

LEGISLATIVE BILL 460

Approved by the Governor April 17, 2002

Introduced by Beutler, 28; Vrtiska, 1; Price, 26; McDonald, 41

AN ACT relating to schools; to amend section 79-4,110, Revised Statutes Supplement, 2000, and section 79-1027, Revised Statutes Supplement, 2001; to change provisions relating to reorganization of certain Class I districts as prescribed; to change provisions relating to applicable allowable reserve percentages pursuant to the Tax Equity and Educational Opportunities Support Act; to provide operative dates; to repeal the original sections; and to declare an emergency. Be it enacted by the people of the State of Nebraska,

Section 1. Section 79-4,110, Revised Statutes Supplement, 2000, is amended to read:

79-4,110. A Class I district of which fifty eight percent or more of the district's valuation is affiliated with a single Class II or III district shall not merge, dissolve, or reorganize unless:

(1) ~~The All~~ All Class II or III ~~district districts~~ districts with which fifty eight percent or more of the Class I district's valuation is affiliated ~~is are~~ are also reorganizing in the same reorganization plan, petition, or election and that plan, petition, or election requires approval by either the school ~~board~~ board ~~or such boards or legal voters of such Class II or III district districts;~~

(2) ~~Fifty percent or more of the~~ The Class I district's valuation is being merged with ~~such the~~ the Class II or III ~~district districts~~ districts with which the property is affiliated;

(3) The Class I district has been participating in a unified system for a minimum of seven school fiscal years and the unified system includes at least one Class II or III district reorganizing in the same reorganization plan or petition; or

(4) The school ~~board of the~~ boards of all Class II or III ~~district districts~~ districts with which fifty eight percent or more of the Class I district's valuation is affiliated ~~votes~~ vote to approve the plan or petition.

Sec. 2. Section 79-1027, Revised Statutes Supplement, 2001, is amended to read:

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

Average daily membership of district	Allowable reserve percentage
0 - 471	45
471.01 - 3,044	35
3,044.01 - 10,000	25
10,000.01 and over	20

On or before February 1, the department shall determine and certify each district's applicable allowable reserve percentage.

Each district with combined necessary general fund cash reserves, total requirements of depreciation funds, and necessary employee benefit fund cash reserves, ~~and total requirements of contingency funds~~ less than the applicable allowable reserve percentage specified in this section may, notwithstanding the district's applicable allowable growth percentage, increase its necessary general fund cash reserves ~~by an amount which will increase its combined necessary general fund cash reserves,~~ total requirements of depreciation funds, necessary employee benefit fund cash reserves, and total requirements of contingency funds ~~by two percent of its total general fund budget of expenditures,~~ except that (1) a district shall not increase such necessary general fund cash reserves when such increase will result in such that the total necessary general fund cash reserves, total requirements of depreciation funds, and necessary employee benefit fund cash reserves, ~~and total requirements of contingency funds which exceed the~~ do not exceed such applicable allowable reserve percentage. ~~and (2) a district may increase such necessary general fund cash reserves in excess of such two percent limitation due to projected increases in federal funds.~~

Sec. 3. Sections 1, 3, 5, and 6 of this act become operative on their effective date. The other sections of this act become operative three

calendar months after adjournment of this legislative session.

Sec. 4. Original section 79-1027, Revised Statutes Supplement, 2001, is repealed.

Sec. 5. Original section 79-4,110, Revised Statutes Supplement, 2000, is repealed.

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