

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:
RESTRICTING SCHOOL BOND ISSUES.

BACKGROUND. K-12 public education comprises about 55%-60% of a typical property tax bill. Though the state has a constitutional mandate to provide for public education, it allows local property taxes to pay for most of that education. State aid to local school districts varies in amount annually, however, in Nebraska, 100% of the costs for school capital facility projects come from local funds. Therefore, the success or failure of a school bond election depends heavily on the decision by local citizens to tax themselves.

BONDING. Current state law requires school bond and tax elections when issuing new debt, when exceeding an allowed growth rate, or when exceeding a maximum property tax levy rate. School districts utilize bond elections to renovate, remodel, add, or build school facilities, or purchase land. NE requires a ballot measure for school districts that issue new bonds. Under state law, school districts can hold bond elections during a general or primary election, although special elections allowed on other dates. School districts that hold a special election must conduct the election on the first Tuesday following the second Monday of the month, unless the recommendation or petition specifically provides for another day. In even-numbered years, no special elections may occur in April, May, June, October, November, or December, unless the special election held in conjunction with a statewide primary or general election. Every school district in NE must make every effort to hold a bond election on the same day as a statewide general or primary election. A school district pays all costs for a special election. A simple majority of voters required to approve ballot measures related to school bonds.

SCHOOL BOND OPPOSITION. Historically, groups like our Nebraska Taxpayers for Freedom have strenuously opposed bond issues deemed too expensive or leading to property tax increases. This organization vigorously opposed several school bond issues voted down. NTF believes that bonds too often fund non-essential items rather than necessities. For example, in a 2020 instance, our NTF group expressed concern that school bonds often cover "wants rather than needs," such as specialized turf and tennis courts. Most opposition to school bond issues stems from property tax anger. Residents fear higher property tax rates and lack of their affordability. Voters reject bond

issues for other reasons, such as no confidence in the school district leadership, opposition to school curricula, and school board indifference to public input. Taxpayers often express alarm about the impact of a new bond issue piled onto existing debt. Voters may reject a bond issue, if they do not believe that the proposed projects are necessary, well-planned, or address their specific concerns. Most bond issues fail from the fear of associated costs to taxpayers. Taxpayers complain that holding special bond elections results in lower voter turnout, giving advantage to proponents who muster support from their ranks. In NE, several school bond issues failed in recent years. In May, 2025, voters in Hemingford rejected an \$18 million bond proposal for school upgrades,

significantly more votes against the measure than in favor. The Waverly School District saw an almost \$90 million bond issue fail in May, 2024, a large majority of voters opposing the measure. The Bennington Public Schools faced repeated failures of bond issues, including a March, 2024 vote on a \$119 million proposal, much because of resident concerns about rising property taxes and overloaded district debt. Freeman Public Schools voters defeated its \$30 million bond issue in 2025, over 63% opposed. A \$127 million bond issue for the South Sioux City Community School District failed. School districts should appear very transparent about the potential financial impact on residents if a measure passes, also being accessible and responsive to questions and concerns.

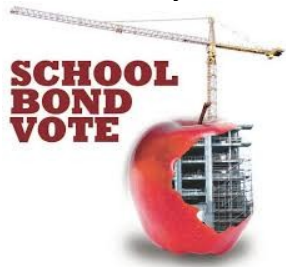
MILLARD PUBLIC SCHOOLS EXAMPLE. Millard floated a \$158 million bond issue in 2024 for safety, security, renovation, and maintenance needs. Funds paid for constructing capital improvements like additions, making repairs or site improvements of existing district buildings, and providing the necessary equipment and apparatus for such buildings. One of the key safety initiatives in the bond was the addition of secure entryways in the 21 schools that lacked them. The bond issue paid for items in all 35 schools. The bond issue itself did not increase the taxes; it maintained the existing tax rate, but many residents suffered higher taxes because their valuations increased. Retaining the same levy was possible by the district consistent bond cycle and commitment to refinancing bonds. Its bond levy has decreased steadily over time. Having paid off previous bond issues, that money then available for future bond issues. Voters approved this bond issue by 64%, with NTF support.

It's OK to
Vote NO
on BOND\$

BENNINGTON BOND ISSUE. 71% of voters in a special mail-in election on March 11, 2025, approved a \$112 million bond issue to build a second high school, adding space for the increasing number of students in the district. Supposedly no tax increase. The school, however, constructed for only 1,500 students. Because the area is expanding at a rapid rate, taxpayers eventually will pay later for needed additions with higher taxes. Bond monies unnecessarily spent on a weight room, wrestling rooms, and an additional gym. The district splurged on a paid professional marketing company from Lincoln for consulting purposes. The bond prospectus did not list line items for the expenditures. This bond issue added to the already extraordinarily high district bonded debt, \$223,840,500, a huge amount for taxpayers to liquidate. No one in the administration or school board examined property value increases to assess the ability to lower the levy to compensate for the valuation increase. As with other school districts, companies expecting to benefit from the bond issue donated. The state teachers' union, local teachers' union, and school foundation contributed handsomely.

LINCOLN SCHOOL BONDING. The analysis and planning for that \$290 million 2020 bond issue indicates that it was funded with no planned increase to the current combined bond and building fund levy rate based on the current district property valuation. District officials estimated that the existing property tax levy of \$0.161 per \$100 of assessed property value would not increase because of the repayment of previous bonds. The tax request for the 1999 High School Bonds and a portion of the 2014 Bond issued in 2016 became paid off in 2020-2021. The district simply replaced the 1999 and 2016 principal and interest payments with new bond debt. Other bonds paid off sooner, that money paying for a new bond issue.

RESTRICTION EFFORTS. Conservative State Sen. Rick Holdcroft attempted to restrict NE school bond issues. The original intent of his **LB 135** meant to limit these elections to specific dates that coincided with regular elections. Supporters suggest that high property taxes in NE, partly because of school bonding and levy overrides, best handled by increased local voting at regular elections. The bill would prohibit schools and educational service units from conducting special elections for a bond issue, property tax levy, or exceeding a property tax levy limitation. Under the bill as introduced, such questions could appear on ballots only during regularly-scheduled elections or on traditional election dates. Holdcroft said that requiring school bond ballots to coincide with such elections, which generally have higher voter turnout than special elections, would engage more voters and make sure their voices heard on issues that affect their property taxes. He offered several examples of low-turnout special elections, including a Papillion-La Vista bond ballot that passed with 33% voter turnout. Holdcroft noted that Millard Public Schools voted unanimously 30 days after the 2024 general election to put a bond question to a vote of



the people soon after, on Feb. 11, 2025. An amendment revised the bill parameters to allow for special elections in odd-numbered years on specific dates. The proposed change would allow school boards to sponsor special elections every 6 months but only on fixed dates when voters are already voting. Under the amendment, special bond elections could occur in odd-numbered years at the following times:

- on the first Tuesday after the second Monday in May;
- on the first Tuesday after the first Monday in November; or
- in conjunction with a political subdivision regularly-scheduled general election.

Sen. Brad von Gillern rightly expressed concern that requiring all school districts to hold bond elections at the same time could make contracting for those projects difficult. "If all the projects come out at the same time, it creates a real problem with the resources that are available within the construction marketplace," von Gillern said. This revision would allow school districts more dates to choose bonding. Unfortunately, the bill did not advance beyond Select File. Our NTF group and the NE Farm Bureau both supported **LB 135**. Sen. Holdcroft will sponsor a similar bill in 2026. Naturally, public school districts opposed it. A new Iowa law requires that all local bond elections appear on a November ballot, thereby guaranteeing more voter participation. According to the Iowans for Tax Relief Foundation, voter turnout for elections not held in November witness less than half the traditional November turnout. As a result, these special elections have created \$14.5 billion in debt paid with local property tax dollars. Each Iowa school bond election must clarify if that bond constitutes a tax increase, a clause we must add to NE legislation.

FALLACIES. Bond proponents often allege that better schools increase neighborhood property values. However, property valuations have skyrocketed within the Omaha Public School District, whose schools fall low on the academic scale. Another fallacy is that businesses more likely will locate in communities with better schools. In

several instances, school districts attest that a specific dollar amount needed for their bond issues but then do not spend all that accrued revenue. Actually, businesses will locate where they receive the best tax incentives.

TAKE ACTION NOW. Too many NE school districts use bond issues to circumvent property tax and spending lids. Before the 2026 NE legislative session begins, lobby your state senator to pass legislation requiring school bond elections only during primary or general election dates, unless there exists an emergency situation like tornado or flood damage or other dire unforeseen cataclysm. Every bond ballot must state specifically how much of a tax increase involved. Understand that a school district does not only repay the original amount borrowed but also pays interest on the loan, which increases the total cost to taxpayers. The law must prohibit contributions to school bond issues from companies that will have bond contracts with a school district. Using the information above, lobby your state senator NOW to restrict school bond issues. Email netaxpayers@gmail.com for state senator contact information and to join our NTF *Education Watch Project*.

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