

## LEGISLATIVE BILL 38

Approved by the Governor May 6, 2005

Introduced by Raikes, 25; D. Pederson, 42; Connealy, 16; Cunningham, 40;  
Engel, 17; Flood, 19

AN ACT relating to revenue and taxation; to amend sections 85-1503 and 85-1517, Reissue Revised Statutes of Nebraska, and sections 13-519, 77-3442, and 85-1536.01, Revised Statutes Supplement, 2004; to change budget and levy authority for community colleges as prescribed; to define and redefine terms; to harmonize provisions; to repeal the original sections; and to declare an emergency.

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

Section 1. Section 13-519, Revised Statutes Supplement, 2004, is amended to read:

13-519. (1) (a) Subject to subdivision (1) (b) of this section, for ~~For~~ all fiscal years beginning on or after July 1, 1998, no governmental unit shall adopt a budget containing a total of budgeted restricted funds more than the last prior year's total of budgeted restricted funds plus allowable growth plus the basic allowable growth percentage of the base limitation established under section 77-3446. For the second fiscal year in which a county will receive a full year of receipts from the tax imposed in sections 77-27,223 to 77-27,227, the prior year's total of restricted funds shall be the prior year's total of restricted funds plus the total receipts from the tax imposed in sections 77-27,223 to 77-27,227 in the prior year. If a governmental unit transfers the financial responsibility of providing a service financed in whole or in part with restricted funds to another governmental unit or the state, the amount of restricted funds associated with providing the service shall be subtracted from the last prior year's total of budgeted restricted funds for the previous provider and may be added to the last prior year's total of restricted funds for the new provider. For governmental units that have consolidated, the calculations made under this section for consolidating units shall be made based on the combined total of restricted funds, population, or full-time equivalent students of each governmental unit.

(b) For all fiscal years beginning on or after July 1, 2005, the last prior year's total of budgeted restricted funds shall be increased for a community college area by adding to such area's fiscal year base-year revenue the amount of revenue to be collected under subdivision (2) (c) of section 85-1517 that is in excess of the amount budgeted under this subdivision in the prior fiscal year.

(2) A governmental unit may exceed the limit provided in ~~subsection~~ ~~(1)~~ subdivisions (1) (a) and (b) of this section for a fiscal year by up to an additional one percent upon the affirmative vote of at least seventy-five percent of the governing body.

(3) A governmental unit may exceed the applicable allowable growth percentage otherwise prescribed in this section by an amount approved by a majority of legal voters voting on the issue at a special election called for such purpose upon the recommendation of the governing body or upon the receipt by the county clerk or election commissioner of a petition requesting an election signed by at least five percent of the legal voters of the governmental unit. The recommendation of the governing body or the petition of the legal voters shall include the amount and percentage by which the governing body would increase its budgeted restricted funds for the ensuing year over and above the current year's budgeted restricted funds. The county clerk or election commissioner shall call for a special election on the issue within fifteen days after the receipt of such governing body recommendation or legal voter petition. The election shall be held pursuant to the Election Act, and all costs shall be paid by the governing body. The issue may be approved on the same question as a vote to exceed the levy limits provided in section 77-3444.

(4) In lieu of the election procedures in subsection (3) of this section, any governmental unit may exceed the allowable growth percentage otherwise prescribed in this section by an amount approved by a majority of legal voters voting at a meeting of the residents of the governmental unit, called after notice is published in a newspaper of general circulation in the governmental unit at least twenty days prior to the meeting. At least ten percent of the registered voters residing in the governmental unit shall constitute a quorum for purposes of taking action to exceed the allowable growth percentage. If a majority of the registered voters present at the

meeting vote in favor of exceeding the allowable growth percentage, a copy of the record of that action shall be forwarded to the Auditor of Public Accounts along with the budget documents. The issue to exceed the allowable growth percentage may be approved at the same meeting as a vote to exceed the limits or final levy allocation provided in section 77-3444.

Sec. 2. Section 77-3442, Revised Statutes Supplement, 2004, is amended to read:

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

(2)(a) Except as provided in subdivision (2)(b) of this section, school districts and multiple-district school systems may levy a maximum levy of (i) one dollar and five cents per one hundred dollars of taxable valuation of property subject to the levy for fiscal years 2003-04 through 2007-08 and (ii) one dollar per one hundred dollars of taxable valuation of property subject to the levy for all fiscal years except fiscal years 2003-04 through 2007-08. Excluded from this limitation are amounts levied to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment and amounts levied to pay for special building funds and sinking funds established for projects commenced prior to April 1, 1996, for construction, expansion, or alteration of school district buildings. For purposes of this subsection, commenced means any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the project.

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

(c) For school fiscal year 2002-03 through school fiscal year 2007-08, school districts and multiple-district school systems may, upon a three-fourths majority vote of the school board of the school district, the board of the unified system, or the school board of the high school district of the multiple-district school system that is not a unified system, exceed the maximum levy prescribed by subdivision (2)(a) of this section in an amount equal to the net difference between the amount of state aid that would have been provided under the Tax Equity and Educational Opportunities Support Act without the temporary aid adjustment factor and if subdivision (3) of section 79-1007.02 and subsections (2) and (5) of section 79-1008.01 had applied for the ensuing school fiscal year for the school district or multiple-district school system and the amount provided with the temporary aid adjustment factor and if subdivision (4) of section 79-1007.02 and subsections (3) and (6) of section 79-1008.01 had applied. The State Department of Education shall certify to the school districts and multiple-district school systems the amount by which the maximum levy may be exceeded for the next school fiscal year pursuant to subdivision (2)(c) of this section on or before February 15 for school fiscal years 2004-05 through 2007-08.

(3) Community colleges may levy a maximum levy on each one hundred dollars of taxable property subject to the levy of seven cents, ~~for fiscal year 2000-01 and each fiscal year thereafter,~~ plus amounts allowed under subsection (7) of section 85-1536.01, except that any community college whose valuation per reported aid equivalent student as defined in section 85-1503 was less than eighty-two percent of the average valuation per statewide reimbursable reported aid equivalent total as defined in section 85-1503 for all community colleges for fiscal year 1997-98 may levy up to an additional one-half cent for each of fiscal years 2005-06 and 2006-07 upon a three-fourths majority vote of the board.

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

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

(6) (a) Incorporated cities and villages which are not within the boundaries of a municipal county may levy a maximum levy of forty-five cents per one hundred dollars of taxable valuation of property subject to the levy plus an additional five cents per one hundred dollars of taxable valuation to provide financing for the municipality's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The maximum levy shall include amounts levied to pay for sums to support a library pursuant to section 51-201, museum pursuant to section 51-501, visiting community nurse, home health nurse, or home health agency pursuant to section 71-1637, or statue, memorial, or monument pursuant to section 80-202.

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

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

(8) Counties may levy or authorize a maximum levy of fifty cents per one hundred dollars of taxable valuation of property subject to the levy, except that five cents per one hundred dollars of taxable valuation of property subject to the levy may only be levied to provide financing for the county's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The maximum levy shall include amounts levied to pay for sums to support a library pursuant to section 51-201 or museum pursuant to section 51-501. The county may allocate up to fifteen cents of its authority to other political subdivisions subject to allocation of property tax authority under subsection (1) of section 77-3443 and not specifically covered in this section to levy taxes as authorized by law which do not collectively exceed fifteen cents per one hundred dollars of taxable valuation on any parcel or item of taxable property. The county may allocate to one or more other political subdivisions subject to allocation of property tax authority by the county under subsection (1) of section 77-3443 some or all of the county's five cents per one hundred dollars of valuation authorized for support of an agreement or agreements to be levied by the political subdivision for the purpose of supporting that political subdivision's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. If an allocation by a county would cause another county to exceed its levy authority under this section, the second county may exceed the levy authority in order to levy the amount allocated.

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

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

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

(12) Tax levies in excess of the limitations in this section shall

be considered unauthorized levies under section 77-1606 unless approved under section 77-3444.

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

Sec. 3. Section 85-1503, Reissue Revised Statutes of Nebraska, is amended to read:

85-1503. For purposes of sections 85-1501 to 85-1540, unless the context otherwise requires:

(1) Community college shall mean an educational institution operating and offering programs pursuant to such sections;

(2) Community college area shall mean an area established by section 85-1504;

(3) Board shall mean the Community College Board of Governors for each community college area;

(4) Full-time equivalent student shall mean, in the aggregate, the equivalent of a registered student who in a twelve-month period is enrolled in (a) thirty semester credit hours or forty-five quarter credit hours of classroom, laboratory, clinical, practicum, or independent study course work or cooperative work experience or (b) nine hundred contact hours of classroom or laboratory course work for which credit hours are not offered or awarded. Avocational and recreational community service programs or courses shall not be included in determining full-time equivalent students or student enrollment;

(5) Contact hour shall mean an educational activity consisting of sixty minutes minus break time and required time to change classes;

(6) Credit hour shall mean the unit used to ascertain the educational value of course work offered by the institution to students enrolling for such course work, earned by such students upon successful completion of such course work, and for which tuition is charged. A credit hour may be offered and earned in any of several instructional delivery systems, including, but not limited to, classroom hours, laboratory hours, clinical hours, practicum hours, cooperative work experience, and independent study. A credit hour shall consist of a minimum of: (a) Ten quarter or fifteen semester classroom contact hours per term of enrollment; (b) twenty quarter or thirty semester academic transfer and academic support laboratory hours per term of enrollment; (c) thirty quarter or forty-five semester vocational laboratory hours per term of enrollment; (d) thirty quarter or forty-five semester clinical or practicum contact hours per term of enrollment; or (e) forty quarter or sixty semester cooperative work experience contact hours per term of enrollment. An institution may include in a credit hour more classroom, laboratory, clinical, practicum, or cooperative work experience hours than the minimum required in this subdivision. The institution shall publish in its catalog, or otherwise make known to the student in writing prior to the student enrolling or paying tuition for any courses, the number of credit or contact hours offered in each such course. Such published credit or contact hour offerings shall be used to determine whether a student is a full-time equivalent student pursuant to subdivision (4) of this section;

(7) Classroom hour shall mean a minimum of fifty minutes of formalized instruction on campus or off campus in which a qualified instructor applying any combination of instructional methods such as lecture, directed discussion, demonstration, or the presentation of audiovisual materials is responsible for providing an educational experience to students;

(8) Laboratory hour shall mean a minimum of fifty minutes of educational activity on campus or off campus in which students conduct experiments, perfect skills, or practice procedures under the direction of a qualified instructor;

(9) Clinical hour shall mean a minimum of fifty minutes of educational activity on campus or off campus during which the student is assigned practical experience under constant supervision at a health-related agency, receives individual instruction in the performance of a particular function, and is observed and critiqued in the repeat performance of such function. Adjunct professional personnel, who may or may not be paid by the college, may be used for the directed supervision of students and for the delivery of part of the didactic phase of the experience;

(10) Practicum hour shall mean a minimum of fifty minutes of educational activity on campus or off campus during which the student is assigned practical experiences, receives individual instruction in the performance of a particular function, and is observed and critiqued by an instructor in the repeat performance of such function. Adjunct professional personnel, who may or may not be paid by the college, may be used for the

directed supervision of the students;

(11) Cooperative work experience shall mean an internship or on-the-job training, designed to provide specialized skills and educational experiences, which is coordinated, supervised, observed, and evaluated by qualified college staff or faculty and may be completed on campus or off campus, depending on the nature of the arrangement;

(12) Independent study shall mean an arrangement between an instructor and student in which the instructor is responsible for assigning work activity or skill objectives to the student, personally providing needed instruction, assessing the student's progress, and assigning a final grade. Credit hours shall be assigned according to the practice of assigning credits in similar courses;

(13) Full-time equivalent student enrollment total shall mean the total of full-time equivalent students enrolled in a community college in any fiscal year;

(14) General academic transfer course shall mean a course offering in a one-year or two-year degree-credit program, at the associate degree level or below, intended by the offering institution for transfer into a baccalaureate program. The completion of the specified courses in a general academic transfer program may include the award of a formal degree;

(15) Applied technology or occupational course shall mean a course offering in an instructional program, at the associate degree level or below, intended to prepare individuals for immediate entry into a specific occupation or career. The primary intent of the institutions offering an applied technology or occupational program shall be that such program is for immediate job entry. The completion of the specified courses in an applied technology or occupational program may include the award of a formal degree, diploma, or certificate;

(16) Academic support course shall mean a general education academic course offering which may be necessary to support an applied technology or occupational program;

(17) Class 1 course shall mean an applied technology or occupational course offering which requires the use of equipment, facilities, or instructional methods easily adaptable for use in a general academic transfer program classroom or laboratory;

(18) Class 2 course shall mean an applied technology or occupational course offering which requires the use of specialized equipment, facilities, or instructional methods not easily adaptable for use in a general academic transfer program classroom or laboratory;

(19) Reported aid equivalent student shall mean a full-time equivalent student subject to the following limitations:

(a) The number of credit hours which can be counted for each student per semester or quarter shall be limited to eighteen credit hours;

(b) For students enrolled for more than eighteen credit hours, credit hours for each course shall be prorated as the eighteen-credit-hour limit is to the student's total credit hours for the semester or quarter;

(c) The credit-hour limit for a special instructional term shall be prorated on the same ratio that a fifteen-week term is to eighteen semester credit hours or a ten-week term is to eighteen quarter credit hours; and

(d) The number of credit and contact hours which shall be counted by any community college area in which a tribally controlled community college is located shall include credit and contact hours awarded by such tribally controlled community college to students for which such institution received no federal reimbursement pursuant to the Tribally Controlled Community College Assistance Act, Public Law 95-471 as reauthorized by Public Law 99-428 25 U.S.C. 1801;

(20) Reported aid equivalent total shall mean the total of all reported aid equivalents accumulated in a community college area in any fiscal year;

(21) Reimbursable educational unit shall mean a reported aid equivalent student multiplied by (a) for a general academic transfer course or an academic support course, a factor of one, (b) for a Class 1 course, a factor of one and fifty-hundredths, (c) for a Class 2 course, a factor of one and eight-tenths for fiscal year 1995-96 and for the three-year averages, a factor of one and nine-tenths for fiscal year 1996-97 and for the three-year averages, and a factor of two for fiscal year 1997-98 and each fiscal year thereafter and for the three-year averages, (d) for a tribally controlled community college general academic transfer course or academic support course, a factor of two, (e) for a tribally controlled community college Class 1 course, a factor of three, and (f) for a tribally controlled community college Class 2 course, a factor of three and six-tenths for fiscal year 1995-96 and for the three-year averages, a factor of three and eight-tenths for fiscal

year 1996-97 and for the three-year averages, and a factor of four for fiscal year 1997-98 and each fiscal year thereafter and for the three-year averages;

(22) Reimbursable educational unit total shall mean the total of all reimbursable educational units accumulated in a community college area in any fiscal year;

(23) Special instructional term shall mean any term which is less than fifteen weeks for community colleges using semesters or ten weeks for community colleges using quarters;

(24) Statewide reimbursable reported aid equivalent total shall mean the total of all reimbursable reported aid equivalents accumulated statewide for the community college in any fiscal year;

(25) Tribally controlled community college shall mean an educational institution operating and offering programs pursuant to the Tribally Controlled Community College Assistance Act, ~~Public Law 95-471 as reauthorized by Public Law 99-428~~ 25 U.S.C. 1801; and

~~(25)~~ (26) Tribally controlled community college state aid amount shall mean the quotient of the amount of state aid to be distributed pursuant to sections 85-1536 and 85-1537 for the current fiscal year to a community college area in which a tribally controlled community college is located divided by the average of the reimbursable educational unit totals for such community college area for the immediately preceding three fiscal years, with such quotient then multiplied by the average reimbursable educational units derived pursuant to subdivision (19) (d) of this section for the immediately preceding three fiscal years.

Sec. 4. Section 85-1517, Reissue Revised Statutes of Nebraska, is amended to read:

85-1517. (1) The board may certify to the county board of equalization of each county within the community college area a tax levy not to exceed ~~seven cents for fiscal year 1998-99 and fiscal year 1999-00 and six cents for fiscal year 2000-01 and all subsequent fiscal years,~~ on each one hundred dollars on the taxable valuation of all property subject to the levy within the community college area, uniform throughout such area, for the purpose of supporting operating expenditures of the community college area.

(2) (a) In addition to the ~~levy~~ levies provided in subsection (1) of this section and this subsection, the board may certify to the county board of equalization of each county within the community college area a tax levy of not to exceed one cent on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area, for the purpose of establishing a capital improvement fund and bond sinking fund as provided in section 85-1515.

(b) In addition to the ~~levy~~ levies provided in ~~subdivision (a) of subsection (1) of this section and this subsection,~~ the board may also certify to the county board of equalization of each county within the community college area a tax levy on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area, in the amount which will produce funds only in the amount necessary to pay for funding accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110. Such tax levy shall not be so certified unless approved by an affirmative vote of a majority of the board taken at a public meeting of the board following notice and a hearing. The board shall give at least seven days' notice of such public hearing and shall publish such notice once in a newspaper of general circulation in the area to be affected by the increase.

(c) In addition to the levies provided in subsection (1) of this section and this subsection, the board of any community college area whose valuation per reported aid equivalent student was less than eighty-two percent of the statewide average of all community colleges for fiscal year 1997-98 may also certify to the county board of equalization of each county within the community college area a tax levy up to an additional one-half cent for each of fiscal years 2005-06 and 2006-07, on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area. Such tax levy shall not be so certified unless approved by an affirmative vote of three-fourths of the board taken at a public meeting of the board following notice and a hearing. The board shall give at least seven days' notice of such public hearing and shall publish such notice once in a newspaper of general circulation in the area to be affected by the increase.

(3) The levy provided by subdivision (2) (a) of this section may be exceeded by that amount necessary to retire the general obligation bonds assumed by the community college area or issued pursuant to section 85-1515 according to the terms of such bonds or for any obligation pursuant to section 85-1535 entered into prior to January 1, 1997.

(4) ~~Such~~ The tax shall be levied and assessed in the same manner as other property taxes and entered on the books of the county treasurer. The proceeds of ~~such~~ the tax, as collected, shall be remitted to the treasurer of the board not less frequently than once each month.

Sec. 5. Section 85-1536.01, Revised Statutes Supplement, 2004, is amended to read:

85-1536.01. (1) The Community College Property Tax Relief and Equalization Program is created. The Legislature recognizes the need for a state and local partnership for the funding of community colleges. The Legislature also understands that some community college areas have a better ability than other areas to raise revenue through property taxes because of larger and growing valuation bases.

(2) It is the intent of the Legislature to appropriate funds beginning with fiscal year 1998-99 to provide property tax relief to those areas that (a) have levied the maximum allowable property tax levy as described in subsection (1) of section 85-1517 and cannot generate forty percent of their operating revenue or (b) do not receive forty percent of their operating revenue from state aid pursuant to subdivisions (1)(a) and (b) of section 85-1536 and levy the maximum allowable property tax levy as described in subsection (1) of section 85-1517 or the greater of a minimum levy of six and three-tenths cents per one hundred dollars of valuation for fiscal year 1998-99 and fiscal year 1999-00 and five and three-tenths cents per one hundred dollars of valuation for fiscal year 2000-01 and all subsequent fiscal years or a levy that raises forty percent of its operating revenue.

(3) Each eligible community college area which qualifies pursuant to subdivision (2)(a) of this section shall receive funds equal to the difference between the property tax revenue raised and forty percent of its operating revenue. Each eligible community college area which qualifies pursuant to subdivision (2)(b) of this section shall receive funds equal to the difference between state aid pursuant to subdivisions (1)(a) and (b) of section 85-1536 and forty percent of its operating revenue, and any community college area which raises in excess of forty percent of its operating revenue from property tax shall have such excess serve as an offset to payments received from this program. Any community college area which qualifies under both subdivisions (2)(a) and (b) of this section shall receive funds as calculated for both subdivisions. The base year for calculating forty percent of operating revenue shall be fiscal year 1997-98, with future adjustments reflecting increases equal to two percent plus the percentage increase, if any, in full-time equivalent students eligible for state aid from the second year to the first year preceding the year for which the aid is being determined. For purposes of aid distribution beginning with fiscal year 2006-07, the revenue generated by the additional levy authorized under subdivision (2)(c) of section 85-1517 shall be added to the previous year's adjusted base year operating revenue prior to applying the two percent plus the percentage growth in full-time equivalent students, and remain as part of the adjusted base year operating revenue for all fiscal years thereafter.

Any community college area which had an operational property tax levy that was one hundred thirty-five percent or more of the statewide average operational community college property tax levy for fiscal year 1997-98 shall, for purposes of state aid distribution beginning in fiscal year 1999-00 and for each fiscal year thereafter, have added to its fiscal year 1997-98 base year revenue three-fourths of its unused budget authority as established under section 13-521 for fiscal year 1998-99. Each community college area shall submit its levy and valuation certification to the Department of Administrative Services by September 20 each year. After verifying valuations and general fund revenue amounts established from FTE-REU audits, which general fund revenue amounts are derived from the uniform budget form, the department shall distribute funds to those community college areas that have qualified for property tax relief and equalization.

(4) If the Legislature appropriates more money for aid to community colleges than is necessary to fully fund the provisions of sections 85-1536 to 85-1537 for any fiscal year, the excess money shall be allocated to each community college area in the same proportion as the community college area's property valuation is to the state's total property valuation.

(5) If the Legislature fails to appropriate adequate funds for the program, the funds appropriated shall be apportioned on a pro rata basis to the areas that qualify.

(6) The department shall distribute the total of such appropriated and allocated funds to the boards in nine as nearly as possible equal monthly payments between the fifth and twentieth day of each month beginning in October of each year.

(7) For fiscal year 2003-04 ~~and fiscal year 2004-05~~ through fiscal year 2007-08, each community college area that meets the requirements of subsection (2) of this section may levy an additional amount sufficient to generate revenue equal to the community college's share of any deficiency in the appropriation to community colleges upon the affirmative vote of at least three-fourths of the board of governors for the community college area. The property tax levy provided for in this subsection is in addition to the maximum allowable property tax levy described in subsection (1) of section 85-1517 and the amount allowed by subsection (3) of section 77-3442.

Sec. 6. Original sections 85-1503 and 85-1517, Reissue Revised Statutes of Nebraska, and sections 13-519, 77-3442, and 85-1536.01, Revised Statutes Supplement, 2004, are repealed.

Sec. 7. Since an emergency exists, this act takes effect when passed and approved according to law.