificated  
11 staff, one from the classified staff, and one from the annuitants,  
12 (c) three members of the board, and (d) two trustees who are  
13 business persons qualified in financial affairs and who are not  
14 members of the retirement system. The trustees who are appointed  
15 from the board and the membership shall, to the extent feasible, be  
16 appointed equally from each participating Class V school district.  
17 The trustees shall serve without compensation, but they shall be  
18 reimbursed from the funds of the retirement system for expenses  
19 that they may incur through service on the board of trustees  
20 as provided in sections 81-1174 to 81-1177. A trustee shall  
21 serve until a successor qualifies, except that trustees who are  
22 members of the retirement system or members of the board shall be  
23 disqualified as trustees immediately upon ceasing to be a member  
24 of the retirement system or of the board. Each trustee shall be  
25 entitled to one vote on the board of trustees, and six trustees

1 shall constitute a quorum for the transaction of any business. The  
2 trustees who are appointed from the board and the membership shall  
3 be appointed for each fiscal year. The two trustees who are not  
4 members of the board or of the retirement system shall be appointed  
5 for three fiscal years each. The trustees and the administrator  
6 of the retirement system shall administer the retirement system  
7 in compliance with the tax-qualification requirements applicable to  
8 government retirement plans under section 401(a) of the Internal  
9 Revenue Code, as defined in section 49-801.01.

10           Sec. 62. Section 79-981, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12           79-981 The board of education or Class V Retirement  
13 System Board shall from time to time establish rules and  
14 regulations for the administration of the retirement system and for  
15 the transaction of its business and shall appoint an administrator  
16 of the retirement system. The board may contract for such medical  
17 and other services as shall be required to transact the business of  
18 the retirement system. Compensation for all persons employed by the  
19 board and all other expenses of the board necessary for the proper  
20 and efficient operation of the retirement system shall be paid in  
21 such amounts as the board determines and approves.

22           In addition to such duties and other duties arising out  
23 of the Class V School Employees Retirement Act not specifically  
24 reserved or assigned to others, the board shall maintain a separate  
25 account of each member's contribution, the record of which shall



1 be available to the member upon request, compile such data as may  
2 be necessary for the required actuarial valuation, consider and  
3 pass on all applications for annuities or other benefits and have  
4 examinations made when advisable of persons receiving disability  
5 benefits, and direct and determine all policies necessary in the  
6 administration of the act.

7           Sec. 63. Section 79-983, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9           79-983 The administrator of the retirement system shall  
10 keep the minutes and records of the retirement system, shall be the  
11 executive officer in charge of the administration of the detailed  
12 affairs of the retirement system, and shall perform such other  
13 duties as may be assigned by the board of education, the Class V  
14 Retirement System Board, or the trustees.

15           Sec. 64. Section 79-984, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17           79-984 The board of education or Class V Retirement  
18 System Board shall contract for the services of an actuary who  
19 shall be the technical advisor of the board and the trustees  
20 on matters regarding the operation of the retirement system. The  
21 actuary shall (1) make a general investigation of the operation  
22 of the retirement system at least once in every three years,  
23 which investigation shall cover mortality, retirement, disability,  
24 employment, turnover, interest, and earnable compensation, and  
25 (2) recommend tables to be used for all required actuarial

1 calculations. The actuary shall perform such other duties as  
2 may be assigned by the board.

3 Sec. 65. Section 79-985, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5 79-985 The attorney for the board of education or Class V  
6 Retirement System Board shall be the legal advisor to the trustees.

7 Sec. 66. Section 79-986, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9 79-986 The school district, if there is only one Class  
10 V school district in the retirement system, or the Class V school  
11 district designated by the Class V Retirement System Board, if  
12 there is more than one Class V school district in the retirement  
13 system, shall act as the treasurer of the system and the official  
14 custodian of the cash and securities belonging to the retirement  
15 system, shall provide adequate safe deposit facilities for the  
16 preservation of such securities, and shall hold such cash and  
17 securities subject to the order of the board of education or Class  
18 V Retirement System Board.

19 The school district or designated school district shall  
20 receive all items of taxes or cash belonging to the retirement  
21 system and shall deposit in banks approved by the board of  
22 education or Class V Retirement System Board all such amounts  
23 in trust or custodial accounts. Notwithstanding any limitations  
24 elsewhere imposed by statute on the location of the retirement  
25 system's depository bank, such limitations shall not apply to

1 the use of depository banks for the custody of the system's  
2 cash, securities, and other investments. The school district or  
3 designated school district, as treasurer of the system, shall make  
4 payments for purposes specified in the Class V School Employees  
5 Retirement Act. All banks and custodians which receive and hold  
6 securities and investments for the retirement system may hold  
7 and evidence such securities by book entry account rather than  
8 obtaining and retaining the original certificate, indenture, or  
9 governing instrument for such security.

10 Sec. 67. Section 79-9,107, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12 79-9,107 The funds of the retirement system which are not  
13 required for current operations shall be invested and reinvested by  
14 the trustees subject to the approval of the board of education or  
15 Class V Retirement System Board as provided in sections 79-9,108  
16 to 79-9,111. Except as otherwise provided in the Class V School  
17 Employees Retirement Act, no trustee and no member of the board  
18 shall have any direct interest in the income, gains, or profits  
19 of any investment made by the trustees, nor shall any such person  
20 receive any pay or emolument for services in connection with any  
21 such investment. No trustee or member of the board shall become an  
22 endorser or surety or in any manner an obligor for money loaned by  
23 or borrowed from the retirement system. Any person who violates any  
24 of these restrictions shall be guilty of a Class II misdemeanor.

25 Sec. 68. Section 79-9,108, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2           79-9,108 The trustees, with approval of the board of  
3 education or Class V Retirement System Board, shall invest and  
4 reinvest funds of the retirement system. A professional investment  
5 manager may be employed by the trustees subject to approval  
6 of the board of education or Class V Retirement System Board.  
7 The professional investment manager shall be responsible for the  
8 purchase, sale, exchange, investment, or reinvestment of such funds  
9 subject to guidelines determined by the trustees. The trustees  
10 shall each month submit a report to the board of education or Class  
11 V Retirement System Board with respect to the investment of funds.  
12 The board of education or Class V Retirement System Board shall  
13 approve or disapprove the investments in the report, and in the  
14 event of disapproval of any investment, the board shall direct the  
15 sale of all or part of such investment or establish future policy  
16 with respect to that type of investment.

17           Sec. 69. Section 79-9,109, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19           79-9,109 In the event of default in the payment of  
20 principal of, or interest on, the investments made, the trustees  
21 are authorized to institute the proper proceedings to collect  
22 such matured principal or interest, and may, with approval of  
23 the board of education or Class V Retirement System Board, accept  
24 for exchange purposes, refunding bonds or other evidences of  
25 indebtedness with interest rates to be agreed upon with the

1 obligor. The trustees, with the approval of the board of education  
2 or Class V Retirement System Board, are further authorized to make  
3 such compromises, adjustments, or disposition of the past-due  
4 interest or principal as are in default, or to make such  
5 compromises and adjustments as to future payments of interest  
6 or principal as deemed advisable for the purpose of protecting the  
7 investment.

8           Sec. 70. Section 79-9,115, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10           79-9,115 All allowances, annuities, or other benefits  
11 granted under the Class V School Employees Retirement Act, and all  
12 expenses incurred in connection with the administration of the act,  
13 except clerical work incurred in connection with maintenance of  
14 records and payment of benefits, shall be paid from the retirement  
15 fund hereby established. Such clerical work shall be performed by  
16 employees of the school district or districts and paid for out of  
17 the general fund of the school district or districts.

18           Sec. 71. Section 79-1001, Revised Statutes Cumulative  
19 Supplement, 2004, is amended to read:

20           79-1001 Sections 79-1001 to 79-1033 and sections 75, 77  
21 to 83, and 89 of this act shall be known and may be cited as the  
22 Tax Equity and Educational Opportunities Support Act.

23           Sec. 72. Section 79-1002, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25           79-1002 ~~(1) The Legislature finds and declares that:~~

1           ~~(a) Nebraska currently finances over seventy percent of~~  
2 ~~the costs of operating its public school system from the property~~  
3 ~~tax and other local sources while nationally only forty-three~~  
4 ~~percent of the costs are supported by property taxes and other~~  
5 ~~local sources;~~

6           ~~(b) State support for the public school system has not~~  
7 ~~kept pace with the increased costs of operating such system;~~

8           ~~(c) Nebraska has a higher per capita property tax burden~~  
9 ~~than most other states while the overall state and local per capita~~  
10 ~~tax burden in the state is below the national average;~~

11           ~~(d) The cost of operating the public school system is~~  
12 ~~near the national average in per pupil cost as well as per capita~~  
13 ~~spending;~~

14           ~~(e) The overreliance on the property tax for the support~~  
15 ~~of the public school system has resulted in great disparities in~~  
16 ~~local property tax rates; and~~

17           ~~(f) The overreliance on the property tax for the support~~  
18 ~~of the public school system has created inequitable educational~~  
19 ~~fiscal resources for students.~~

20           ~~(2) It is the intent, purpose, and goal of the~~  
21 ~~Legislature to create a system of financing the public school~~  
22 ~~system which will:~~

23           ~~(a) (1) Provide state support from all sources of state~~  
24 ~~funding sufficient to support the statewide aggregate general fund~~  
25 ~~operating expenditures for Nebraska elementary and secondary public~~

1 education that cannot be met by local resources;

2       ~~(b)~~ (2) Reduce the reliance on the property tax for the  
3 support of the public school system;

4       ~~(c)~~ (3) Broaden financial support for the public school  
5 system by dedicating a portion of the revenue received from the  
6 state income tax for support of the system;

7       ~~(d)~~ (4) Keep pace with the increasing cost of operating  
8 the public school system;

9       ~~(e)~~ (5) Assure each district a foundation support level  
10 for the operation of schools within each district taking into  
11 consideration the taxable wealth and other accessible resources of  
12 the district the public school system, taking local resources into  
13 consideration;

14       ~~(f)~~ (6) Recognize a portion of the costs of programs to  
15 address the unique educational needs of students who are in poverty  
16 or who have limited English proficiency as being specific to the  
17 local system providing such programs;

18       (7) Create a process to collect information regarding  
19 the programs and the cost of the programs provided to address the  
20 unique educational needs of students who are in poverty or who have  
21 limited English proficiency in order to analyze which programs may  
22 be appropriate to receive state support and to analyze the poverty  
23 and limited English proficiency allowances;

24       (8) Assure a greater level of equity of educational  
25 opportunities for all public school students; in all districts;

1           ~~(g)~~ (9) Assure a greater level of equity in property tax  
2 rates for the support of the public school system; and

3           ~~(h)~~ (10) Assure that there is a shift to sustainable  
4 revenue sources, other than the property tax, for the support of  
5 the public school system through the establishment of limits on the  
6 growth of general fund budgets of districts measured growth in the  
7 state aid appropriation through the continuation of limits on the  
8 growth of general fund budgets of districts.

9           ~~(3)~~ The Legislature further finds and declares that all  
10 funds to be distributed pursuant to section 79-1022 shall be used  
11 specifically for the purpose of reducing property taxes in the  
12 district to which they are distributed.

13           Sec. 73. Section 79-1003, Revised Statutes Supplement,  
14 2005, as amended by section 4, Legislative Bill 1208, Ninety-ninth  
15 Legislature, Second Session, 2006, is amended to read:

16           79-1003 For purposes of the Tax Equity and Educational  
17 Opportunities Support Act:

18           (1) Adjusted general fund operating expenditures means  
19 (a) for school fiscal years before school fiscal year 2007-08,  
20 general fund operating expenditures as calculated pursuant to  
21 subdivision (24) of this section minus ~~(a) for school fiscal years~~  
22 ~~before school fiscal year 2007-08,~~ the transportation allowance and  
23 minus the special receipts allowance, and (b) for school fiscal  
24 year 2007-08, general fund operating expenditures as calculated  
25 pursuant to subdivision (24) of this section minus and each



1 ~~school fiscal year thereafter,~~ the sum of the transportation,  
2 special receipts, and distance education and telecommunications  
3 allowances, and (c) for school fiscal year 2008-09 and each  
4 school fiscal year thereafter, the difference of the product of  
5 the general fund operating expenditures as calculated pursuant to  
6 subdivision (24) of this section multiplied by the cost growth  
7 factor for the school district's cost grouping calculated pursuant  
8 to section 83 of this act minus the transportation allowance,  
9 special receipts allowance, poverty allowance, limited English  
10 proficiency allowance, elementary class size allowance, and focus  
11 school and program allowance;

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

23           (3) Allocated income tax funds means the amount of  
24 assistance paid to a local system pursuant to section 79-1005.01 or  
25 79-1005.02 as adjusted by the minimum levy adjustment pursuant to

1 section 79-1008.02;

2 (4) Average daily attendance of a student who resides on  
3 Indian land means average daily attendance of a student who resides  
4 on Indian land from the most recent data available on November 1  
5 preceding the school fiscal year in which aid is to be paid;

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

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

15 (7) Board means the school board of each school district;

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

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

24 (10) Converted contract means an expired contract that  
25 was in effect for at least fifteen years for the education of

1 students in a nonresident district in exchange for tuition from  
2 the resident district when the expiration of such contract results  
3 in the nonresident district educating students who would have been  
4 covered by the contract if the contract were still in effect  
5 as option students pursuant to the enrollment option program  
6 established in section 79-234;

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

14 (12) Department means the State Department of Education;

15 (13) Distance education and telecommunications allowance  
16 means, for state aid calculated for school fiscal year 2007-08  
17 and each school fiscal year thereafter, eighty-five percent of  
18 the difference of the costs for (a) telecommunications services,  
19 (b) access to data transmission networks that transmit data to  
20 and from the school district, and (c) the transmission of data  
21 on such networks paid by the school districts in the local  
22 system as reported on the annual financial report for the most  
23 recently available complete data year minus the receipts from the  
24 federal Universal Service Fund pursuant to section 254 of the  
25 Telecommunications Act of 1996, 47 U.S.C. 254, as such section

1 existed on January 1, 2006, for the school districts in the local  
2 system as reported on the annual financial report for the most  
3 recently available complete data year;

4 (14) District means any Class I, II, III, IV, V, or VI  
5 school district;

6 (15) Ensuing school fiscal year means the school fiscal  
7 year following the current school fiscal year;

8 (16) Equalization aid means the amount of assistance  
9 calculated to be paid to a local system pursuant to sections  
10 79-1008.01 to 79-1022 and 79-1022.02;

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

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

17 (19) Formula students means (a) for state aid certified  
18 pursuant to section 79-1022, the sum of fall membership from the  
19 school fiscal year immediately preceding the school fiscal year in  
20 which the aid is to be paid, multiplied by the average ratio of  
21 average daily membership to fall membership for the second school  
22 fiscal year immediately preceding the school fiscal year in which  
23 aid is to be paid and the prior two school fiscal years, plus  
24 qualified early childhood education fall membership plus tuitioned  
25 students from the school fiscal year immediately preceding the

1 school fiscal year in which the aid is to be paid and (b) for final  
2 calculation of state aid pursuant to section 79-1065, the sum of  
3 average daily membership plus qualified early childhood education  
4 average daily membership plus tuitioned students from the school  
5 fiscal year immediately preceding the school fiscal year in which  
6 the aid was paid;

7 (20) Free lunch and free milk student means a student  
8 who qualified for free lunches or free milk from the most recent  
9 data available on November 1 of the school fiscal year immediately  
10 preceding the school fiscal year in which aid is to be paid;

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

14 (22) General fund budget of expenditures means the total  
15 budget of disbursements and transfers for general fund purposes as  
16 certified in the budget statement adopted pursuant to the Nebraska  
17 Budget Act, except that for purposes of the limitation imposed in  
18 section 79-1023, the calculation of Class I total allowable general  
19 fund budget of expenditures minus the special education budget of  
20 expenditures pursuant to section 79-1083.03, and the calculation  
21 pursuant to subdivision (2) of section 79-1027.01, the general fund  
22 budget of expenditures does not include any special grant funds,  
23 exclusive of local matching funds, received by a district subject  
24 to the approval of the department;

25 (23) General fund expenditures means all expenditures

1 from the general fund;

2 (24) General fund operating expenditures means the total  
3 general fund expenditures minus categorical funds, tuition paid,  
4 transportation fees paid to other districts, adult education,  
5 summer school, community services, redemption of the principal  
6 portion of general fund debt service, retirement incentive plans,  
7 staff development assistance, and transfers from other funds into  
8 the general fund for the second school fiscal year immediately  
9 preceding the school fiscal year in which aid is to be paid;

10 (25) High school district means a school district  
11 providing instruction in at least grades nine through twelve;

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

16 (27) Income tax receipts means the amount of income tax  
17 collected pursuant to the Nebraska Revenue Act of 1967 less all  
18 nonrefundable credits earned and refunds made;

19 (28) Limited English proficiency student means a student  
20 with limited English proficiency from the most recent data  
21 available on November 1 of the school fiscal year preceding  
22 the school fiscal year in which aid is to be paid;

23 (29) Local system means: (a) For school fiscal years  
24 prior to 2006-07, a Class VI district and the associated Class I  
25 districts or a Class II, III, IV, or V district and any affiliated

1 Class I districts or portions of Class I districts; (b) for  
2 school fiscal year 2006-07, a Class VI district and the Class  
3 I districts or portions of Class I district that will be merged  
4 with the Class VI district to form a Class II or III district  
5 on June 15, 2006, pursuant to section 79-4,113 or 79-4,114 or a  
6 Class II, III, IV, or V district and any Class I districts or  
7 portions of Class I districts that will be merged with the Class  
8 II, III, IV, or V district on June 15, 2006, pursuant to section  
9 79-4,113 or 79-4,114; and (c) for school fiscal year 2007-08, and  
10 each school fiscal year thereafter, a Class II, III, IV, or V  
11 district; and (d) for school fiscal year 2008-09 and each school  
12 fiscal year thereafter, a learning community or a Class II, III,  
13 IV, or V district that is not a member of a learning community.

14 The membership, expenditures, and resources of Class I districts  
15 that are affiliated with multiple high school districts will be  
16 attributed to local systems based on the percent of the Class I  
17 valuation that is affiliated with each high school district;

18 (30) Low-income child means (a) for school fiscal years  
19 prior to 2008-09, a child under nineteen years of age living in  
20 a household having an annual adjusted gross income of fifteen  
21 thousand dollars or less for the second calendar year preceding  
22 the beginning of the school fiscal year for which aid is being  
23 calculated and (b) for school fiscal year 2008-09 and each school  
24 fiscal year thereafter, a child under nineteen years of age living  
25 in a household having an annual adjusted gross income for the

1 second calendar year preceding the beginning of the school fiscal  
2 year for which aid is being calculated equal to or less than the  
3 maximum household income that would allow a student from a family  
4 of four people to be a free lunch and free milk student during the  
5 school fiscal year immediately preceding the school fiscal year for  
6 which aid is being calculated;

7 (31) Low-income students means the number of low-income  
8 children within the local system multiplied by the ratio of the  
9 formula students in the local system divided by the total children  
10 under nineteen years of age residing in the local system as derived  
11 from income tax information;

12 ~~(31)~~ (32) Most recently available complete data year  
13 means the most recent single school fiscal year for which the  
14 annual financial report, fall school district membership report,  
15 annual statistical summary, Nebraska income tax liability by school  
16 district for the calendar year in which the majority of the school  
17 fiscal year falls, and adjusted valuation data are available;

18 (33) Poverty students means the number of low-income  
19 students or the number of formula students who are free lunch and  
20 free milk students in a local system, whichever is greater;

21 ~~(32)~~ (34) Qualified early childhood education average  
22 daily membership means the product of the average daily membership  
23 for school fiscal year 2006-07 and each school fiscal year  
24 thereafter of students who will be eligible to attend kindergarten  
25 the following school year and are enrolled in an early childhood



1 education program approved by the department pursuant to section  
2 79-1103 for such school district for such school year if: (a)  
3 The program is receiving a grant pursuant to such section for the  
4 third year; (b) the program has already received grants pursuant to  
5 such section for three years; or (c) the program has been approved  
6 pursuant to subsection (5) of section 79-1103 for such school year  
7 and the two preceding school years, including any such students  
8 in portions of any of such programs receiving an expansion grant,  
9 multiplied by the ratio of the actual instructional hours of the  
10 program divided by one thousand thirty-two;

11 ~~(33)~~ (35) Qualified early childhood education fall  
12 membership means the product of membership on the last Friday in  
13 September 2006 and each year thereafter of students who will be  
14 eligible to attend kindergarten the following school year and are  
15 enrolled in an early childhood education program approved by the  
16 department pursuant to section 79-1103 for such school district  
17 for such school year if: (a) The program is receiving a grant  
18 pursuant to such section for the third year; (b) the program has  
19 already received grants pursuant to such section for three years;  
20 or (c) the program has been approved pursuant to subsection (5)  
21 of section 79-1103 for such school year and the two preceding  
22 school years, including any such students in portions of any of  
23 such programs receiving an expansion grant, multiplied by the ratio  
24 of the planned instructional hours of the program divided by one  
25 thousand thirty-two;

1           ~~(34)~~ (36) Regular route transportation means the  
2 transportation of students on regularly scheduled daily routes to  
3 and from the attendance center;

4           ~~(35)~~ (37) Reorganized district means any district  
5 involved in a consolidation and currently educating students  
6 following consolidation;

7           ~~(36)~~ (38) School year or school fiscal year means the  
8 fiscal year of a school district as defined in section 79-1091;

9           ~~(37)~~ (39) Special education means specially designed  
10 kindergarten through grade twelve instruction pursuant to section  
11 79-1125, and includes special education transportation;

12           ~~(38)~~ (40) Special grant funds means the budgeted receipts  
13 for grants, including, but not limited to, Title I funds, Title  
14 VI funds, funds from the Education Innovation Fund, reimbursements  
15 for wards of the court, short-term borrowings including, but  
16 not limited to, registered warrants and tax anticipation notes,  
17 interfund loans, insurance settlements, and reimbursements to  
18 county government for previous overpayment. The state board shall  
19 approve a listing of grants that qualify as special grant funds;

20           ~~(39)~~ (41) Special receipts allowance means the amount of  
21 special education, state ward, and accelerated or differentiated  
22 curriculum program receipts included in local system formula  
23 resources under subdivisions (7), (8), (16), and (17) of section  
24 79-1018.01 attributable to the school district;

25           ~~(40)~~ (42) State aid means the amount of assistance

1 paid to a district pursuant to the Tax Equity and Educational  
2 Opportunities Support Act;

3 ~~(41)~~ (43) State board means the State Board of Education;

4 ~~(42)~~ (44) State support means all funds provided to  
5 districts by the State of Nebraska for the general fund support of  
6 elementary and secondary education;

7 ~~(43)~~ (45) Temporary aid adjustment factor means (a) for  
8 school fiscal years before school fiscal year 2007-08, one and  
9 one-fourth percent of the sum of the local system's transportation  
10 allowance, the local system's special receipts allowance, and the  
11 product of the local system's adjusted formula students multiplied  
12 by the average formula cost per student in the local system's cost  
13 grouping and (b) for school fiscal year 2007-08 and each school  
14 fiscal year thereafter, one and one-fourth percent of the sum  
15 of the local system's transportation allowance, special receipts  
16 allowance, and distance education and telecommunications allowance  
17 and the product of the local system's adjusted formula students  
18 multiplied by the average formula cost per student in the local  
19 system's cost grouping;

20 ~~(44)~~ (46) Transportation allowance means the lesser of  
21 (a) each local system's general fund expenditures for regular route  
22 transportation and in lieu of transportation expenditures pursuant  
23 to section 79-611 in the second school fiscal year immediately  
24 preceding the school fiscal year in which aid is to be paid,  
25 but not including special education transportation expenditures or

1 other expenditures previously excluded from general fund operating  
 2 expenditures, or (b) the number of miles traveled in the second  
 3 school fiscal year immediately preceding the school fiscal year in  
 4 which aid is to be paid by vehicles owned, leased, or contracted  
 5 by the district or the districts in the local system for the  
 6 purpose of regular route transportation multiplied by four hundred  
 7 percent of the mileage rate established by the Department of  
 8 Administrative Services pursuant to section 81-1176 as of January 1  
 9 of the most recently available complete data year added to in lieu  
 10 of transportation expenditures pursuant to section 79-611 from the  
 11 same data year;

12 ~~(45)~~ (47) Tuition receipts from converted contracts means  
 13 tuition receipts received by a district from another district  
 14 in the most recently available complete data year pursuant to a  
 15 converted contract prior to the expiration of the contract; and

16 ~~(46)~~ (48) Tuitioned students means students in  
 17 kindergarten through grade twelve of the district whose tuition is  
 18 paid by the district to some other district or education agency.

19 Sec. 74. Section 79-1007.01, Revised Statutes Supplement,  
 20 2005, is amended to read:

21 79-1007.01 For state aid calculated for school fiscal  
 22 years prior to 2008-09:

23 (1) The adjusted formula students for each local system  
 24 shall be calculated by:

25 (a) Multiplying the formula students in each grade range

1 by the corresponding weighting factors to calculate the weighted  
2 formula students for each grade range as follows:

3 (i) The weighting factor for early childhood education  
4 programs is six-tenths;

5 (ii) The weighting factor for kindergarten is  
6 five-tenths;

7 (iii) The weighting factor for grades one through six,  
8 including full-day kindergarten, is one;

9 (iv) The weighting factor for grades seven and eight is  
10 one and two-tenths; and

11 (v) The weighting factor for grades nine through twelve  
12 is one and four-tenths;

13 (b) Adding the weighted formula students for each grade  
14 range to calculate the weighted formula students for the local  
15 system; and

16 (c) Adjusting the weighted formula students by adding the  
17 following demographic factors:

18 (i) The Indian-land factor shall equal 0.25 times the  
19 average daily attendance of students who reside on Indian land  
20 as reported by the United States Department of Education in  
21 calculating the local system's payment pursuant to 20 U.S.C. 7701  
22 et seq., as such sections existed on April 12, 2002;

23 (ii) The limited English proficiency factor shall equal  
24 0.25 times the students in the local system with limited English  
25 proficiency as defined under 20 U.S.C. 7601, as such section

1 existed on April 12, 2002;

2 (iii) The department shall calculate the number of  
3 formula students to whom the poverty factor shall apply. The  
4 department shall calculate a ratio of the formula students to the  
5 total children under nineteen years of age residing in the local  
6 system and shall apply the ratio to the low-income children within  
7 the local system, in order to determine the number of low-income  
8 students within such local system. The number of children under  
9 nineteen years of age used in this calculation shall be derived  
10 from income tax information. The poverty factor shall equal the  
11 number of low-income students or the formula students qualified  
12 for free lunches or free milk under United States Department  
13 of Agriculture child nutrition programs, whichever is greater,  
14 multiplied by the following factors:

15 (A) 0 for the qualified formula students comprising the  
16 first five percent of the formula students in the local system;

17 (B) 0.05 for the qualified formula students comprising  
18 more than five percent and not more than ten percent of the formula  
19 students in the local system;

20 (C) 0.10 for the qualified formula students comprising  
21 more than ten percent and not more than fifteen percent of the  
22 formula students in the local system;

23 (D) 0.15 for the qualified formula students comprising  
24 more than fifteen percent and not more than twenty percent of the  
25 formula students in the local system;

1           (E) 0.20 for the qualified formula students comprising  
2 more than twenty percent and not more than twenty-five percent of  
3 the formula students in the local system;

4           (F) 0.25 for the qualified formula students comprising  
5 more than twenty-five percent and not more than thirty percent of  
6 the formula students in the local system; and

7           (G) 0.30 for the qualified formula students comprising  
8 more than thirty percent of the formula students in the local  
9 system; and

10           (iv) The extreme remoteness factor shall equal 0.125  
11 times the formula students in the local system for each local  
12 system that has fewer than two hundred formula students, more  
13 than six hundred square miles in the local system, less than  
14 three-tenths formula student per square mile in the local system,  
15 and more than twenty-five miles between the high school attendance  
16 center and the next closest high school attendance center on paved  
17 roads; and -

18           (2) The total adjusted formula students for each  
19 local system shall equal the weighted formula students plus the  
20 demographic factors, except that (a) for local systems qualifying  
21 for the extreme remoteness factor, the total adjusted formula  
22 students shall be greater than or equal to one hundred fifty  
23 adjusted formula students, (b) the total adjusted formula students  
24 for a local system shall not include the extreme remoteness factor  
25 or any adjustment to the adjusted formula students resulting from

1 qualification for the extreme remoteness factor for the calculation  
2 of the average formula cost per student in each cost grouping  
3 pursuant to subdivision (2) of section 79-1007.02, and (c) the  
4 total adjusted formula students for a local system shall include  
5 the extreme remoteness factor and any adjustment to the adjusted  
6 formula students resulting from qualification for the extreme  
7 remoteness factor for the calculation of the local system's formula  
8 need pursuant to subdivision (3) ~~or~~ (4) of section 79-1007.02.

9           Sec. 75. For state aid calculated for school fiscal year  
10 2008-09 and each school fiscal year thereafter:

11           (1) The adjusted formula students for each school  
12 district shall be calculated by:

13           (a) Multiplying the formula students in each grade range  
14 by the corresponding weighting factors to calculate the weighted  
15 formula students for each grade range as follows:

16           (i) The weighting factor for early childhood education  
17 programs is six-tenths;

18           (ii) The weighting factor for kindergarten is  
19 five-tenths;

20           (iii) The weighting factor for grades one through six,  
21 including full-day kindergarten, is one;

22           (iv) The weighting factor for grades seven and eight is  
23 one and two-tenths; and

24           (v) The weighting factor for grades nine through twelve  
25 is one and four-tenths;



1           (b) Adding the weighted formula students for each grade  
2 range to calculate the weighted formula students for the local  
3 system; and

4           (c) Adjusting the weighted formula students by adding the  
5 following demographic factors:

6           (i) The Indian-land factor shall equal 0.25 times the  
7 average daily attendance of students who reside on Indian land  
8 as reported by the United States Department of Education in  
9 calculating the local system's payment pursuant to 20 U.S.C. 7701  
10 et seq., as such sections existed on January 1, 2006; and

11           (ii) The extreme remoteness factor shall equal 0.125  
12 times the formula students in the school district for each school  
13 district that has fewer than two hundred formula students, more  
14 than six hundred square miles in the school district, less than  
15 three-tenths formula student per square mile in the local system,  
16 and more than twenty-five miles between the high school attendance  
17 center and the next closest high school attendance center on paved  
18 roads; and

19           (2) The total adjusted formula students for each  
20 school district shall equal the weighted formula students plus  
21 the demographic factors, except that (a) for school districts  
22 qualifying for the extreme remoteness factor, the total adjusted  
23 formula students shall be greater than or equal to one hundred  
24 fifty adjusted formula students, (b) the total adjusted formula  
25 students for a school district shall not include the extreme

1 remoteness factor or any adjustment to the adjusted formula  
2 students resulting from qualification for the extreme remoteness  
3 factor for the calculation of the average formula cost per student  
4 in each cost grouping pursuant to section 79-1007.02, and (c) the  
5 total adjusted formula students for a school district shall include  
6 the extreme remoteness factor and any adjustment to the adjusted  
7 formula students resulting from qualification for the extreme  
8 remoteness factor for the calculation of the school district's  
9 formula need pursuant to section 79-1007.02.

10           Sec. 76. Section 79-1007.02, Revised Statutes Supplement,  
11 2005, as amended by section 5, Legislative Bill 1208, Ninety-ninth  
12 Legislature, Second Session, 2006, is amended to read:

13           79-1007.02 For state aid calculated for school fiscal  
14 year 1998-99 and each school fiscal year thereafter:

15           (1) Using data from the annual financial reports for the  
16 second school fiscal year immediately preceding the school fiscal  
17 year in which aid is to be paid, the annual statistical summary  
18 reports for the school fiscal year immediately preceding the school  
19 fiscal year in which aid is to be paid, the fall membership reports  
20 and supplements thereto for the school fiscal year immediately  
21 preceding the school fiscal year in which aid is to be paid,  
22 and the school district census as reported under sections 79-524  
23 and 79-578 for the second school fiscal year preceding the school  
24 fiscal year in which aid is to be paid, the department shall  
25 divide the local systems into three cost groupings prior to the

1 certification of state aid based upon the following criteria:

2 (a) The very sparse cost grouping will consist of local  
3 systems that have (i) (A) less than one-half student per square  
4 mile in each county in which each high school attendance center  
5 is located, based on the school district census, (B) less than  
6 one formula student per square mile in the local system, and (C)  
7 more than fifteen miles between the high school attendance center  
8 and the next closest high school attendance center on paved roads  
9 or (ii) (A) more than four hundred fifty square miles in the local  
10 system, (B) less than one-half student per square mile in the local  
11 system, and (C) more than fifteen miles between each high school  
12 attendance center and the next closest high school attendance  
13 center on paved roads;

14 (b) The sparse cost grouping will consist of local  
15 systems that do not qualify for the very sparse cost grouping but  
16 which meet the following criteria:

17 (i) (A) Less than two students per square mile in the  
18 county in which each high school is located, based on the school  
19 district census, (B) less than one formula student per square mile  
20 in the local system, and (C) more than ten miles between each  
21 high school attendance center and the next closest high school  
22 attendance center on paved roads;

23 (ii) (A) Less than one and one-half formula students per  
24 square mile in the local system and (B) more than fifteen miles  
25 between each high school attendance center and the next closest

1 high school attendance center on paved roads;

2 (iii) (A) Less than one and one-half formula students per  
3 square mile in the local system and (B) more than two hundred  
4 seventy-five square miles in the local system; or

5 (iv) (A) Less than two formula students per square mile in  
6 the local system and (B) the local system includes an area equal  
7 to ninety-five percent or more of the square miles in the largest  
8 county in which a high school attendance center is located in the  
9 local system; and

10 (c) The standard cost grouping will consist of local  
11 systems that do not qualify for the very sparse or the sparse cost  
12 groupings.

13 For purposes of subdivision (1) of this section, if a  
14 local system did not operate and offer instruction in grades nine  
15 through twelve within the boundaries of the local system during the  
16 school fiscal year immediately preceding the school fiscal year in  
17 which aid is to be paid, the local system shall not be considered  
18 to have a high school attendance center;

19 (2) (a) The department shall calculate the average formula  
20 cost per student in each cost grouping by dividing the total  
21 estimated general fund operating expenditures for the cost grouping  
22 by the difference between the total adjusted formula students for  
23 all local systems in the cost grouping minus (i) the adjusted  
24 formula students attributed to early childhood education programs  
25 approved by the department pursuant to section 79-1103 for the

1 first two school fiscal years for which students attributed to  
2 early childhood education programs approved by the department  
3 pursuant to section 79-1103 are being included in the calculation  
4 of state aid for the local system and (ii) for the first two  
5 school fiscal years immediately following the school fiscal year in  
6 which a district in the local system received an expansion grant  
7 pursuant to section 79-1103, the difference between the adjusted  
8 formula students attributed to early childhood education programs  
9 approved by the department pursuant to section 79-1103 for the  
10 school fiscal year immediately following the school fiscal year in  
11 which a district in the local system received an expansion grant  
12 minus the adjusted formula students attributed to early childhood  
13 education programs approved by the department pursuant to section  
14 79-1103 for the school fiscal year in which a district in the  
15 local system received an expansion grant. For the calculation of  
16 state aid for school fiscal year 1999-00 and for each school fiscal  
17 year thereafter, the average formula cost per student in each cost  
18 grouping shall not be recalculated for the final calculation of  
19 state aid pursuant to section 79-1065. The calculation of total  
20 adjusted formula students for purposes of this subdivision shall  
21 take into account the requirements of subsection subdivision (2)  
22 of section 79-1007.01. The For school fiscal years prior to school  
23 fiscal year 2008-09, the total estimated general fund operating  
24 expenditures for the cost grouping is equal to the total adjusted  
25 general fund operating expenditures for all local systems in the

1 cost grouping multiplied by a cost growth factor. For school fiscal  
2 year 2008-09 and each school fiscal year thereafter, the total  
3 estimated general fund operating expenditures for the cost grouping  
4 is equal to the total adjusted general fund operating expenditures  
5 for all local systems in the cost grouping.

6 (b) The cost growth factor for each cost grouping is  
7 equal to the sum of: (i) One; plus (ii) the product of two  
8 times the ratio of the difference between the formula students  
9 attributable to the cost grouping without weighting or adjustment  
10 pursuant to section 79-1007.01 and the sum of the average  
11 daily membership plus tuitioned students attributable to the cost  
12 grouping for the most recently available complete data year divided  
13 by the sum of the average daily membership plus tuitioned students  
14 attributable to the cost grouping for the most recently available  
15 complete data year, except that the ratio shall not be less than  
16 zero; plus (iii) the basic allowable growth rate pursuant to  
17 section 79-1025 for the school fiscal year in which the aid is to  
18 be distributed; plus (iv) the basic allowable growth rate pursuant  
19 to section 79-1025 for the school fiscal year immediately preceding  
20 the school fiscal year in which the aid is to be distributed;  
21 plus (v) one-half of any additional growth rate allowed by special  
22 action of school boards for the school fiscal year in which the  
23 aid is to be distributed as determined for the school fiscal  
24 year immediately preceding the school fiscal year when aid is to  
25 be distributed; plus (vi) one-half of any additional growth rate

1 allowed by special action of the school boards for the school  
2 fiscal year immediately preceding the school fiscal year when the  
3 aid is to be distributed;

4 ~~(3) For school fiscal year 2008-09 and each school fiscal~~  
5 ~~year thereafter,~~ each local system's formula need will be equal  
6 to the sum of the local system's transportation allowance, special  
7 receipts allowance, and distance education and telecommunications  
8 allowance plus the product of the local system's adjusted formula  
9 students multiplied by the average formula cost per student in the  
10 local system's cost grouping. The calculation of total adjusted  
11 formula students for purposes of this subdivision shall take into  
12 account the requirements of subsection (2) of section 79-1007.01;  
13 and

14 ~~(4)(a) (3)~~ For school fiscal years 2002-03 through  
15 2006-07, each local system's formula need shall be calculated  
16 by subtracting the temporary aid adjustment factor from the sum  
17 of the local system's transportation allowance, the local system's  
18 special receipts allowance, and the product of the local system's  
19 adjusted formula students multiplied by the average formula cost  
20 per student in the local system's cost grouping. The calculation  
21 of total adjusted formula students for purposes of this subdivision  
22 shall take into account the requirements of ~~subsection~~ subdivision  
23 (2) of section 79-1007.01; ~~—~~.

24 ~~(b) (4)~~ For school fiscal year 2007-08, and each school  
25 fiscal year thereafter, each local system's formula need shall be

1 calculated by subtracting the temporary aid adjustment factor from  
2 the sum of the local system's transportation allowance, special  
3 receipts allowance, and distance education and telecommunications  
4 allowance and the product of the local system's adjusted formula  
5 students multiplied by the average formula cost per student in the  
6 local system's cost grouping. The calculation of total adjusted  
7 formula students for purposes of this subdivision shall take into  
8 account the requirements of ~~subsection~~ subdivision (2) of section  
9 79-1007.01; and -

10 (5) For school fiscal year 2008-09 and each school fiscal  
11 year thereafter, each school district's formula need shall equal  
12 the greater of (a) the sum of the school district's transportation  
13 allowance, elementary class size allowance, focus school and  
14 program allowance, limited English proficiency allowance, poverty  
15 allowance, special receipts allowance, and distance education  
16 and telecommunications allowance plus the product of the school  
17 district's adjusted formula students multiplied by the average  
18 formula cost per student in the school district's local system cost  
19 grouping or (b) if the school district's general fund levy was at  
20 or above ninety-nine cents per one hundred dollars of valuation  
21 for the previous year, the school district's prior year formula  
22 need multiplied by one hundred percent. The calculation of total  
23 adjusted formula students for purposes of this subdivision shall  
24 take into account the requirements of subdivision (2) of section 75  
25 of this act.



1           Sec. 77. For school fiscal year 2008-09 and each  
2 school fiscal year thereafter, the department shall determine  
3 the elementary class size allowance for each school district. The  
4 allowance shall equal the statewide average general fund operating  
5 expenditures per formula student multiplied by 0.20 then multiplied  
6 by the number of students in the school district in kindergarten  
7 through grade five who qualify for free or reduced-price lunches  
8 and who spend at least fifty percent of the school day in a  
9 classroom with a minimum of ten students and a maximum of twenty  
10 students as reported on the fall membership report from the school  
11 fiscal year immediately preceding the school fiscal year in which  
12 the aid is to be paid for state aid certified pursuant to section  
13 79-1022 and as reported on the annual financial report from the  
14 school fiscal year immediately preceding the school fiscal year  
15 in which the aid was paid for the final calculation of state aid  
16 pursuant to section 79-1065.

17           Sec. 78. For school fiscal year 2008-09 and each school  
18 fiscal year thereafter, the department shall determine the focus  
19 school and program allowance for each school district in a learning  
20 community. The allowance shall equal the statewide average general  
21 fund operating expenditures per formula student multiplied by 0.10  
22 then multiplied by the number of students participating in a focus  
23 school or program as reported on the fall membership report from  
24 the school fiscal year immediately preceding the school fiscal year  
25 in which the aid is to be paid for state aid certified pursuant to

1 section 79-1022 and as reported on the annual financial report from  
2 the school fiscal year immediately preceding the school fiscal year  
3 in which the aid was paid for the final calculation of state aid  
4 pursuant to section 79-1065.

5           Sec. 79. (1) For school fiscal year 2008-09 and each  
6 school fiscal year thereafter, the department shall determine the  
7 poverty allowance for each school district that has not been  
8 disqualified pursuant to section 80 of this act. The school  
9 district may designate a maximum poverty allowance on or before  
10 November 1 of the school fiscal year immediately preceding the  
11 school fiscal year for which aid is being calculated on a form  
12 prescribed by the department. The school district may decline to  
13 participate in the poverty allowance by providing the department  
14 with a maximum poverty allowance of zero dollars on or before  
15 November 1 of the school fiscal year immediately preceding the  
16 school fiscal year for which aid is being calculated on such form.

17           (2) The poverty allowance for each school district that  
18 has not been disqualified pursuant to section 80 of this act shall  
19 equal the lesser of:

20           (a) The maximum amount designated pursuant to subsection  
21 (1) of this section by the school district in the local system, if  
22 such school district designated a maximum amount, for the school  
23 fiscal year for which aid is being calculated; or

24           (b) Sixty-one percent of the sum of:

25           (i) The statewide average general fund operating

1 expenditures per formula student multiplied by 0.05 then multiplied  
2 by the poverty students comprising more than five percent and  
3 not more than ten percent of the formula students in the school  
4 district; plus

5 (ii) The statewide average general fund operating  
6 expenditures per formula student multiplied by 0.10 then multiplied  
7 by the poverty students comprising more than ten percent and not  
8 more than fifteen percent of the formula students in the school  
9 district; plus

10 (iii) The statewide average general fund operating  
11 expenditures per formula student multiplied by 0.15 then multiplied  
12 by the poverty students comprising more than fifteen percent and  
13 not more than twenty percent of the formula students in the school  
14 district; plus

15 (iv) The statewide average general fund operating  
16 expenditures per formula student multiplied by 0.20 then multiplied  
17 by the poverty students comprising more than twenty percent and not  
18 more than twenty-five percent of the formula students in the school  
19 district; plus

20 (v) The statewide average general fund operating  
21 expenditures per formula student multiplied by 0.25 then multiplied  
22 by the poverty students comprising more than twenty-five percent  
23 and not more than thirty percent of the formula students in the  
24 school district; plus

25 (vi) The statewide average general fund operating

1 expenditures per formula student multiplied by 0.30 then multiplied  
2 by the poverty students comprising more than thirty percent of the  
3 formula students in the school district.

4           Sec. 80. (1)(a) For school fiscal year 2007-08, the  
5 annual financial report required pursuant to section 79-528 shall  
6 include:

7           (i) The amount of federal funds received based on poverty  
8 as defined by the federal program providing the funds; and

9           (ii) The expenditures and sources of funding for each  
10 program related to poverty with a narrative description of the  
11 program and the method used to allocate money to the program and  
12 within the program.

13           (b) The department shall set up accounting codes for the  
14 receipts and expenditures required to be reported on the annual  
15 financial report pursuant to this subsection. The department shall  
16 also determine for each school district an amount that shall  
17 be deemed the poverty allowance for purposes of this section.  
18 Such amount shall equal the adjustments to the weighted formula  
19 students pursuant to subdivision (1)(c)(iii) of section 79-1007.01  
20 multiplied by the average formula cost per student in the school  
21 district's cost grouping.

22           (2)(a) For school fiscal year 2008-09 and each school  
23 fiscal year thereafter, the annual financial report required  
24 pursuant to section 79-528 shall include:

25           (i) The amount of the poverty allowance used in the

1 certification of state aid pursuant to section 79-1022 for such  
2 school fiscal year;

3 (ii) The amount of federal funds received based on  
4 poverty as defined by the federal program providing the funds; and

5 (iii) The expenditures and sources of funding for each  
6 program related to poverty with a narrative description of the  
7 program and the method used to allocate money to the program and  
8 within the program.

9 (b) The department shall set up accounting codes for the  
10 receipts and expenditures required to be reported on the annual  
11 financial report pursuant to this subsection.

12 (3) For school fiscal year 2009-10 and each school  
13 fiscal year thereafter, the department shall determine the poverty  
14 allowance expenditures using the reported expenditures on the  
15 annual financial report for the most recently available complete  
16 data year that would include in the poverty allowance expenditures  
17 only those expenditures that were used to specifically address  
18 issues related to the education of students living in poverty,  
19 that do not replace expenditures that would have occurred if the  
20 students involved in the program did not live in poverty, and that  
21 are not paid for with federal funds. The department shall establish  
22 a procedure to allow school districts to receive preapproval  
23 for categories of expenditures that could be included in poverty  
24 allowance expenditures.

25 (4) For school fiscal year 2009-10 and each school fiscal

1 year thereafter, if the poverty allowance expenditures do not  
2 equal 117.65 percent or more of the poverty allowance for the  
3 most recently available complete data year, the department shall  
4 calculate a poverty allowance correction. The poverty allowance  
5 correction shall equal the poverty allowance minus eighty-five  
6 percent of the poverty allowance expenditures. If the poverty  
7 allowance expenditures do not equal fifty percent or more of the  
8 allowance for such school fiscal year, the school district shall  
9 also be disqualified from receiving a poverty allowance for the  
10 school fiscal year for which aid is being calculated.

11 (5) The department may request additional information  
12 from any school district to assist with calculations pursuant to  
13 this section. If the school district does not provide information  
14 upon the request of the department pursuant to this section, the  
15 school district shall be disqualified from receiving a poverty  
16 allowance for the school fiscal year for which aid is being  
17 calculated.

18 (6) The department shall annually provide the Legislature  
19 with a report containing a general description of the expenditures  
20 and funding sources for programs related to poverty statewide and  
21 specific descriptions of the expenditures and funding sources for  
22 programs related to poverty for each school district.

23 (7) The state board shall establish a procedure for  
24 appeal of decisions of the department to the state board for a  
25 final determination.

1           Sec. 81. (1) For school fiscal year 2008-09 and each  
2 school fiscal year thereafter, the department shall determine the  
3 limited English proficiency allowance for each school district  
4 that has not been disqualified pursuant to section 82 of this  
5 act. The school district may designate a maximum limited English  
6 proficiency allowance on or before November 1 of the school fiscal  
7 year immediately preceding the school fiscal year for which aid  
8 is being calculated on a form prescribed by the department. The  
9 school district may decline to participate in the limited English  
10 proficiency allowance by providing the department with a maximum  
11 limited English proficiency allowance of zero dollars on or before  
12 November 1 of the school fiscal year immediately preceding the  
13 school fiscal year for which aid is being calculated on such form.

14           (2) The limited English proficiency allowance for each  
15 school district that has not been disqualified pursuant to section  
16 82 of this act shall equal the lesser of:

17           (a) The amount designated pursuant to subsection (1)  
18 of this section by the school district, if such school district  
19 designated a maximum amount, for the school fiscal year for which  
20 aid is being calculated; or

21           (b) The statewide average general fund operating  
22 expenditures per formula student multiplied by 0.25 then multiplied  
23 by:

24           (i) The number of students in the school district who are  
25 limited English proficient as defined under 20 U.S.C. 7801, as such

1 section existed on January 1, 2006, if such number is greater than  
2 or equal to twelve;

3 (ii) Twelve, if the number of students in the school  
4 district who are limited English proficient as defined under 20  
5 U.S.C. 7801, as such section existed on January 1, 2006, is greater  
6 than or equal to one and less than twelve; or

7 (iii) Zero, if the number of students in the school  
8 district who are limited English proficient as defined under 20  
9 U.S.C. 7801, as such section existed on January 1, 2006, is less  
10 than one.

11 Sec. 82. (1)(a) For school fiscal year 2007-08, the  
12 annual financial report required pursuant to section 79-528 shall  
13 include:

14 (i) The amount of federal funds received based on  
15 students who are limited English proficient as defined by the  
16 federal program providing the funds; and

17 (ii) The expenditures and sources of funding for each  
18 program related to limited English proficiency with a narrative  
19 description of the program and the method used to allocate money to  
20 the program and within the program.

21 (b) The department shall set up accounting codes for the  
22 receipts and expenditures required to be reported on the annual  
23 financial report pursuant to this subsection. The department shall  
24 also determine for each school district an amount that shall  
25 be deemed the limited English proficiency allowance for purposes



1 of this section. Such amount shall equal the adjustments to the  
2 weighted formula students pursuant to subdivision (1)(c)(ii) of  
3 section 79-1007.01 multiplied by the average formula cost per  
4 student in the school district's cost grouping.

5 (2)(a) For school fiscal year 2008-09 and each school  
6 fiscal year thereafter, the annual financial report required  
7 pursuant to section 79-528 shall include:

8 (i) The amount of the limited English proficiency  
9 allowance used in the certification of state aid pursuant to  
10 section 79-1022 for such school fiscal year;

11 (ii) The amount of federal funds received based on  
12 students who are limited English proficient as defined by the  
13 federal program providing the funds; and

14 (iii) The expenditures and sources of funding for each  
15 program related to limited English proficiency with a narrative  
16 description of the program and the method used to allocate money to  
17 the program and within the program.

18 (b) The department shall set up accounting codes for the  
19 receipts and expenditures required to be reported on the annual  
20 financial report pursuant to this subsection.

21 (3) For school fiscal year 2009-10 and each school fiscal  
22 year thereafter, the department shall determine the limited English  
23 proficiency allowance expenditures using the reported expenditures  
24 on the annual financial report for the most recently available  
25 complete data year that would only include in the limited English

1 proficiency allowance expenditures those expenditures that were  
2 used to specifically address issues related to the education of  
3 students with limited English proficiency, that do not replace  
4 expenditures that would have occurred if the students involved in  
5 the program did not have limited English proficiency, and that are  
6 not paid for with federal funds. The department shall establish  
7 a procedure to allow school districts to receive preapproval  
8 for categories of expenditures that could be included in limited  
9 English proficiency allowance expenditures.

10 (4) For school fiscal year 2009-10 and each school fiscal  
11 year thereafter, if the limited English proficiency allowance  
12 expenditures do not equal 117.65 percent or more of the limited  
13 English proficiency allowance for the most recently available  
14 complete data year, the department shall calculate a limited  
15 English proficiency allowance correction. The limited English  
16 proficiency allowance correction shall equal the limited English  
17 proficiency allowance minus eighty-five percent of the limited  
18 English proficiency allowance expenditures. If the limited English  
19 proficiency allowance expenditures do not equal fifty percent or  
20 more of the allowance for such school fiscal year, the school  
21 district shall also be disqualified from receiving a limited  
22 English proficiency allowance for the school fiscal year for which  
23 aid is being calculated.

24 (5) The department may request additional information  
25 from any school district to assist with calculations pursuant to

1 this section. If the school district does not provide information  
2 upon the request of the department pursuant to this section, the  
3 school district shall be disqualified from receiving a limited  
4 English proficiency allowance for the school fiscal year for which  
5 aid is being calculated.

6 (6) The department shall annually provide the Legislature  
7 with a report containing a general description of the expenditures  
8 and funding sources for programs related to limited English  
9 proficiency statewide and specific descriptions of the expenditures  
10 and funding sources for programs related to limited English  
11 proficiency for each school district.

12 (7) The state board shall establish a procedure for  
13 appeal of decisions of the department to the state board for a  
14 final determination.

15 Sec. 83. For state aid calculated for school fiscal year  
16 2008-09 and each school fiscal year thereafter, the cost growth  
17 factor for each cost grouping is equal to the sum of: (1) One;  
18 plus (2) the product of two times the ratio of the difference  
19 between the formula students attributable to the cost grouping  
20 without weighting or adjustment pursuant to section 75 of this  
21 act and the sum of the average daily membership plus tuitioned  
22 students attributable to the cost grouping for the most recently  
23 available complete data year divided by the sum of the average  
24 daily membership plus tuitioned students attributable to the cost  
25 grouping for the most recently available complete data year, except

1 that the ratio shall not be less than zero; plus (3) the basic  
2 allowable growth rate pursuant to section 79-1025 for the school  
3 fiscal year in which the aid is to be distributed; plus (4) the  
4 basic allowable growth rate pursuant to section 79-1025 for the  
5 school fiscal year immediately preceding the school fiscal year in  
6 which the aid is to be distributed; plus (5) any additional growth  
7 rate allowed by special action of school boards for the school  
8 fiscal year in which the aid is to be distributed as determined  
9 for the school fiscal year immediately preceding the school fiscal  
10 year when aid is to be distributed; plus (6) any additional growth  
11 rate allowed by special action of the school boards for the school  
12 fiscal year immediately preceding the school fiscal year when the  
13 aid is to be distributed.

14           Sec. 84. Section 79-1008.01, Revised Statutes Cumulative  
15 Supplement, 2004, is amended to read:

16           79-1008.01 (1) Except as provided in subsection (2) of  
17 this section and sections 79-1008.02 to 79-1010, each local system  
18 shall receive equalization aid in the amount that the total formula  
19 need of each local system, as determined pursuant to sections  
20 79-1007.01 and 79-1007.02 and sections 75 and 77 to 83 of this  
21 act, exceeds its total formula resources as determined pursuant to  
22 sections 79-1015.01 to 79-1018.01.

23           (2) Except as provided in section 79-1008.02, a local  
24 system shall not receive state aid for any school fiscal year,  
25 except school fiscal years 2002-03 through 2007-08, which is less

1 than an amount equal to the difference of eighty-five percent of  
2 the amount of aid certified in the preceding school fiscal year  
3 minus an amount equal to any increase in the adjusted valuation  
4 between the adjusted valuation used for the certification of aid in  
5 the preceding school fiscal year and the adjusted valuation used  
6 for the aid being calculated multiplied by the maximum levy, for  
7 the school fiscal year for which aid is being certified, pursuant  
8 to subdivision (2)(a) or (b) of section 77-3442 without a vote  
9 pursuant to section 77-3444.

10 (3) Except as provided in section 79-1008.02, a local  
11 system shall not receive state aid for school fiscal years  
12 2002-03 through 2007-08 which is less than an amount equal to  
13 the difference of eighty-three and three-fourths percent of the  
14 amount of aid certified in the preceding school fiscal year minus  
15 an amount equal to any increase in the adjusted valuation between  
16 the adjusted valuation used for the certification of aid in the  
17 preceding school fiscal year and the adjusted valuation used for  
18 the aid being calculated multiplied by the maximum levy, for the  
19 school fiscal year for which aid is being certified, pursuant to  
20 subdivision (2)(a) of section 77-3442 without a vote pursuant to  
21 section 77-3444.

22 (4) Except as provided in subsection (2) or (3) of this  
23 section, no local system may receive equalization aid such that,  
24 when total aid is added to a levy equal to ten cents less than  
25 the maximum levy, for the school fiscal year for which aid is

1 being certified, pursuant to subdivision (2) (a) or (b) of section  
2 77-3442 without a vote pursuant to section 77-3444, ~~less ten cents,~~  
3 multiplied by the local system's adjusted valuation, would result  
4 in total local system revenue from state aid plus property tax  
5 receipts which exceeds the total of:

6 (a) The sum of state aid, receipts from other school  
7 districts related to annexation, and property tax receipts received  
8 by the local system during the preceding school fiscal year  
9 multiplied by the total of (i) 1.01 plus (ii) the applicable  
10 allowable growth rate for the local system calculated pursuant  
11 to section 79-1026 as determined for the school fiscal year  
12 immediately preceding the school fiscal year when aid is to be  
13 distributed plus (iii) the percentage growth in formula students  
14 from the certification of state aid for the immediately preceding  
15 school fiscal year to the formula students for the certification  
16 of state aid for the current school fiscal year, except that the  
17 percentage growth shall not be less than zero;

18 (b) Unused budget authority authorized pursuant to  
19 section 79-1030 for all school districts in the local system;

20 (c) The difference between the other actual receipts  
21 included in local system formula resources for the certification  
22 of state aid in the preceding school fiscal year and other  
23 actual receipts included in local system formula resources for the  
24 certification of state aid for the current school fiscal year,  
25 except that such difference shall not be less than zero; and

1           (d) The absolute value of any negative prior year  
2 adjustment pursuant to section 79-1065.

3           For local systems that have reorganized, state aid,  
4 property tax receipts, and number of formula students shall  
5 be attributed based on valuation. The formation of a learning  
6 community shall be considered a reorganization for purposes of  
7 this subsection. The revenue from property tax receipts shall be  
8 calculated by multiplying the reported general fund common levy by  
9 the assessed valuation subject to the levy divided by one hundred.

10           (5) For all school fiscal years except school fiscal  
11 years 2002-03 through 2007-08, the aid that is not distributed  
12 through equalization based on subsection (4) of this section  
13 shall be distributed through this subsection to the extent local  
14 systems qualify for such distributions. Local systems qualify  
15 for distribution under this subsection if they have nine hundred  
16 or less formula students and adjusted general fund operating  
17 expenditures per formula student less than the average for all  
18 local systems with nine hundred or less formula students. The aid  
19 shall be distributed proportionally to qualifying districts based  
20 on the dollar amount each local system's calculated state aid plus  
21 the product of a levy of one dollar multiplied by the assessed  
22 valuation divided by one hundred is below ninety percent of state  
23 aid plus property tax receipts received by the local system during  
24 the preceding school fiscal year. No system shall receive aid  
25 pursuant to this subsection such that the calculated state aid plus

1 the product of a levy of one dollar multiplied by the assessed  
2 valuation divided by one hundred is ninety percent or more of  
3 state aid plus property tax receipts received by the local system  
4 during the preceding school fiscal year. Any aid available for  
5 distribution pursuant to this subsection that is not distributed  
6 pursuant to this subsection shall be distributed as equalization  
7 aid.

8 (6) For school fiscal years 2002-03 through 2007-08,  
9 the aid that is not distributed through equalization based on  
10 subsection (3) of this section shall be distributed through  
11 this subsection to the extent local systems qualify for such  
12 distributions. Local systems qualify for distribution under this  
13 subsection if they have nine hundred or less formula students and  
14 adjusted general fund operating expenditures per formula student  
15 less than the average for all local systems with nine hundred or  
16 less formula students. The aid shall be distributed proportionally  
17 to qualifying districts based on the dollar amount each local  
18 system's calculated state aid plus the product of a levy equal to  
19 the maximum levy, for the school fiscal year for which aid is being  
20 certified, pursuant to subdivision (2) (a) or (b) of section 77-3442  
21 without a vote pursuant to section 77-3444, multiplied by the  
22 assessed valuation is below eighty-eight and three-fourths percent  
23 of state aid plus property tax receipts received by the local  
24 system during the preceding school fiscal year. No system shall  
25 receive aid pursuant to this subsection such that the calculated



1 state aid plus the product of a levy equal to the maximum levy, for  
2 the school fiscal year for which aid is being certified, pursuant  
3 to subdivision (2) (a) or (b) of section 77-3442 without a vote  
4 pursuant to section 77-3444, multiplied by the assessed valuation  
5 is eighty-eight and three-fourths percent or more of state aid  
6 plus property tax receipts received by the local system during the  
7 preceding school fiscal year. ~~Any aid available for distribution~~  
8 ~~pursuant to this subsection that is not distributed pursuant to~~  
9 ~~this subsection shall be distributed as equalization aid.~~

10           Sec. 85. Section 79-1008.02, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12           79-1008.02 A minimum levy adjustment shall be calculated  
13 and applied to any local system that has a general fund common levy  
14 in the calendar year in which aid is certified that is less than  
15 ninety percent of the maximum levy allowed pursuant to subdivision  
16 (2) (a) or (b) of section 77-3442 without a vote pursuant to  
17 section 77-3444. To calculate the minimum levy adjustment, the  
18 department shall subtract the local system general fund common levy  
19 in the calendar year when aid is certified from ninety percent  
20 of the maximum levy allowed pursuant to subdivision (2) (a) or  
21 (b) of section 77-3442 without a vote pursuant to section 77-3444  
22 and multiply the result by the local system's adjusted valuation  
23 divided by one hundred. The minimum levy adjustment shall be added  
24 to the formula resources of the local system for the determination  
25 of equalization aid pursuant to section 79-1008.01. If the minimum

1 levy adjustment is greater than or equal to the allocated income  
2 tax funds calculated pursuant to section 79-1005.01 or 79-1005.02,  
3 the local system shall not receive allocated income tax funds. If  
4 the minimum levy adjustment is less than the allocated income tax  
5 funds calculated pursuant to section 79-1005.01 or 79-1005.02, the  
6 local system shall receive allocated income tax funds in the amount  
7 of the difference between the allocated income tax funds calculated  
8 pursuant to section 79-1005.01 or 79-1005.02 and the minimum levy  
9 adjustment. This section does not apply to the calculation of aid  
10 for a local system containing a learning community for the first  
11 school fiscal year for which aid is calculated for such local  
12 system.

13           Sec. 86. Section 79-1022, Revised Statutes Supplement,  
14 2005, is amended to read:

15           79-1022 (1) On or before March 1, 2006, and on or before  
16 February 1 for each year thereafter, the department shall determine  
17 the amounts to be distributed to each local system and each  
18 district pursuant to the Tax Equity and Educational Opportunities  
19 Support Act and shall certify the amounts to the Director of  
20 Administrative Services, the Auditor of Public Accounts, each  
21 learning community, and each district. The amount to be distributed  
22 to each district that is not a member of a learning community from  
23 the amount certified for a local system shall be proportional based  
24 on the weighted formula students attributed to each district in  
25 the local system. The amount to be distributed to each district

1 that is a member of a learning community from the amount certified  
2 for the local system shall be proportional based on the formula  
3 needs calculated for each district in the local system. On or  
4 before March 1, 2006, and on or before February 1 for each year  
5 thereafter, the department shall report the necessary funding level  
6 to the Governor, the Appropriations Committee of the Legislature,  
7 and the Education Committee of the Legislature. Certified state  
8 aid amounts, including adjustments pursuant to section 79-1065.02,  
9 shall be shown as budgeted non-property-tax receipts and deducted  
10 prior to calculating the property tax request in the district's  
11 general fund budget statement as provided to the Auditor of Public  
12 Accounts pursuant to section 79-1024.

13 (2) Except as provided in subsection (8) of section  
14 79-1016 and sections 79-1033 and 79-1065.02 the amounts certified  
15 pursuant to subsection (1) of this section shall be distributed in  
16 ten as nearly as possible equal payments on the last business day  
17 of each month beginning in September of each ensuing school fiscal  
18 year and ending in June of the following year, except that when a  
19 school district is to receive a monthly payment of less than one  
20 thousand dollars, such payment shall be one lump-sum payment on  
21 the last business day of December during the ensuing school fiscal  
22 year.

23 Sec. 87. Section 79-1024, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25 79-1024 (1) The department may require each district

1 to submit to the department a duplicate copy of such portions  
2 of the district's budget statement as the Commissioner of  
3 Education directs. The department may verify any data used  
4 to meet the requirements of the Tax Equity and Educational  
5 Opportunities Support Act. The Auditor of Public Accounts shall  
6 review each district's budget statement for statutory compliance,  
7 make necessary changes in the budget documents for districts to  
8 effectuate the budget limitations imposed pursuant to sections  
9 79-1023 to 79-1030, and notify the Commissioner of Education (a) of  
10 any district failing to submit to the auditor the budget documents  
11 required pursuant to this subsection by the date established in  
12 subsection (1) of section 13-508 or failing to make any corrections  
13 of errors in the documents pursuant to section 13-504 or 13-511  
14 and (b) of any Class I district failing to submit the items  
15 required by this subsection to its high school districts by the  
16 date established in section 79-1083.03.

17 (2) If a school district fails to submit to the  
18 department or the auditor the budget documents required pursuant  
19 to subsection (1) of this section by the date established in  
20 subsection (1) of section 13-508 or fails to make any corrections  
21 of errors in the documents pursuant to section 13-504 or 13-511  
22 or a Class I district fails to submit the items required by  
23 subsection (1) of this section to its high school districts by  
24 the date established in section 79-1083.03, the commissioner,  
25 upon notification from the auditor or upon his or her own

1 knowledge that the required budget documents and any required  
2 corrections of errors from any school district have not been  
3 properly filed in accordance with the Nebraska Budget Act and  
4 after notice to the district and an opportunity to be heard,  
5 shall direct that any state aid granted pursuant to the Tax Equity  
6 and Educational Opportunities Support Act be withheld until such  
7 time as the required budget documents or corrections of errors  
8 are received by the auditor and the department. In addition, the  
9 commissioner shall direct the county treasurer to withhold all  
10 school money belonging to the school district until such time as  
11 the commissioner notifies the county treasurer of receipt of the  
12 required budget documents or corrections of errors. The county  
13 treasurer shall withhold such money. For school districts that are  
14 members of learning communities, a determination of school money  
15 belonging to the district shall be based on the proportionate share  
16 of property tax receipts allocated to the school district by the  
17 learning community coordinating council, and the learning community  
18 coordinating council shall withhold any such school money in the  
19 possession of the learning community coordinating council from the  
20 school district. If the school district does not comply with this  
21 section prior to the end of the state's biennium following the  
22 biennium which included the fiscal year for which state aid was  
23 calculated, the state aid funds shall revert to the General Fund.  
24 The amount of any reverted funds shall be included in data provided  
25 to the Governor in accordance with section 79-1031. The board of

1 any district failing to submit to the department or the auditor  
2 the budget documents required pursuant to this section by the date  
3 established in subsection (1) of section 13-508 or failing to make  
4 any corrections of errors in the documents pursuant to section  
5 13-504 or 13-511 or the board of a Class I district failing to  
6 submit the items required by subsection (1) of this section to its  
7 high school districts by the date established in section 79-1083.03  
8 shall be liable to the school district for all school money which  
9 such district may lose by such failing.

10           Sec. 88. Section 79-1026, Revised Statutes Supplement,  
11 2005, is amended to read:

12           79-1026 For school fiscal years prior to 2008-09: On or  
13 before March 1, 2006, and on or before February 1 for each year  
14 thereafter, the department shall determine and certify to each  
15 Class II, III, IV, V, or VI district an applicable allowable growth  
16 rate carried out at least four decimal places for each local system  
17 as follows:

18           (1) The department shall establish a target budget level  
19 range of general fund operating expenditure levels for each school  
20 fiscal year for each local system which shall begin at twenty  
21 percent less than the local system's formula need and end at the  
22 local system's formula need. The beginning point of the range shall  
23 be assigned a number equal to the maximum allowable growth rate  
24 established in section 79-1025, and the end point of the range  
25 shall be assigned a number equal to the basic allowable growth rate

1 as prescribed in such section such that the lower end of the range  
2 shall be assigned the maximum allowable growth rate and the higher  
3 end of the range shall be assigned the basic allowable growth rate;  
4 and

5 (2) For each school fiscal year, each local system's  
6 general fund operating expenditures shall be compared to its target  
7 budget level along the range described in subdivision (1) of  
8 this section to arrive at an applicable allowable growth rate as  
9 follows: If each local system's general fund operating expenditures  
10 fall below the lower end of the range, such applicable allowable  
11 growth rate shall be the maximum growth rate identified in section  
12 79-1025. If each local system's general fund operating expenditures  
13 are greater than the higher end of the range, the local system's  
14 allowable growth rate shall be the basic allowable growth rate  
15 identified in such section. If each local system's general fund  
16 operating expenditures fall between the lower end and the higher  
17 end of the range, the department shall use a linear interpolation  
18 calculation between the end points of the range to arrive at the  
19 applicable allowable growth rate for the local system.

20 Sec. 89. For school fiscal year 2008-09 and each school  
21 fiscal year thereafter, on or before February 1, the department  
22 shall determine and certify to each Class II, III, IV, or V  
23 district an applicable allowable growth rate carried out at least  
24 four decimal places as follows:

25 (1) The department shall establish a target budget level

1 range of general fund operating expenditure levels for each school  
2 fiscal year for each school district which shall begin at twenty  
3 percent less than the school district's formula need and end at the  
4 school district's formula need. The beginning point of the range  
5 shall be assigned a number equal to the maximum allowable growth  
6 rate established in section 79-1025, and the end point of the range  
7 shall be assigned a number equal to the basic allowable growth rate  
8 as prescribed in such section such that the lower end of the range  
9 shall be assigned the maximum allowable growth rate and the higher  
10 end of the range shall be assigned the basic allowable growth rate;  
11 and

12 (2) For each school fiscal year, each school district's  
13 general fund operating expenditures shall be compared to its target  
14 budget level along the range described in subdivision (1) of  
15 this section to arrive at an applicable allowable growth rate  
16 as follows: If each school district's general fund operating  
17 expenditures fall below the lower end of the range, such applicable  
18 allowable growth rate shall be the maximum growth rate identified  
19 in section 79-1025. If each school district's general fund  
20 operating expenditures are greater than the higher end of the  
21 range, the school district's allowable growth rate shall be the  
22 basic allowable growth rate identified in such section. If each  
23 school district's general fund operating expenditures fall between  
24 the lower end and the higher end of the range, the department shall  
25 use a linear interpolation calculation between the end points of



1 the range to arrive at the applicable allowable growth rate for the  
2 school district.

3           Sec. 90. Section 79-1028, Revised Statutes Supplement  
4 2005, is amended to read:

5           79-1028 (1) A Class II, III, IV, V, or VI school district  
6 may exceed the ~~local system's~~ its applicable allowable growth rate  
7 for (a) expenditures in support of a service which is the subject  
8 of an agreement or a modification of an existing agreement whether  
9 operated by one of the parties to the agreement or an independent  
10 joint entity or joint public agency, (b) expenditures to pay for  
11 repairs to infrastructure damaged by a natural disaster which is  
12 declared a disaster emergency pursuant to the Emergency Management  
13 Act, (c) expenditures to pay for judgments, except judgments  
14 or orders from the Commission of Industrial Relations, obtained  
15 against a school district which require or obligate a school  
16 district to pay such judgment, to the extent such judgment is not  
17 paid by liability insurance coverage of a school district, (d)  
18 expenditures to pay for sums agreed to be paid by a school district  
19 to certificated employees in exchange for a voluntary termination  
20 of employment, or (e) expenditures to pay for lease-purchase  
21 contracts approved on or after July 1, 1997, and before July  
22 1, 1998, to the extent the lease payments were not budgeted  
23 expenditures for fiscal year 1997-98.

24           (2) A Class II, III, IV, V, or VI district may exceed its  
25 applicable allowable growth rate by a specific dollar amount if the

1 district projects an increase in formula students in the district  
 2 over the current school year greater than twenty-five students  
 3 or greater than those listed in the schedule provided in this  
 4 subsection, whichever is less. Districts shall project increases  
 5 in formula students on forms prescribed by the department. The  
 6 department shall approve, deny, or modify the projected increases.

7	Average daily	Projected increase
8	membership of	of formula students
9	district	by percentage
10	0 - 50	10
11	50.01 - 250	5
12	250.01 - 1,000	3
13	1,000.01 and over	1

14 The department shall compute the district's estimated  
 15 allowable budget per pupil using the budgeted general fund  
 16 expenditures found on the budget statement for the current school  
 17 year divided by the number of formula students in the current  
 18 school year and multiplied by the district's applicable allowable  
 19 growth rate. The resulting allowable budget per pupil shall be  
 20 multiplied by the projected formula students to arrive at the  
 21 estimated budget needs for the ensuing year. The department  
 22 shall allow the district to increase its general fund budget  
 23 of expenditures for the ensuing school year by the amount  
 24 necessary to fund the estimated budget needs of the district  
 25 as computed pursuant to this subsection. On or before July

1 1, the department shall make available to districts which have  
2 been allowed additional growth pursuant to this subsection the  
3 necessary document to recalculate the actual formula students of  
4 such district. Such document shall be filed with the department  
5 under subsection (1) of section 79-1024.

6 (3) A Class II, III, IV, V, or VI district may exceed  
7 its applicable allowable growth rate by a specific dollar amount if  
8 construction, expansion, or alteration of district buildings will  
9 cause an increase in building operation and maintenance costs of  
10 at least five percent. The department shall document the projected  
11 increase in building operation and maintenance costs and may allow  
12 a Class II, III, IV, V, or VI district to exceed the local system's  
13 its applicable allowable growth rate by the amount necessary to  
14 fund such increased costs. The department shall compute the actual  
15 increased costs for the school year and shall notify the district  
16 on or before July 1 of the recovery of the additional growth  
17 pursuant to this subsection.

18 (4) A Class II, III, IV, V, or VI district may exceed its  
19 applicable allowable growth rate by a specific dollar amount if the  
20 district demonstrates to the satisfaction of the department that  
21 it will exceed its applicable allowable growth rate as a result  
22 of costs pursuant to the Retirement Incentive Plan authorized  
23 in section 79-855 or the Staff Development Assistance authorized  
24 in section 79-856. The department shall compute the amount by  
25 which the increased cost of such program or programs exceeds the

1 district's applicable allowable growth rate and shall allow the  
2 district to increase its general fund expenditures by such amount  
3 for that fiscal year.

4 (5) A Class II, III, IV, or V district may exceed its  
5 applicable allowable growth rate by the specific dollar amount of  
6 incentive payments or base fiscal year incentive payments to be  
7 received in such school fiscal year pursuant to section 79-1011.

8 (6) A Class II, III, IV, V, or VI district may exceed  
9 the district's its applicable allowable growth rate by a specific  
10 dollar amount in any year for which the state aid calculation  
11 for the local system includes students in the qualified early  
12 childhood education fall membership of the district for the first  
13 time or for a year in which an early childhood education program  
14 of the district is receiving an expansion grant. The department  
15 shall compute the amount by which the district may exceed the  
16 district's applicable allowable growth rate by multiplying the  
17 cost grouping cost per student for the local system's applicable  
18 cost grouping by the local system's district's adjusted formula  
19 students attributed to early childhood education programs if  
20 students are included in the local system's district's qualified  
21 early childhood education fall membership for the first time or by  
22 the local system's district's adjusted formula students attributed  
23 to such early childhood education programs minus the local system's  
24 district's adjusted formula students attributed to such early  
25 childhood education programs for the prior school fiscal year if a

1 program is receiving an expansion grant in the school fiscal year  
2 for which the fall membership is measured. The department shall  
3 allow the district to increase its general fund expenditures by  
4 such amount for such school fiscal year.

5 (7) For school fiscal year 2005-06, a Class II, III, IV,  
6 V, or VI district may exceed its applicable allowable growth rate  
7 by a specific dollar amount not to exceed seventy-four hundredths  
8 percent of the amount budgeted for employee salaries for such  
9 school fiscal year. For school fiscal year 2006-07, a Class II,  
10 III, IV, V, or VI district may exceed its applicable allowable  
11 growth rate by a specific dollar amount not to exceed fifty-nine  
12 hundredths percent of the amount budgeted for employee salaries for  
13 such school fiscal year.

14 (8) For school fiscal year 2006-07, a Class II or III  
15 school district that has been exempt from the transportation  
16 requirements of subdivision (1)(c) of section 79-611 as such  
17 section existed before June 15, 2005, due to the school district's  
18 status as a Class VI school district in a prior school fiscal year  
19 may exceed its applicable allowable growth rate by an amount equal  
20 to anticipated transportation expenditures necessary to meet new  
21 transportation requirements. The department shall approve, deny, or  
22 modify the anticipated transportation expenditures. The department  
23 shall compute the actual transportation expenditures necessary  
24 to meet new transportation requirements for school fiscal year  
25 2006-07 and shall, if needed, modify the local system's district's

1 applicable allowable growth rate for the ensuing school fiscal  
2 year.

3 (9) A Class II, III, IV, or V district that is a  
4 member of a learning community may exceed its applicable allowable  
5 growth rate for the first school fiscal year in which the school  
6 district will be a member of a learning community for the full  
7 school fiscal year by an amount equal to anticipated increases in  
8 transportation expenditures necessary to meet the requirements of  
9 subsection (2) of section 79-611 as approved by the department. The  
10 department shall approve, deny, or modify the amount allowed  
11 for anticipated increases in transportation expenditures. The  
12 department shall compute the actual increase in transportation  
13 expenditures necessary to meet the requirements of subsection (2)  
14 of section 79-611 for such school fiscal year and shall, if needed,  
15 modify the district's applicable allowable growth rate for the  
16 ensuing school fiscal year.

17 (10) For school fiscal year 2008-09, a Class II, III,  
18 IV, or V district may exceed its applicable allowable growth  
19 rate by a specific dollar amount if the sum of the poverty  
20 allowance, elementary class size allowance, focus school and  
21 program allowance, and limited English proficiency allowance for  
22 the school district for school fiscal year 2008-09 exceeds the  
23 poverty weightings plus limited English proficiency weightings  
24 multiplied by the cost grouping cost per student for the school  
25 district for school fiscal year 2007-08. The department shall

1 compute the amount by which the district may exceed the applicable  
2 allowable growth rate by subtracting the product of the sum of  
3 the poverty weightings and limited English proficiency weightings  
4 for school fiscal year 2007-08 multiplied by the average formula  
5 cost per student in the school district's cost grouping for school  
6 fiscal year 2007-08 from the sum of the school fiscal year 2008-09  
7 poverty allowance, elementary class size allowance, focus school  
8 and program allowance, and limited English proficiency allowance  
9 for the school district. The department shall allow the district to  
10 increase its general fund expenditures by such amount for school  
11 fiscal year 2008-09.

12 (11) For school fiscal year 2009-10 and each school  
13 fiscal year thereafter, a Class II, III, IV, or V district may  
14 exceed its applicable allowable growth rate by a specific dollar  
15 amount if the sum of the poverty allowance, elementary class size  
16 allowance, focus school and program allowance, and limited English  
17 proficiency allowance for the school district has grown at a rate  
18 higher than the applicable allowable growth rate of the district.  
19 The department shall compute the amount by which the district  
20 may exceed the applicable allowable growth rate by subtracting  
21 the product of the sum of the poverty allowance, elementary class  
22 size allowance, focus school and program allowance, and limited  
23 English proficiency allowance for the immediately preceding school  
24 fiscal year multiplied by the sum of one plus the applicable  
25 allowable growth rate to be exceeded from the sum of the poverty

1 allowance, elementary class size allowance, focus school and  
2 program allowance, and limited English proficiency allowance for  
3 the district for the school fiscal year for which the applicable  
4 allowable growth rate would be exceeded. The department shall allow  
5 the district to increase its general fund expenditures by such  
6 amount for the applicable school fiscal year.

7           Sec. 91. Section 79-1030, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9           79-1030 A Class II, III, IV, V, or VI district may choose  
10 not to increase its general fund budget of expenditures by the  
11 full amount of ~~the local system's~~ its applicable allowable growth  
12 rate. In such cases, the department shall calculate the amount of  
13 unused budget authority which shall be carried forward to future  
14 budget years so a Class II, III, IV, V, or VI district may increase  
15 its general fund budget of expenditures in future budget years by  
16 the amount of such total unused budget authority in addition to  
17 ~~the local system's~~ its applicable allowable growth rate for the  
18 specific budget year.

19           Sec. 92. Section 79-1033, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21           79-1033 (1) Except as otherwise provided in the Tax  
22 Equity and Educational Opportunities Support Act, state aid payable  
23 pursuant to the act for each school fiscal year shall be based upon  
24 data found in applicable reports for the most recently available  
25 complete data year. The annual financial reports and the annual



1 statistical summary of all school districts shall be submitted to  
2 the Commissioner of Education pursuant to the dates prescribed in  
3 section 79-528. If a school district fails to timely submit its  
4 reports, the commissioner, after notice to the district and an  
5 opportunity to be heard, shall direct that any state aid granted  
6 pursuant to the act be withheld until such time as the reports  
7 are received by the department. In addition, the commissioner shall  
8 direct the county treasurer to withhold all school money belonging  
9 to the school district until such time as the commissioner notifies  
10 the county treasurer of receipt of such reports. The county  
11 treasurer shall withhold such money. For school districts that are  
12 members of learning communities, a determination of school money  
13 belonging to the district shall be based on the proportionate  
14 share of state aid and property tax receipts allocated to the  
15 school district by the learning community coordinating council, and  
16 the treasurer of the learning community coordinating council shall  
17 withhold any such school money in the possession of the learning  
18 community coordinating council from the school district. If the  
19 school district does not comply with this section prior to the end  
20 of the state's biennium following the biennium which included the  
21 school fiscal year for which state aid was calculated, the state  
22 aid funds shall revert to the General Fund. The amount of any  
23 reverted funds shall be included in data provided to the Governor  
24 in accordance with section 79-1031.

25 (2) A district which receives, or has received in the

1 most recently available complete data year or in either of the two  
2 school fiscal years preceding the most recently available complete  
3 data year, federal funds in excess of twenty-five percent of its  
4 general fund budget of expenditures may apply for early payment of  
5 state aid paid pursuant to the act when such federal funds are not  
6 received in a timely manner. Such application may be made at any  
7 time by a district suffering such financial hardship and may be for  
8 any amount up to fifty percent of the remaining amount to which  
9 the district is entitled during the current school fiscal year. The  
10 state board may grant the entire amount applied for or any portion  
11 of such amount if the state board finds that a financial hardship  
12 exists in the district. The state board shall notify the Director  
13 of Administrative Services of the amount of funds to be paid  
14 in lump sum and the reduced amount of the monthly payments. The  
15 Director of Administrative Services shall, at the time of the next  
16 state aid payment made pursuant to section 79-1022, draw a warrant  
17 for the lump-sum amount from appropriated funds and forward such  
18 warrant to the district. For purposes of this subsection, financial  
19 hardship means a situation in which income to a district is  
20 exceeded by liabilities to such a degree that if early payment is  
21 not received it will be necessary for the district to discontinue  
22 vital services or functions.

23           Sec. 93. On or before October 1 for each year, each  
24 learning community coordinating council shall determine the  
25 expected amounts to be distributed to each member school district

1 from general fund property tax receipts and shall certify such  
2 amounts to each member school district and the State Department  
3 of Education. Such property tax receipts shall be divided among  
4 member school districts proportionally based on the difference  
5 of one hundred ten percent of the school district's formula need  
6 calculated pursuant to section 79-1007.02 minus the sum of the  
7 state aid certified pursuant to section 79-1022 and the other  
8 actual receipts included in local system formula resources pursuant  
9 to section 79-1018.01, except that no school district shall receive  
10 property tax receipts in excess of the lesser of such difference or  
11 the school district's property tax request.

12 Each time a learning community coordinating council  
13 distributes property tax receipts to member school districts,  
14 the amount to be distributed to each district shall be proportional  
15 based on the total amounts to be distributed to each member school  
16 district for the school fiscal year.

17 Sec. 94. Amounts levied by learning communities for  
18 special building funds for member school districts pursuant to  
19 subdivision (2)(f) of section 77-3442 shall be distributed to  
20 all member school districts proportionally based on the formula  
21 students used in the most recent certification of state aid  
22 pursuant to section 79-1022.

23 Any amounts distributed pursuant to this section shall be  
24 used by the member school districts for special building funds.

25 Sec. 95. Section 79-1074, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2           79-1074 (1) The county clerk of any county in which a  
3 part of a joint school district or learning community is located  
4 shall, on or before the date prescribed in section 13-509, certify  
5 the taxable valuation of all taxable property of such part of  
6 the joint district or learning community to the clerk of the  
7 headquarters county in which the schoolhouse or the administrative  
8 office of the school district or learning community is located.

9           (2) The county clerk of any county in which a part of  
10 a joint affiliated school system or learning community is located  
11 shall, on or before the date prescribed in section 13-509, certify  
12 the taxable valuation of all taxable property of such part of  
13 the joint affiliated school system or learning community to the  
14 clerk of the headquarters county in which the schoolhouse or the  
15 administrative office of the high school district or learning  
16 community is located.

17           Sec. 96. Section 79-1075, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19           79-1075 (1) The county board of the county in which is  
20 located the schoolhouse or the administrative office of any joint  
21 school district or learning community shall make a levy for the  
22 school district or learning community, as may be necessary, and the  
23 county clerk of that headquarters county shall certify the levy,  
24 on or before the date prescribed in section 77-1601, to the county  
25 clerk of each county in which is situated any portion of the joint

1 school district or learning community. This section shall apply to  
2 all taxes levied on behalf of school districts, including, but not  
3 limited to, taxes authorized by sections 10-304, 10-711, 10-716.01,  
4 77-1601, 79-747, 79-1077, 79-1084, 79-1085, 79-1086, 79-10,100,  
5 79-10,110, 79-10,118, 79-10,120, 79-10,122, and 79-10,126.

6 (2) The county board of the county in which is located  
7 the schoolhouse or the administrative office of the high school  
8 district of a joint affiliated school system shall make a levy for  
9 the joint affiliated school system, as may be necessary, and the  
10 county clerk of that headquarters county shall certify the levy,  
11 on or before the date prescribed in section 77-1601, to the county  
12 clerk of each county in which is situated any portion of the joint  
13 affiliated school system. This section shall apply to all taxes  
14 levied on behalf of affiliated school systems, including, but not  
15 limited to, taxes authorized by sections 10-716.01, 79-1077, and  
16 79-10,110.

17 Sec. 97. Section 79-1083, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19 79-1083 At the time the budget statement is certified  
20 to the levying board, each school board shall deliver to the  
21 county clerk of the headquarters county a copy of its adopted  
22 budget statement. If the school district is a member of a  
23 learning community, the school board shall also deliver to the  
24 learning community coordinating council a copy of the adopted  
25 budget statement.

1           Sec. 98. Section 79-1084, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           79-1084 The school board of a Class III school district  
4 shall annually, on or before September 20, report in writing to  
5 the county board and the learning community coordinating council if  
6 the school district is a member of a learning community the entire  
7 revenue raised by taxation and all other sources and received by  
8 the school board for the previous school fiscal year and a budget  
9 for the ensuing school fiscal year in form of a resolution broken  
10 down generally as follows: (1) The amount of funds required for the  
11 support of the schools during the ensuing school fiscal year; (2)  
12 the amount of funds required for the purpose of school sites; (3)  
13 the amount of funds required for the erection of school buildings;  
14 (4) the amount of funds required for the payment of interest upon  
15 all bonds issued for school purposes; and (5) the amount of funds  
16 required for the creation of a sinking fund for the payment of such  
17 indebtedness. The secretary shall publish, within ten days after  
18 the filing of such budget, a copy of the fund summary pages of the  
19 budget one time at the legal rate prescribed for the publication  
20 of legal notices in a legal newspaper published in and of general  
21 circulation in such city or village or, if none is published in  
22 such city or village, in a legal newspaper of general circulation  
23 in the city or village. The secretary of the school board failing  
24 or neglecting to comply with this section shall be deemed guilty  
25 of a Class V misdemeanor and, ~~upon conviction,~~ shall be fined in

1 any sum not exceeding twenty-five dollars for each offense and, in  
2 the discretion of the court, the judgment of conviction may provide  
3 for the removal from office of such secretary for such failure or  
4 neglect. The For Class III school districts that are not members  
5 of a learning community, the county board shall levy and collect  
6 such taxes as are necessary to provide the amount of revenue from  
7 property taxes as indicated by all the data contained in the budget  
8 and the certificate prescribed by this section, at the time and in  
9 the manner provided in section 77-1601.

10           Sec. 99. Section 79-1086, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12           79-1086 (1) The board of education of a Class V school  
13 district that is not a member of a learning community shall  
14 annually during the month of July estimate the amount of resources  
15 likely to be received for school purposes, including the amounts  
16 available from fines, licenses, and other sources. Before the  
17 county board of equalization makes its levy each year, the board of  
18 education shall report to the county clerk the rate of tax deemed  
19 necessary to be levied upon the taxable value of all the taxable  
20 property of the district subject to taxation during the fiscal  
21 year next ensuing for ~~(1)~~ (a) the support of the schools, ~~(2)~~ (b)  
22 the purchase of school sites, ~~(3)~~ (c) the erection, alteration,  
23 equipping, and furnishing of school buildings and additions to  
24 school buildings, ~~(4)~~ (d) the payment of interest upon all bonds  
25 issued for school purposes, and ~~(5)~~ (e) the creation of a sinking

1 fund for the payment of such indebtedness. The county board of  
2 equalization shall levy the rate of tax so reported and demanded by  
3 the board of education and collect the tax in the same manner as  
4 other taxes are levied and collected.

5 (2) The school board of a Class V school district that  
6 is a member of a learning community shall annually, on or before  
7 September 20, report in writing to the county board and the  
8 learning community coordinating council the entire revenue raised  
9 by taxation and all other sources and received by the school board  
10 for the previous school fiscal year and a budget for the ensuing  
11 school fiscal year in form of a resolution broken down generally  
12 as follows: (a) The amount of funds required for the support of  
13 the schools during the ensuing school fiscal year; (b) the amount  
14 of funds required for the purpose of school sites; (c) the amount  
15 of funds required for the erection of school buildings; (d) the  
16 amount of funds required for the payment of interest upon all  
17 bonds issued for school purposes; and (e) the amount of funds  
18 required for the creation of a sinking fund for the payment of such  
19 indebtedness. The secretary shall publish, within ten days after  
20 the filing of such budget, a copy of the fund summary pages of the  
21 budget one time at the legal rate prescribed for the publication  
22 of legal notices in a legal newspaper published in and of general  
23 circulation in such city or village or, if none is published in  
24 such city or village, in a legal newspaper of general circulation  
25 in the city or village. The secretary of the school board failing



1 or neglecting to comply with this section shall be deemed guilty  
2 of a Class V misdemeanor and, in the discretion of the court, the  
3 judgment of conviction may provide for the removal from office of  
4 such secretary for such failure or neglect.

5           Sec. 100. Section 79-10,120, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7           79-10,120 The school board or board of education of a  
8 Class II, III, IV, V, or VI school district may establish a  
9 special fund for purposes of acquiring sites for school buildings  
10 or teacherages, purchasing existing buildings for use as school  
11 buildings or teacherages, including the sites upon which such  
12 buildings are located, and the erection, alteration, equipping,  
13 and furnishing of school buildings or teacherages and additions  
14 to school buildings for elementary and high school grades and for  
15 no other purpose. Such For school districts that are not members  
16 of learning communities, the fund shall be established from the  
17 proceeds of an annual levy, to be determined by the board, of  
18 not to exceed fourteen cents on each one hundred dollars upon  
19 the taxable value of all taxable property in the district which  
20 shall be in addition to any other taxes authorized to be levied  
21 for school purposes. Such tax shall be levied and collected as  
22 are other taxes for school purposes. For school districts that are  
23 members of a learning community, such fund shall be established  
24 from the proceeds of the learning community special building funds  
25 levy directed to the school district for such purpose pursuant

1 to subdivision (2)(f) of section 77-3442 and the proceeds of any  
2 school district special building fund levy pursuant to subdivision  
3 (2)(b) of section 77-3442.

4           Sec. 101. Section 79-10,126, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6           79-10,126 A Class V school district that is not a  
7 member of a learning community shall establish (1) for the general  
8 operation of the schools, such fund as will result from an annual  
9 levy of such rate of tax upon the taxable value of all the  
10 taxable property in such school district as the board of education  
11 determines to be necessary for such purpose, (2) a fund resulting  
12 from an annual amount of tax to be determined by the board of  
13 education of not to exceed fourteen cents on each one hundred  
14 dollars upon the taxable value of all the taxable property in the  
15 district for the purpose of acquiring sites of school buildings  
16 and the erection, alteration, equipping, and furnishing of school  
17 buildings and additions to school buildings, which tax levy shall  
18 be used for no other purposes, and (3) a further fund resulting  
19 from an annual amount of tax to be determined by the board of  
20 education to pay interest on and retiring, funding, or servicing of  
21 bonded indebtedness of the district.

22           Sec. 102. A Class V school district that is a member of  
23 a learning community shall establish (1) for the general operation  
24 of the schools, such fund as will result from distributions from  
25 the learning community levy and any annual levy of such rate of tax

1 upon the taxable value of all the taxable property in such school  
2 district as the board of education determines to be necessary  
3 for such purpose and as authorized pursuant to subdivision (2)(b)  
4 of section 77-3442, (2) a fund resulting from distributions from  
5 the learning community levy for special building funds for the  
6 purpose of acquiring sites of school buildings and the erection,  
7 alteration, equipping, and furnishing of school buildings and  
8 additions to school buildings, which fund shall be used for no  
9 other purposes, and (3) a further fund resulting from an annual  
10 amount of tax to be determined by the board of education to  
11 pay interest on and retiring, funding, or servicing of bonded  
12 indebtedness of the district.

13           Sec. 103. Learning community means a political  
14 subdivision which shares the territory of member school districts  
15 and is governed by a learning community coordinating council. The  
16 fiscal year for a learning community shall be the same as for  
17 member school districts. A learning community shall not have the  
18 authority to levy property taxes for the first fiscal year of its  
19 existence and shall not have the authority to levy property taxes  
20 prior to school fiscal year 2008-09.

21           Sec. 104. (1) On or before August 1, 2006, and on or  
22 before August 1 following the official designation of any new  
23 city of the metropolitan class or any valid request to form a  
24 new learning community, the Secretary of State shall certify the  
25 establishment of a new learning community with an effective date

1 of September 1 of the year of such certification to the county  
2 clerks and county assessors of the counties with territory in  
3 the new learning community, to the Property Tax Administrator,  
4 to the State Department of Education, and to the school boards  
5 of the member school districts of the new learning community.  
6 A learning community shall be established for each city of the  
7 metropolitan class and shall include all school districts for which  
8 the principal office of the school district is located in the  
9 county where the city of the metropolitan class is located and  
10 all school districts for which the principal office of the school  
11 district is located in a county that has a contiguous border  
12 of at least five miles in the aggregate with such city of the  
13 metropolitan class. A learning community may also be established  
14 for one or more counties at the request of the school boards of  
15 all school districts for which the principal office of the school  
16 district is located in the specified county or counties if such  
17 school districts have a minimum combined total of at least two  
18 thousand students, except that districts in local systems that are  
19 in the sparse cost grouping or the very sparse cost grouping as  
20 described in section 79-1007.02 need not have a minimum combined  
21 total of at least two thousand students but a learning community  
22 with fewer than two thousand students shall include at least two  
23 school districts. Such requests shall be received by the Secretary  
24 of State on or before March 1 to be effective the following  
25 September 1.

1           (2) On or before September 1 following the certification  
2 of the establishment of a new learning community, the school  
3 board of each member school district shall appoint a member of  
4 such school board to serve on the learning community coordinating  
5 council and shall notify the Secretary of State of the appointment.  
6 The Secretary of State or his or her designee shall convene a  
7 meeting of the new council during the month of September and  
8 each month thereafter through the following June. At the September  
9 meeting, the council shall elect officers and shall begin taking  
10 the necessary steps to begin operating as a learning community.  
11 The Secretary of State or his or her designee shall schedule and  
12 host each meeting and shall serve as a facilitator at each meeting.  
13 The Secretary of State may contract for facilitation services. In  
14 any fiscal year that one or more new learning communities are  
15 established, the Secretary of State shall report to the Education  
16 Committee of the Legislature on or before December 31 and on  
17 or before June 30, regarding the progress of any new learning  
18 community coordinating councils.

19           Sec. 105. The State Department of Education shall provide  
20 transition aid to learning communities pursuant to this section.  
21 A learning community shall receive transition aid for the second  
22 school fiscal year of the learning community's existence for  
23 funding the general fund budget of the learning community during  
24 the transition to property tax funding. Each learning community  
25 established on September 1, 2006, shall also receive transition

1 aid for the third school fiscal year of the learning community's  
2 existence. Transition aid shall be distributed to each qualified  
3 learning community on or before July 5 of each school fiscal year  
4 in an amount equal to the amount appropriated for transition aid  
5 divided by the number of qualified learning communities.

6           Sec. 106. A learning community coordinating council shall  
7 have the authority to:

8           (1) Levy and distribute a common levy for the general  
9 funds of member school districts;

10           (2) Levy and distribute a common levy for the special  
11 building funds of member school districts;

12           (3) Levy for the budget of the learning community and for  
13 projects approved by the learning community coordinating council;

14           (4) Collect and report data and information as required;

15           (5) Coordinate development of focus schools and programs  
16 to provide educational opportunities to diversified student  
17 populations, including exploration of a campus that would include  
18 focus schools and programs operated by different member school  
19 districts;

20           (6) Approve focus schools and programs to be operated by  
21 member school districts;

22           (7) Annually conduct a school fair to allow students and  
23 parents to learn about each school in the learning community;

24           (8) Develop reorganization plans for submission pursuant  
25 to the Learning Community Reorganization Act; and

1           (9) Upon recommendation of the integration task force  
2 for the learning community, adopt and implement an integration and  
3 diversity plan.

4           Sec. 107. A learning community shall be governed by  
5 a coordinating council composed of one school board member from  
6 each member school district, and the superintendent of each member  
7 school district shall serve as a nonvoting member. A vacancy shall  
8 occur whenever a learning community coordinating council member  
9 ceases to be a member of the school board being represented or  
10 ceases to be the superintendent of the school district being  
11 represented, and the vacancy shall be filled by the school  
12 board of such member school district. Members of a learning  
13 community coordinating council shall receive no compensation for  
14 their services but shall be reimbursed for the actual and necessary  
15 expenses incurred in the performance of their duties as provided in  
16 sections 81-1174 to 81-1177.

17           Sec. 108. Any official action of a learning community  
18 coordinating council shall require approval of not less than  
19 one-half the voting members of the board representing school  
20 districts that have at least one-third of the students in the  
21 learning community as measured by the formula students in the most  
22 recent certification of state aid pursuant to section 79-1022.

23           Sec. 109. The boundaries of all school districts for  
24 which the principal office of the school district is located in a  
25 county where a city of the metropolitan class is located on the

1 effective date of this act and all school districts for which the  
2 principal office of the school district is located in a county that  
3 has a contiguous border of at least five miles in the aggregate  
4 with such city of the metropolitan class on the effective date of  
5 this act shall remain as depicted on March 1, 2006, on the map kept  
6 by the county clerk pursuant to section 79-490, until a learning  
7 community has been formed for such city of the metropolitan class.

8           Sec. 110. (1) On or before July 1 following the receipt  
9 of the recommendations from the integration task force pursuant  
10 to section 111 of this act, each learning community coordinating  
11 council shall adopt and implement an integration and diversity plan  
12 and shall provide a copy of such plan to the Education Committee of  
13 the Legislature. The integration and diversity plan shall include  
14 participation standards for member school districts. If in any year  
15 a member school district fails to meet the participation standards,  
16 the learning community coordinating council shall inform the  
17 district and advise the district as to the actions necessary for  
18 the district to meet such standards. If a member school district  
19 fails to meet the participation standards for two consecutive  
20 years, the learning community coordinating council shall submit a  
21 plan to dissolve such district pursuant to the Learning Community  
22 Reorganization Act.

23           (2) On or before July 1, 2009, and on or before July  
24 1 of each odd-numbered year thereafter, the learning community  
25 coordinating council shall issue a report on the integration



1 plan, the diversity of students in each school building in  
2 the learning community, the academic achievement of students in  
3 various demographic groups in each school building in the learning  
4 community, and the enrollment of students in buildings outside of  
5 their attendance areas. The report shall include recommendations  
6 for improving the integration plan, improving diversity in school  
7 buildings that are less diverse than other school buildings within  
8 the learning community, and for improving the achievement of  
9 any demographic group that is underperforming based on criteria  
10 established by the learning community coordinating council. The  
11 report shall be delivered to the school board of each member  
12 school district, the Education Committee of the Legislature, and  
13 the Commissioner of Education. If a report recommends adjusting the  
14 boundaries of member school districts to improve the achievement  
15 of a demographic group that is underperforming, the learning  
16 community coordinating council shall submit a reorganization plan  
17 to the State Committee for the Reorganization of School Districts  
18 pursuant to the Learning Community Reorganization Act to make such  
19 adjustment.

20           Sec. 111. (1) On or before January 1 immediately  
21 following the establishment of a learning community, the learning  
22 community coordinating council shall appoint an integration task  
23 force for the learning community. In order to appoint the members  
24 of the task force, the learning community coordinating council  
25 shall divide the learning community into four quadrants along a

1 north and south axis and an east and west axis with each axis  
2 geographically centered in the learning community. The task force  
3 shall consist of twelve members who are not members of any school  
4 board and are not employees of any school district as follows:

5 (a) Two of the members shall be employed in a planning  
6 capacity for a city within the boundaries of the learning  
7 community;

8 (b) Two members shall be members of organizations that  
9 represent the interests of minority groups in the learning  
10 community; and

11 (c) Two members from each of the four quadrants  
12 established as described in this section.

13 (2) The purpose of the integration task force is to  
14 develop an integration plan for the learning community and to  
15 recommend such plan to the learning community coordinating council.  
16 Such plan shall address the following:

17 (a) What the learning community hopes to accomplish for  
18 students through integration;

19 (b) How integration should be accomplished in the  
20 learning community;

21 (c) How the learning community will know if the  
22 integration is successful; and

23 (d) What the learning community should do if integration  
24 is not successful.

25 (3) The integration task force shall meet once per month

1 for one year, may hold public hearings, shall be subject to the  
2 Open Meetings Act, and shall report to the learning community  
3 coordinating council at the council's monthly meetings in March,  
4 June, September, and December. The task force shall also submit the  
5 integration plan to the Education Committee of the Legislature in  
6 December of such year.

7 (4) Members of the task force shall not receive  
8 compensation but shall be reimbursed for their actual and necessary  
9 expenses incurred in carrying out their duties as members of the  
10 task force. If a vacancy occurs on the task force, the learning  
11 community coordinating council shall appoint a person to fill the  
12 vacancy who meets the requirements of the member being replaced.

13 Sec. 112. The Commissioner of Education shall appoint  
14 a high-needs education coordinator, subject to confirmation by a  
15 majority vote of the members of the State Board of Education.  
16 The appointment shall be made on the basis of recognized  
17 and demonstrated interest in and knowledge of instructional  
18 effectiveness for students in poverty, limited English proficient  
19 students, and highly mobile students. The coordinator shall  
20 evaluate and coordinate existing resources for effective programs  
21 for students in poverty, limited English proficient students, and  
22 highly mobile students. The coordinator shall also develop a plan  
23 to improve educational attainment for such students. The plan may  
24 include research efforts to be conducted by Nebraska postsecondary  
25 educational institutions. The plan shall be presented to the

1 Education Committee of the Legislature on or before November 1,  
2 2007.

3           Sec. 113. If any section in this act or any part of any  
4 section is declared invalid or unconstitutional, the declaration  
5 shall not affect the validity or constitutionality of the remaining  
6 portions.

7           Sec. 114. Original sections 32-543, 77-1601.02, 77-1614,  
8 77-1624, 77-1702, 77-1704.01, 77-1708, 77-1772, 77-2201, 77-2202,  
9 79-232, 79-233, 79-237, 79-238, 79-458, 79-458.01, 79-467, 79-468,  
10 79-469, 79-476, 79-527, 79-528, 79-535, 79-536, 79-549, 79-760,  
11 79-979, 79-980, 79-981, 79-983, 79-984, 79-985, 79-986, 79-9,107,  
12 79-9,108, 79-9,109, 79-9,115, 79-1002, 79-1008.02, 79-1024,  
13 79-1030, 79-1033, 79-1074, 79-1075, 79-1083, 79-1084, 79-1086,  
14 79-10,120, and 79-10,126, Reissue Revised Statutes of Nebraska,  
15 sections 13-503, 13-508, 13-511, 79-1001, and 79-1008.01, Revised  
16 Statutes Cumulative Supplement, 2004, sections 77-3442, 79-102,  
17 79-407, 79-408, 79-409, 79-413, 79-415, 79-416, 79-433, 79-452,  
18 79-473, 79-479, 79-611, 79-850, 79-1007.01, 79-1022, 79-1026, and  
19 79-1028, Revised Statutes Supplement, 2005, and sections 79-1003  
20 and 79-1007.02, Revised Statutes Supplement, 2005, as amended by  
21 sections 4 and 5, respectively, Legislative Bill 1208, Ninety-ninth  
22 Legislature, Second Session, 2006, are repealed.

23           Sec. 115. The following section is outright repealed:  
24 Section 77-1933, Reissue Revised Statutes of Nebraska.