

LEGISLATURE OF NEBRASKA
NINETY-SEVENTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 313
FINAL READING

Introduced by Coordsen, 32; Kremer, 34; Stuhr, 24; Vrtiska, 1
Read first time January 8, 2001
Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational Opportunities
2 Support Act; to amend sections 79-1010 and 79-1072.02,
3 Revised Statutes Supplement, 2000; to change provisions
4 relating to incentive payments; to eliminate the Hardship
5 Fund and obsolete provisions; to harmonize provisions; to
6 repeal the original sections; to outright repeal section
7 79-4,107, Reissue Revised Statutes of Nebraska, and
8 section 79-1072.03, Revised Statutes Supplement, 2000;
9 and to declare an emergency.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1010, Revised Statutes Supplement,
2 2000, is amended to read:

3 79-1010. (1) To encourage consolidation and unification
4 of school districts, incentives shall be paid to reorganized
5 districts and unified systems in certain size ranges for a
6 three-year period to reward the reorganized districts or unified
7 systems for their efforts to increase efficiency in the delivery of
8 educational services. This section shall only apply to
9 consolidations and unifications with an effective date after May
10 31, 1996, and before August 2, ~~2001~~ 2003.

11 (2) To qualify for incentive payments under this section,
12 the consolidation or unification must be approved for incentive
13 payments by the State Committee for the Reorganization of School
14 Districts. For consolidations, when reviewing a petition for the
15 boundary change pursuant to section 79-413, the state committee
16 shall issue a preliminary approval or disapproval for incentive
17 payments along with a notice specifying application procedures.
18 For consolidations, affected school districts shall file an
19 application for incentive payments with the state committee within
20 thirty days following the issuance of the boundary change order
21 pursuant to subsection (1) of section 79-479. For unifications,
22 the unified system or participating districts shall file an
23 application for incentive payments with the state committee either
24 following approval of the application for unification or in
25 conjunction with the application for unification. The state
26 committee shall, within thirty days, approve or disapprove
27 incentive payments. For consolidations, if there are no material
28 changes in the reorganization plan between a preliminary approval

1 and application for incentive payments following the boundary
2 change order, the state committee shall approve the incentive
3 payments. If a preliminary disapproval was issued or if there was
4 a material change in the reorganization plan prior to the issuance
5 of the boundary change order, the state committee shall reconsider
6 the approval or disapproval of incentive payments. The state
7 committee shall make the determination regarding whether or not any
8 changes in a reorganization plan are material for the purpose of
9 approving or disapproving incentive payments.

10 (3) For incentive payments to be approved for either
11 consolidations or unifications by the state committee, a
12 reorganization study, including efficiency, demographic,
13 curriculum, facility, financial, and community components, must be
14 completed. If a study containing such elements is completed and
15 the reorganization plan or unification agreement will most likely
16 result in more efficiency in the delivery of educational services
17 or greater educational opportunities, the state committee may
18 approve incentive payments for the affected districts.

19 (4) Incentive payments shall be based on the number of
20 students moving from one size range to a lower cost size range
21 based on the average daily membership in each affected district in
22 the school fiscal year immediately preceding the first school
23 fiscal year the boundary change or unification is in effect and the
24 average daily membership the consolidated district or unified
25 system would have had following the boundary change or unification
26 if it had occurred in the school fiscal year immediately preceding
27 the first school fiscal year the boundary change or unification is
28 in effect. The reorganized school districts or unified systems

1 existing after the qualified boundary change or unification shall
 2 receive incentive payments based on the following criteria for each
 3 student meeting the criteria:

4 For grades one through six, including full-day
 5 kindergarten:

6 Average daily 7 membership range 8 before 9 consolidation 10 or unification	Average daily membership range with boundary change or unification	Incentive payment per student who moves from the average daily membership range before consolidation or unification to the average daily membership range with boundary change or unification
20 .01 - 101.00	101.01 - 185.00	\$ 590
21 .01 - 101.00	185.01 - 375.00	890
22 .01 - 101.00	375.01 - 1,000.00	1,190
23 .01 - 101.00	1,000.01 - 1,900.00	1,320
24 101.01 - 185.00	185.01 - 375.00	300
25 101.01 - 185.00	375.01 - 1,000.00	590
26 101.01 - 185.00	1,000.01 - 1,900.00	730
27 185.01 - 375.00	375.01 - 1,000.00	300
28 185.01 - 375.00	1,000.01 - 1,900.00	430

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1	375.01 - 1,000.00	1,000.01 - 1,900.00	130
2	For grades seven and eight:		
3	Average daily	Average daily	Incentive payment
4	membership range	membership range with	per student who
5	before	boundary change	moves from the
6	consolidation	or unification	average daily
7	or unification		membership range
8			before
9			consolidation
10			or unification
11			to the
12			average daily
13			membership range
14			with boundary
15			change or
16			unification
17	.01 - 31.00	31.01 - 57.00	\$ 710
18	.01 - 31.00	57.01 - 115.00	1,070
19	.01 - 31.00	115.01 - 308.00	1,430
20	.01 - 31.00	308.01 - 585.00	1,590
21	31.01 - 57.00	57.01 - 115.00	360
22	31.01 - 57.00	115.01 - 308.00	710
23	31.01 - 57.00	308.01 - 585.00	870
24	57.01 - 115.00	115.01 - 308.00	350
25	57.01 - 115.00	308.01 - 585.00	510
26	115.01 - 308.00	308.01 - 585.00	160
27	For grades nine through twelve:		
28	Average daily	Average daily	Incentive payment

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1	membership range	membership range with	per student who
2	before	boundary change	moves from the
3	consolidation	or unification	average daily
4	or unification		membership range
5			before
6			consolidation
7			or unification
8			to the
9			average daily
10			membership range
11			with boundary
12			change
13			or unification
14	.01 - 50.00	50.01 - 75.00	\$1,640
15	.01 - 50.00	75.01 - 100.00	2,550
16	.01 - 50.00	100.01 - 150.00	2,924
17	.01 - 50.00	150.01 - 250.00	3,180
18	.01 - 50.00	250.01 - 500.00	3,450
19	.01 - 50.00	500.01 - 1,000.00	3,750
20	50.01 - 75.00	75.01 - 100.00	910
21	50.01 - 75.00	100.01 - 150.00	1,280
22	50.01 - 75.00	150.01 - 250.00	1,540
23	50.01 - 75.00	250.01 - 500.00	1,810
24	50.01 - 75.00	500.01 - 1,000.00	2,110
25	75.01 - 100.00	100.01 - 150.00	380
26	75.01 - 100.00	150.01 - 250.00	630
27	75.01 - 100.00	250.01 - 500.00	900
28	75.01 - 100.00	500.01 - 1,000.00	1,200

1	100.01 - 150.00	150.01 - 250.00	260
2	100.01 - 150.00	250.01 - 500.00	530
3	100.01 - 150.00	500.01 - 1,000.00	830
4	150.01 - 250.00	250.01 - 500.00	270
5	150.01 - 250.00	500.01 - 1,000.00	570
6	250.01 - 500.00	500.01 - 1,000.00	300

7 (5) Except as otherwise provided in subsection (6) of
 8 this section, two million dollars shall be set aside for school
 9 fiscal years ~~1999-00, 2000-01, and 2001-02, two~~ and 2000-01 and
 10 five million dollars shall be set aside each year for school fiscal
 11 years 2001-02 through 2003-04 for base fiscal year incentive
 12 payments pursuant to subsection (6) of this section. All other
 13 payments pursuant to this section shall be paid directly to the
 14 consolidated district or unified system from the Tax Equity and
 15 Educational Opportunities Fund.

16 (6) Base fiscal year payments approved by the State
 17 Committee for the Reorganization of School Districts on or before
 18 October 1 of the school fiscal year in which the reorganization or
 19 unification will occur shall be calculated and paid from the Tax
 20 Equity and Educational Opportunities Fund pursuant to subsection
 21 (5) of this section with the state aid certified for the base
 22 fiscal year. ~~Any base fiscal year payments from the Tax Equity and~~
 23 ~~Educational Opportunities Fund that are not distributed due to~~
 24 ~~proration shall be paid from the Reorganized School Assistance~~
 25 ~~Fund.~~ Unless previously included in the certification of state
 26 aid, incentive payments for the base fiscal year shall be
 27 calculated as of August 2 immediately preceding the base fiscal
 28 year and shall be paid directly to the consolidated district or

1 unified system from the ~~Reorganized School Assistance Fund for the~~
2 ~~1998-99 school fiscal year and from the~~ two million dollars set
3 ~~aside for school fiscal years 1999-00 and 2000-01 or the five~~
4 ~~million dollars set aside each year for school fiscal years 2001-02~~
5 ~~through 2003-04~~ from the Tax Equity and Educational Opportunities
6 Fund pursuant to subsection (5) of this section. ~~for school fiscal~~
7 ~~years 1999-00, 2000-01, and 2001-02.~~ The payments shall be made in
8 ten as nearly as possible equal payments on the last business day
9 of each month, beginning in September and ending the following
10 June, for the base fiscal year. If the total amount of incentive
11 payments to school districts for that school fiscal year exceeds
12 ~~the balance of the Reorganized School Assistance Fund for school~~
13 ~~fiscal year 1998-99 or~~ two million dollars for school fiscal year
14 ~~1999-00, 2000-01, or 2000-01 or five million dollars each year for~~
15 ~~school fiscal years 2001-02 through 2003-04,~~ the incentive payments
16 under this subsection shall be reduced proportionately so that the
17 total amount of incentive payments to school districts equals ~~the~~
18 ~~balance of the Reorganized School Assistance Fund or the two~~
19 ~~million dollars or five million dollars,~~ whichever is applicable.
20 The incentive payments shall not be included in local system
21 formula resources as calculated under section 79-1018.01. No
22 incentive payments shall be made pursuant to this subsection after
23 July 1, ~~2002~~ 2005.

24 (7) For consolidations, one hundred percent of the amount
25 calculated pursuant to subsection (4) of this section shall be
26 included in the distribution of state aid for each of the first
27 three consecutive school fiscal years beginning with the base
28 fiscal year or two consecutive school fiscal years following the

1 base fiscal year if payments were made in the base fiscal year
2 pursuant to subsection (6) of this section. For unifications, one
3 hundred percent of the amount calculated pursuant to subsection (4)
4 of this section shall be included in the distribution of state aid
5 for the first school fiscal year beginning with the base fiscal
6 year, seventy-five percent for the second school fiscal year
7 beginning with the base fiscal year, and fifty percent for the
8 third school fiscal year beginning with the base fiscal year. If a
9 unified system consolidates and the boundary change takes effect
10 before August 2, ~~2001~~ 2003, the consolidated district will be
11 eligible to receive seventy-five percent of the amount originally
12 calculated pursuant to subsection (4) of this section in the base
13 fiscal year. If a consolidated district is still receiving
14 incentive payments for a unification in the base fiscal year, the
15 payments for the remainder of the first three years will be at one
16 hundred percent of the amount calculated pursuant to subsection (4)
17 of this section and in the fourth year, the district will receive
18 the difference between the incentive payments received and three
19 hundred percent of the amount calculated pursuant to subsection (4)
20 of this section. If additional districts are added to the unified
21 system or are added in a consolidation, the additional incentives
22 shall be calculated by the department and added to the incentive
23 payments.

24 (8) If, prior to the beginning of the eighth year of
25 operating as a unified system, the unified system (a) discontinues
26 its status as a unified system and (b) does not consolidate, the
27 districts in the unified system shall pay back the incentives. The
28 total incentives paid to the unified system shall be divided

1 between the districts based on the adjusted valuation of each
2 district in the year prior to the discontinuation of the unified
3 system, and each district's share shall be paid back through
4 reductions in state aid in equal amounts for five years. If a
5 district withdraws from a unified system prior to the beginning of
6 the eighth year of participating in the unified system, the
7 district shall pay back the incentives attributable to the
8 district's participation in the unified system through reductions
9 in state aid in equal amounts for five years. The total incentives
10 paid shall include interest calculated from the date of payment
11 until the estimated repayment at the rate specified in section
12 45-104.02 as of the expiration of the agreement or the effective
13 date of withdrawal. If the state aid is less than the repayment
14 amount in any school fiscal year, the remaining repayment will
15 reduce state aid in future school fiscal years.

16 (9) If the total amount of incentive payments to school
17 districts for a school year exceeds ~~one~~ two percent of the
18 appropriation to the Tax Equity and Educational Opportunities Fund
19 minus two million dollars for school fiscal year 1999-00 or 2000-01
20 or minus five million dollars each year for school fiscal years
21 2001-02 through 2003-04, the incentive payments shall be reduced
22 proportionately so that the total amount of incentive payments to
23 school districts equals ~~one~~ two percent of the appropriation to the
24 Tax Equity and Educational Opportunities Fund. The payments shall
25 not be included in local system formula resources as calculated
26 under section 79-1018.01. No incentive payments shall be made
27 pursuant to this section after July 1, ~~2004~~ 2006.

28 Sec. 2. Section 79-1072.02, Revised Statutes Supplement,

1 2000, is amended to read:

2 79-1072.02. The Hardship Fund is eliminated. The State
3 Treasurer shall transfer any money remaining in the fund on the
4 effective date of this act to the General Fund on such date.
5 ~~created. Money in the fund shall be distributed to school~~
6 ~~districts pursuant to section 79-1072.03. The fund shall consist~~
7 ~~of funds appropriated by the Legislature and funds repaid and~~
8 ~~interest paid by districts as required by section 79-1072.03. Any~~
9 ~~money in the fund available for investment shall be invested by the~~
10 ~~state investment officer pursuant to the Nebraska Capital Expansion~~
11 ~~Act and the Nebraska State Funds Investment Act.~~

12 Sec. 3. Original sections 79-1010 and 79-1072.02,
13 Revised Statutes Supplement, 2000, are repealed.

14 Sec. 4. The following sections are outright repealed:
15 Section 79-4,107, Reissue Revised Statutes of Nebraska, and section
16 79-1072.03, Revised Statutes Supplement, 2000.

17 Sec. 5. Since an emergency exists, this act takes effect
18 when passed and approved according to law.