

LEGISLATURE OF NEBRASKA
NINETY-SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 560

Introduced by Beutler, 28

Read first time January 12, 2001

Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational Opportunities
2 Support Act; to amend sections 79-1001, 79-1003,
3 79-1007.02, 79-1028, and 79-1072.01, Revised Statutes
4 Supplement, 2000; to provide for extended contract days;
5 to harmonize provisions; and to repeal the original
6 sections.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1001, Revised Statutes Supplement,
2 2000, is amended to read:

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

6 Sec. 2. Section 79-1003, Revised Statutes Supplement,
7 2000, is amended to read:

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

10 (1) Adjusted general fund operating expenditures means
11 general fund operating expenditures as calculated pursuant to
12 subdivision ~~(21)~~ (22) of this section minus the transportation
13 allowance and minus the special receipts allowance;

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

25 (3) Allocated income tax funds means the amount of
26 assistance paid to a local system pursuant to section 79-1005.01 as
27 adjusted by the minimum levy adjustment pursuant to section
28 79-1008.02;

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

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

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

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

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

25 (11) District means any Class I, II, III, IV, V, or VI
26 school district;

27 (12) Ensuing school fiscal year means the school fiscal
28 year following the current school fiscal year;

1 (13) Equalization aid means the amount of assistance
2 calculated to be paid to a local system pursuant to sections
3 79-1008.01 to 79-1022;

4 (14) Extended contract days means days for which the
5 teacher is paid by the district in excess of the number of contract
6 days in the district's standard contract for certificated teachers
7 for the applicable school fiscal year, except that a district with
8 a standard contract for the applicable school fiscal year
9 containing fewer days than the district's standard contract for
10 school fiscal year 1999-00 is not eligible to designate any
11 extended contract days. Extended contract days may be used for
12 continuing education offered either through a college degree
13 program or other means, to provide mentoring assistance, for
14 developing curriculum and assessments aligned to the state
15 standards, teaching summer school, or for any other purpose
16 approved by the school board with the goal of improving education
17 in the district;

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

22 ~~(15)~~ (16) Fiscal year means the state fiscal year which
23 is the period from July 1 to the following June 30;

24 ~~(16)~~ (17) Formula students means (a) for state aid
25 certified pursuant to section 79-1022, the sum of fall membership
26 from the school fiscal year immediately preceding the school fiscal
27 year in which the aid is to be paid, multiplied by the average
28 ratio of average daily membership to fall membership for the second

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

9 ~~(17)~~ (18) Free lunch and free milk student means a
10 student who qualified for free lunches or free milk from the most
11 recent data available on November 1 of the school fiscal year
12 immediately preceding the school fiscal year in which aid is to be
13 paid;

14 ~~(18)~~ (19) Full-day kindergarten means kindergarten
15 offered by a district for at least one thousand thirty-two
16 instructional hours;

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

28 ~~(20)~~ (21) General fund expenditures means all

1 expenditures from the general fund;

2 ~~(21)~~ (22) General fund operating expenditures means the
3 total general fund expenditures minus categorical funds, tuition
4 paid, transportation fees paid to other districts, adult education,
5 summer school, community services, redemption of the principal
6 portion of general fund debt service, and transfers from other
7 funds into the general fund for the second school fiscal year
8 immediately preceding the school fiscal year in which aid is to be
9 paid;

10 ~~(22)~~ (23) Income tax liability means the amount of the
11 reported income tax liability for resident individuals pursuant to
12 the Nebraska Revenue Act of 1967 less all nonrefundable credits
13 earned and refunds made;

14 ~~(23)~~ (24) Income tax receipts means the amount of income
15 tax collected pursuant to the Nebraska Revenue Act of 1967 less all
16 nonrefundable credits earned and refunds made;

17 ~~(24)~~ (25) High school district means a school district
18 providing instruction in at least grades nine through twelve;

19 ~~(25)~~ (26) Limited English proficiency student means a
20 student with limited English proficiency from the most recent data
21 available on November 1 of the school fiscal year preceding the
22 school fiscal year in which aid is to be paid;

23 ~~(26)~~ (27) Local system means a Class VI district and the
24 associated Class I districts or a Class II, III, IV, or V district
25 and any affiliated Class I districts or portions of Class I
26 districts. The membership, expenditures, teachers, allowances, and
27 resources of Class I districts that are affiliated with or part of
28 multiple high school districts will be attributed to local systems

1 based on the percent of the Class I valuation that is affiliated
2 with or part of each high school district;

3 ~~(27)~~ (28) Low-income child means a child under nineteen
4 years of age living in a household having an annual adjusted gross
5 income of fifteen thousand dollars or less for the second calendar
6 year preceding the beginning of the school fiscal year for which
7 aid is being calculated;

8 ~~(28)~~ (29) Most recently available complete data year
9 means the most recent single school fiscal year for which the
10 annual financial report, fall school district membership report,
11 annual statistical summary, Nebraska income tax liability by school
12 district for the calendar year in which the majority of the school
13 fiscal year falls, and adjusted valuation data are available;

14 ~~(29)~~ (30) Regular route transportation means the
15 transportation of students on regularly scheduled daily routes to
16 and from the attendance center;

17 ~~(30)~~ (31) Reorganized district means any district
18 involved in a consolidation and currently educating students
19 following consolidation;

20 ~~(31)~~ (32) School year or school fiscal year means the
21 fiscal year of a school district as defined in section 79-1091;

22 ~~(32)~~ (33) Special education means specially designed
23 kindergarten through grade twelve instruction pursuant to section
24 79-1125, and includes special education transportation;

25 ~~(33)~~ (34) Special grant funds means the budgeted receipts
26 for grants, including, but not limited to, Title I funds, Title VI
27 funds, funds from the Education Innovation Fund, reimbursements for
28 wards of the court, short-term borrowings including, but not

1 limited to, registered warrants and tax anticipation notes,
2 interfund loans, insurance settlements, and reimbursements to
3 county government for previous overpayment, that have been approved
4 by the state board;

5 ~~(34)~~ (35) Special receipts allowance means the amount of
6 special education, state ward, and accelerated or differentiated
7 curriculum program receipts included in local system formula
8 resources under subdivisions (7), (8), (16), ~~and~~ (17), and (18) of
9 section 79-1018.01;

10 ~~(35)~~ (36) State aid means the amount of assistance paid
11 to a district pursuant to the Tax Equity and Educational
12 Opportunities Support Act;

13 ~~(36)~~ (37) State board means the State Board of Education;

14 ~~(37)~~ (38) State support means all funds provided to
15 districts by the State of Nebraska for the general fund support of
16 elementary and secondary education;

17 (39) Teacher means a certificated employee who is not
18 performing the duties of a school administrator. For purposes of
19 determining the number of full-time equivalent teachers, a school
20 administrator who actually teaches children may be included as a
21 teacher for the part of the contract which applies to actual
22 teaching;

23 ~~(38)~~ (40) Transportation allowance means the lesser of
24 (a) for state aid calculated for school fiscal year 1998-99, each
25 district's, and for state aid calculated for school fiscal year
26 1999-00 and each school fiscal year thereafter, each local system's
27 general fund expenditures for regular route transportation and in
28 lieu of transportation expenditures pursuant to section 79-611 in

1 the second school fiscal year immediately preceding the school
2 fiscal year in which aid is to be paid, but not including special
3 education transportation expenditures or other expenditures
4 previously excluded from general fund operating expenditures, or
5 (b) for state aid calculated for school fiscal year 1998-99, for
6 each district, and for state aid calculated for school fiscal year
7 1999-00 and each school fiscal year thereafter, for each local
8 system, the number of miles traveled in the second school fiscal
9 year immediately preceding the school fiscal year in which aid is
10 to be paid by vehicles owned, leased, or contracted by the district
11 or the districts in the local system for the purpose of regular
12 route transportation multiplied by four hundred percent of the
13 mileage rate established by the Department of Administrative
14 Services pursuant to section 81-1176 as of January 1 of the most
15 recently available complete data year added to in lieu of
16 transportation expenditures pursuant to section 79-611 from the
17 same data year; and

18 ~~(39)~~ (41) Tuitioned students means students in
19 kindergarten through grade twelve of the district whose tuition is
20 paid by the district to some other district or education agency.

21 Sec. 3. Section 79-1007.02, Revised Statutes Supplement,
22 2000, is amended to read:

23 79-1007.02. For state aid calculated for school fiscal
24 year 1998-99 and each school fiscal year thereafter:

25 (1) Using data from the annual financial reports for the
26 second school fiscal year immediately preceding the school fiscal
27 year in which aid is to be paid, the annual statistical summary
28 reports for the school fiscal year immediately preceding the school

1 fiscal year in which aid is to be paid, the fall membership reports
2 and supplements thereto for the school fiscal year immediately
3 preceding the school fiscal year in which aid is to be paid, and
4 the school district census as reported under sections 79-524 and
5 79-578 for the second school fiscal year preceding the school
6 fiscal year in which aid is to be paid, the department shall divide
7 the local systems into three cost groupings prior to the
8 certification of state aid based upon the following criteria:

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

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

24 (i)(A) Less than two students per square mile in the
25 county in which each high school is located, based on the school
26 district census, (B) less than one formula student per square mile
27 in the local system, and (C) more than ten miles between each high
28 school attendance center and the next closest high school

1 attendance center on paved roads;

2 (ii)(A) Less than one and one-half formula students per
3 square mile in the local system and (B) more than fifteen miles
4 between each high school attendance center and the next closest
5 high school attendance center on paved roads;

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

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

14 (c) The standard cost grouping will consist of local
15 systems that do not qualify for the very sparse or the sparse cost
16 groupings.

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

23 (2) The department shall calculate the average formula
24 cost per student in each cost grouping by dividing the difference
25 of the total estimated general fund operating expenditures minus
26 the extended contract allowances calculated under section 4 of this
27 act for the cost grouping by the total adjusted formula students
28 for all local systems in the cost grouping. ~~For the calculation of~~

1 ~~state aid for school fiscal year 1999-00 and for each school fiscal~~
2 ~~year thereafter, the~~ The average formula cost per student in each
3 cost grouping shall not be recalculated for the final calculation
4 of state aid pursuant to section 79-1065. The calculation of total
5 adjusted formula students for purposes of this subdivision shall
6 take into account the requirements of subsection (2) of section
7 79-1007.01. ~~The~~ For all school fiscal years except school fiscal
8 years 2002-03 and 2003-04, the total estimated general fund
9 operating expenditures for the cost grouping is equal to the total
10 adjusted general fund operating expenditures for all local systems
11 in the cost grouping multiplied by a cost growth factor. For
12 school fiscal years 2002-03 and 2003-04, the total estimated
13 general fund operating expenditures for each cost grouping is equal
14 to the sum of the product of the total adjusted general fund
15 operating expenditures for all local systems in the cost grouping
16 multiplied by the cost growth factor plus the total extended
17 contract allowances for that cost grouping. The cost growth factor
18 for each cost grouping is equal to the sum of: (a) One; plus (b)
19 the product of two times the ratio of the difference between the
20 formula students attributable to the cost grouping without
21 weighting or adjustment pursuant to section 79-1007.01 and the
22 average daily membership attributable to the cost grouping for the
23 most recently available complete data year divided by the average
24 daily membership attributable to the cost grouping for the most
25 recently available complete data year, except that the ratio shall
26 not be less than zero; plus (c) the basic allowable growth rate
27 pursuant to section 79-1025 for the school fiscal year in which the
28 aid is to be distributed; plus (d) the basic allowable growth rate

1 pursuant to section 79-1025 for the school fiscal year immediately
2 preceding the school fiscal year in which the aid is to be
3 distributed; plus (e) one-half of any additional growth rate
4 allowed by special action of school boards for the school fiscal
5 year in which the aid is to be distributed as determined for the
6 school fiscal year immediately preceding the school fiscal year
7 when aid is to be distributed; plus (f) one-half of any additional
8 growth rate allowed by special action of the school boards for the
9 school fiscal year immediately preceding the school fiscal year
10 when the aid is to be distributed; and

11 (3) Each local system's formula need will be equal to the
12 local system's extended contract allowance plus the local system's
13 transportation allowance plus the local system's special receipts
14 allowance plus the product of the local system's adjusted formula
15 students multiplied by the average formula cost per student in the
16 local system's cost grouping. The calculation of total adjusted
17 formula students for purposes of this subdivision shall take into
18 account the requirements of subsection (2) of section 79-1007.01.

19 Sec. 4. (1) Beginning with state aid to be distributed
20 for school fiscal year 2002-03, any district may apply for a
21 specific dollar amount of extended contract allowance.
22 Applications for the extended contract allowance shall be on a form
23 prescribed by the department and shall be received by the
24 department on or before the October 15 preceding the initial
25 certification of state aid for the applicable school fiscal year.
26 The total amount of extended contract allowance for any qualifying
27 district shall not exceed the product of five days multiplied by
28 the daily rate multiplied by the number of full-time equivalent

1 teachers. The daily rate for school fiscal year 2002-03 is two
2 hundred twenty-seven dollars and forty-six cents per day. For
3 school fiscal year 2003-04 and each school fiscal year thereafter,
4 the daily rate is equal to the daily rate for the prior year
5 increased by the basic allowable growth rate designated pursuant to
6 section 79-1025.

7 (2) The application for the extended contract allowance
8 shall be prescribed by the department and shall include, but need
9 not be limited to:

10 (a) The district name and the county-district number;

11 (b) The local system name and county-district number;

12 (c) The number of full-time equivalent teachers;

13 (d) The dollar amount requested; and

14 (e) The extended contract expenditures for the most
15 recently available complete data year, including categorizations of
16 the expenditures as required by the department and the purposes for
17 which the extended contract days were utilized.

18 (3) If for the most recently available complete data year
19 an amount equal to or greater than the amount of the extended
20 contract allowance requested for such year was not used for
21 expenditures related to extended contract days, the difference
22 between the request and the amount expended shall be subtracted
23 when calculating the district's state aid payments. The department
24 shall adopt rules and regulations establishing expenditures which
25 are related to extended contract days. Such expenditures shall
26 include, but need not be limited to, expenditures for salary,
27 payroll taxes, and benefits that would not have been incurred
28 without the extended contract days. The expenditures related to

1 extended contract days shall also be reported on the annual
2 financial report filed pursuant to section 79-528.

3 (4) If the requirements of this section and of rules and
4 regulations adopted under this section are met by the applying
5 local system, the department shall approve the extended contract
6 allowance application up to the maximum amount as provided in this
7 section and the approved amount shall be the extended contract
8 allowance.

9 Sec. 5. Section 79-1028, Revised Statutes Supplement,
10 2000, is amended to read:

11 79-1028. (1) A Class II, III, IV, V, or VI school
12 district may exceed the local system's allowable growth rate for
13 (a) expenditures in support of a service which is the subject of an
14 agreement or a modification of an existing agreement whether
15 operated by one of the parties to the agreement or an independent
16 joint entity or joint public agency, (b) expenditures to pay for
17 repairs to infrastructure damaged by a natural disaster which is
18 declared a disaster emergency pursuant to the Emergency Management
19 Act, (c) expenditures to pay for judgments, except judgments or
20 orders from the Commission of Industrial Relations, obtained
21 against a school district which require or obligate a school
22 district to pay such judgment, to the extent such judgment is not
23 paid by liability insurance coverage of a school district, (d)
24 expenditures to pay for sums agreed to be paid by a school district
25 to certificated employees in exchange for a voluntary termination
26 of employment, or (e) expenditures to pay for lease-purchase
27 contracts approved on or after July 1, 1997, and before July 1,
28 1998, to the extent the lease payments are not budgeted

1 expenditures for fiscal year 1997-98.

2 (2) A Class II, III, IV, V, or VI district may exceed its
 3 applicable allowable growth rate by a specific dollar amount if the
 4 district projects an increase in formula students in the district
 5 over the current school year greater than twenty-five students or
 6 greater than those listed in the schedule provided in this
 7 subsection, whichever is less. Districts shall project increases
 8 in formula students on forms prescribed by the department. The
 9 state board shall approve, deny, or modify the projected increases.

10	Average daily	Projected increase
11	membership of	of formula students
12	district	by percentage
13	0 - 50	10
14	50.01 - 250	5
15	250.01 - 1,000	3
16	1,000.01 and over	1

17 The department shall compute the district's estimated
 18 allowable budget per pupil using the budgeted general fund
 19 expenditures found on the budget statement for the current school
 20 year divided by the number of formula students in the current
 21 school year and multiplied by the district's applicable allowable
 22 growth rate. The resulting allowable budget per pupil shall be
 23 multiplied by the projected formula students to arrive at the
 24 estimated budget needs for the ensuing year. The department shall
 25 allow the district to increase its general fund budget of
 26 expenditures for the ensuing school year by the amount necessary to
 27 fund the estimated budget needs of the district as computed
 28 pursuant to this subsection. On or before April 1, 1999, and on or

1 before February 1 for each year thereafter, the department shall
2 make needed revisions in the applicable allowable growth rate of
3 districts which have been allowed additional growth pursuant to
4 this subsection to reflect the actual formula students of such
5 district and shall certify such revisions to each district.

6 (3) A Class II, III, IV, V, or VI district may exceed its
7 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 at
10 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 applicable allowable growth percentage 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, if needed, modify
16 the local system's applicable allowable growth rate for the ensuing
17 school year.

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 state board that
21 it will exceed its applicable allowable growth rate as a result of
22 costs pursuant to the Retirement Incentive Plan authorized in
23 section 79-855 or the Staff Development Assistance authorized in
24 section 79-856. The department shall compute the amount by which
25 the increased cost of such program or programs exceeds the
26 district's applicable allowable growth rate and shall allow the
27 district to increase its general fund expenditures by such amount
28 for that fiscal year.

1 (5) A Class II, III, IV, V, or VI district may exceed its
2 applicable allowable growth rate by a specific dollar amount for
3 the first fiscal year the district receives an extended contract
4 allowance. The department shall compute the amount of the extended
5 contract allowance to be awarded to a district and shall allow the
6 district to increase its general fund expenditures by such amount
7 for that fiscal year. After the first extended contract allowance
8 is granted, only the amount of increase beyond such allowance may
9 exceed the applicable allowable growth rate. The department shall
10 compute the amount of extended contract allowance each year,
11 determine the difference from the first extended contract
12 allowance, and allow the district to increase its general fund
13 expenditures by such amount for the applicable fiscal year.

14 Sec. 6. Section 79-1072.01, Revised Statutes Supplement,
15 2000, is amended to read:

16 79-1072.01. (1) Temporary mitigation funds shall be
17 distributed to local systems which have property tax and state aid
18 resources for school fiscal year 1998-99 which are less than ninety
19 percent of their property tax and state aid resources for school
20 fiscal year 1997-98. The local system shall receive a lump-sum
21 payment in an amount equal to ninety percent of the school fiscal
22 year 1997-98 property tax and state aid resources minus the school
23 fiscal year 1998-99 property tax and state aid resources if the
24 following criteria are met:

25 (a) The local system's school fiscal year 1997-98 general
26 fund budget of expenditures minus the special education budget of
27 expenditures did not exceed the school fiscal year 1995-96 general
28 fund budget of expenditures minus the special education budget of

1 expenditures by more than two percent plus the two-year percentage
2 growth in students for the local system; and

3 (b)(i) The local system has shown an intent to merge,
4 consolidate, or unify with at least one specified high school
5 district by June 1, 1999, through a public affirmative vote by the
6 school board of the high school district in the local system with a
7 majority of the members of the school board signing an affidavit
8 acknowledging that the intent of the signing board member is to
9 proceed with a merger, consolidation, or unification involving the
10 district on the board of which they are serving. Affidavits shall
11 be filed with the State Department of Education on or before August
12 1, 1998. The temporary mitigation funds provided in this section
13 shall be returned if the receiving district does not merge,
14 consolidate, or unify prior to June 30, 2000. The temporary
15 mitigation funds need not be returned if, prior to June 30, 2000,
16 the receiving district is unable as determined by the State
17 Committee for the Reorganization of School Districts to merge,
18 consolidate, or unify despite good faith efforts because all
19 districts with which the receiving district could reasonably be
20 expected to merge, consolidate, or unify declined such merger,
21 consolidation, or unification;

22 (ii) The local system is within the sparse cost grouping or
23 the very sparse cost grouping pursuant to section 79-1007.02;

24 (iii) The local system contains more than one hundred
25 seventy-five square miles; or

26 (iv) The local system is subject to loss of state aid due to
27 clerical error as defined in subsection (4) of section 79-1016.

28 (2) If the payments due to local systems under this section

1 exceed the amount of funds appropriated by the Legislature, the
2 funds shall be distributed on a pro rata basis to such local
3 systems. Payments shall be made on or before September 15, 1998.
4 Payments to local systems that include Class I districts shall be
5 divided proportionally among the districts in the local system
6 based on the weighted formula students attributed to each district
7 in the local system for the certification of state aid to be paid
8 in school fiscal year 1998-99. The department shall identify local
9 systems which qualify for payments under this section and shall
10 distribute the funds to the districts in qualifying local systems.

11 (3) The department shall adjust payments of state aid as
12 defined in ~~subdivision (35)~~ of section 79-1003 to those school
13 districts which received temporary mitigation funds and did not
14 merge after a final determination by the State Committee for the
15 Reorganization of School Districts. If the total adjustment cannot
16 be made from the funds to be provided in the ensuing school fiscal
17 year, the adjustment shall be prorated, with additional adjustments
18 to payments for the future school fiscal years. The department
19 shall maintain an accurate account and a record of the reasons the
20 adjustments were made and the amount of such adjustments.

21 (4) For purposes of this section:

22 (a) Local system has the definition found in section
23 79-1003;

24 (b) Property tax and state aid resources for school fiscal
25 year 1997-98 means the sum of state aid distributed pursuant to the
26 Tax Equity and Educational Opportunities Support Act for school
27 fiscal year 1997-98 plus the product of the general fund common
28 levy for school fiscal year 1997-98 multiplied by the local

1 system's assessed valuation for 1997;

2 (c) Property tax and state aid resources for school fiscal
3 year 1998-99 means the sum of state aid certified pursuant to the
4 Tax Equity and Educational Opportunities Support Act for school
5 fiscal year 1998-99 plus the product of a levy of one dollar and
6 ten cents per one hundred dollars multiplied by the local system's
7 adjusted valuation for 1998 as certified by the Property Tax
8 Administrator on or before July 1, 1998; and

9 (d) Two-year percentage growth in students means the sum of
10 the growth in students for school fiscal year 1996-97 and school
11 fiscal year 1997-98 to be calculated by applying the methodology in
12 section 79-1025 as it existed on January 1, 1998, except that
13 growth in students is calculated for local systems rather than
14 districts and may be negative for each school fiscal year for the
15 purpose of adding the growth in students together from each school
16 fiscal year but the two-year percentage growth rate shall be zero
17 if the sum is negative.

18 Sec. 7. Original sections 79-1001, 79-1003, 79-1007.02,
19 79-1028, and 79-1072.01, Revised Statutes Supplement, 2000, are
20 repealed.