

LEGISLATIVE BILL 1100

Approved by the Governor March 31, 1998

Introduced by Lynch, 13; Brown, 6; Crosby, 29; Engel, 17; Hillman, 48; Janssen, 15; Kiel, 9; Maurstad, 30; D. Pederson, 42; Raikes, 25; Suttle, 10; Vrtiska, 1; Wehrbein, 2; Wesely, 26; Bruning, 3

AN ACT relating to public buildings; to amend sections 81-173, 81-179 to 81-182, 81-185, and 81-190, Reissue Revised Statutes of Nebraska, section 81-1108.22, Revised Statutes Supplement, 1996, and section 81-1108.17, Revised Statutes Supplement, 1997; to state intent; to provide for deferred maintenance, repair, renovation, and facility replacement construction projects of the University of Nebraska and Nebraska state colleges; to create funds; to provide for depreciation charges on certain public buildings; to change provisions relating to the Building Renewal Allocation Fund and charges for state buildings; 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. (1) The Legislature finds and determines that protecting investments in buildings through the completion of deferred maintenance, repair, renovation, and facility replacement construction projects is of critical importance to the State of Nebraska. The Legislature further recognizes that arresting the continued deterioration of buildings, limiting the effects of inflation on the costs of such deferred maintenance, repair, renovation, and facility replacement construction, and bringing such buildings into compliance with current health and safety requirements at the earliest possible time is necessary for protecting such investment in the buildings of the State of Nebraska. In order to accomplish these goals, it is necessary, desirable, and advisable that the Legislature provide for the receipt of funds for such purposes as soon as practicable with the repayment of such funds to be made over a period of years. The Legislature recognizes the commitment of (a) the Board of Regents of the University of Nebraska to provide matching funds on a one-to-one basis up to five million five hundred thousand dollars per year for a total of up to fifty-five million dollars and (b) the Board of Trustees of the Nebraska State Colleges to provide matching funds on a one-to-one basis up to four hundred thousand dollars per year for a total of four million dollars.

(2) Sections 1 to 7 of this act do not modify, reduce, or eliminate any provision of subsection (10) of section 85-1414 requiring the approval of the Coordinating Commission for Postsecondary Education for any deferred maintenance, repair, renovation, or facility replacement construction project authorized by sections 3 and 6 of this act and undertaken by the Board of Regents of the University of Nebraska or the Board of Trustees of the Nebraska State Colleges.

Sec. 2. The University of Nebraska Facilities Program is created. All funds appropriated to the program by the Legislature shall be used exclusively for deferred maintenance, repair, renovation, and facility replacement construction projects authorized pursuant to section 3 of this act.

Sec. 3. (1) Beginning with the fiscal year commencing July 1, 1999, and continuing through the fiscal year ending June 30, 2009, the Legislature shall appropriate each fiscal year from the General Fund an amount not less than five million five hundred thousand dollars to the University of Nebraska Facilities Program to be used by the Board of Regents of the University of Nebraska to accomplish projects as provided in this section. Through the allotment process established in section 81-1113, the Department of Administrative Services shall make appropriated funds available. Undisbursed appropriations balances existing in the University of Nebraska Facilities Program at the end of each fiscal year until June 30, 2012, shall be and are hereby reappropriated.

(2) The Legislature finds and determines that the projects funded through the University of Nebraska Facilities Program are of critical importance to the State of Nebraska. It is the intent of the Legislature that the appropriations to the program shall not be reduced until all contracts and securities relating to the construction and financing of the projects or portions of the projects funded from such funds or accounts of such funds are completed or paid but in no case shall such appropriations extend beyond the fiscal year ending June 30, 2009, nor shall the cumulative total of the

General Fund appropriations for the program exceed fifty-five million dollars.

(3) Subject to the receipt of project approval from the Coordinating Commission for Postsecondary Education as required by subsection (10) of section 85-1414 for each of the following University of Nebraska projects, the Board of Regents of the University of Nebraska is authorized to make expenditures from the University of Nebraska Facilities Program for the following projects: (a) Deferred maintenance, repair, and renovation of University of Nebraska at Kearney Bruner Hall; (b) deferred maintenance, repair, and renovation of University of Nebraska at Kearney Otto Olson Vocational Arts Building; (c) deferred maintenance, repair, and renovation of University of Nebraska-Lincoln Love Library; (d) deferred maintenance, repair, and renovation of University of Nebraska-Lincoln Snyder Building at the West Central Research Extension Center; (e) construction of a facility to replace University of Nebraska-Lincoln Lyman Hall and Bancroft Hall; (f) construction of a facility to replace University of Nebraska-Lincoln Biochemistry Building; (g) deferred maintenance, repair, and renovation of University of Nebraska-Lincoln Hamilton Hall; (h) deferred maintenance, repair, and renovation of University of Nebraska-Lincoln Avery Hall; (i) deferred maintenance, repair, and renovation of University of Nebraska Medical Center Poynter Hall; (j) deferred maintenance, repair, and renovation of University of Nebraska Medical Center Swanson Hall, Bennet Hall, and Service Building; (k) deferred maintenance, repair, and renovation of University of Nebraska Medical Center Library housed in Wittson Hall; (l) deferred maintenance, repair, and renovation of University of Nebraska at Omaha Allwine Hall; and (m) deferred maintenance, repair, and renovation of University of Nebraska at Omaha Arts and Sciences Hall.

(4) Expenditures of matching funds provided for the projects listed in this section by the Board of Regents of the University of Nebraska as provided for in section 1 of this act shall be accounted for in the Nebraska State Accounting System through the University of Nebraska Facilities Program or according to some other reporting process mutually agreed upon by the University of Nebraska and the Department of Administrative Services.

(5) The Board of Regents of the University of Nebraska shall record and report, on the Nebraska State Accounting System, expenditure of amounts from the University of Nebraska Facilities Program and expenditure of proceeds arising from any contract entered into pursuant to this section and section 4 of this act in such manner and format as prescribed by the Department of Administrative Services or according to some other reporting process mutually agreed upon by the University of Nebraska and the Department of Administrative Services.

(6) The Board of Regents of the University of Nebraska shall provide to the Task Force for Building Renewal semiannual reports concerning the status of each project authorized by this section.

Sec. 4. (1) In order to accomplish any projects authorized by section 3 of this act, the Board of Regents of the University of Nebraska may enter into contracts with any person, firm, or corporation providing for the implementation of any such project of the University of Nebraska and providing for the long-term payment of the cost of such project from the University of Nebraska Facilities Program. In no case shall any such contract extend for a period beyond July 15, 2011, nor shall any such contract exceed the repayment capabilities implicit in the funding streams authorized in sections 1 and 3 of this act.

(2) The Board of Regents of the University of Nebraska shall not pledge the credit of the State of Nebraska for the payment of any sum owing on account of such contract, except that there may be pledged for the payment of any such contract any appropriation specifically made by the Legislature for such purpose, together with such funds of the Board of Regents of the University of Nebraska as the board determines. No contract shall be entered into pursuant to this section without prior approval by resolution by the Board of Regents. The Board of Regents may also convey, lease, or lease back all or any part of the projects authorized by section 3 of this act and the land on which such projects are situated to such person, firm, or corporation as the Board of Regents may contract with pursuant to this section to facilitate the long-term payment of the cost of such projects. Any such conveyance or lease shall provide that when the cost of such projects has been paid, together with interest and other costs thereon, such projects and the land on which such projects are located shall become the property of the Board of Regents.

(3) The Board of Regents of the University of Nebraska is authorized to make expenditures for the purposes stated in this section and section 3 of this act from investment income balances in any fund created under the authority provided for in any contract or contracts authorized by this

section. Any appropriated amounts and amounts designated or matched by the Board of Regents under section 1 of this act in excess of amounts required to meet debt service and any interest earnings derived from reserve funds or any other funds created under the authority provided for in any contract or contracts authorized by this section shall be accumulated and applied toward early retirement of debt as authorized under any indenture or other contract entered into by the Board of Regents as authorized by this section. The Board of Regents and the Department of Administrative Services shall, on or before January 1, 1999, enter into an agreement providing for the allocation and distribution of any balances existing in the University of Nebraska Facilities Program or any other funds created as part of a long-term contract entered into by the Board of Regents pursuant to this section to the General Fund and any other funds designated by the Board of Regents as a source of funds for the match specified in section 1 of this act either on July 15, 2011, or when all financial obligations incurred in the contracts entered into by the Board of Regents pursuant to this section are discharged, whichever occurs first.

Sec. 5. The State College Facilities Program is created. All funds appropriated to the program by the Legislature shall be used exclusively for deferred maintenance, repair, and renovation projects authorized pursuant to section 6 of this act.

Sec. 6. (1) Beginning with the fiscal year commencing July 1, 1999, and continuing through the fiscal year ending June 30, 2009, the Legislature shall appropriate each fiscal year from the General Fund an amount not less than four hundred thousand dollars to the State College Facilities Program to be used by the Board of Trustees of the Nebraska State Colleges to accomplish projects as provided in this section. Through the allotment process established in section 81-1113, at a minimum, the Department of Administrative Services shall make appropriated funds available. Undisbursed appropriations balances existing in the State College Facilities Program at the end of each fiscal year until June 30, 2012, shall be and are hereby reappropriated.

(2) The Legislature finds and determines that the projects funded through the program are of critical importance to the State of Nebraska. It is the intent of the Legislature that the appropriations to the program shall not be reduced until all contracts and securities relating to the construction and financing of the projects or portions of the projects funded from such funds or accounts of such funds are completed or paid but in no case shall such appropriations extend beyond the fiscal year ending June 30, 2009, nor shall the cumulative total of the General Fund appropriations for the program exceed four million dollars.

(3) Subject to the receipt of project approval from the Coordinating Commission for Postsecondary Education as required by subsection (10) of section 85-1414 for each of the following state college projects, the Board of Trustees of the Nebraska State Colleges is authorized to make expenditures from the State College Facilities Program for the following state college projects: (a) deferred maintenance, repair, and renovation of Chadron State College Administration Building; (b) deferred maintenance, repair, and renovation of Chadron State College Memorial Hall; (c) deferred maintenance, repair, and renovation of Chadron State College Math and Science Building; (d) deferred maintenance, repair, and renovation of Chadron State College Old Library; (e) deferred maintenance, repair, and renovation of Chadron State College Reta King Library; (f) deferred maintenance, repair, and renovation of Peru State College Library; (g) deferred maintenance, repair, and renovation of Peru State College Hoyt Science Hall; (h) deferred maintenance, repair, and renovation of Peru State College Old Gymnasium; (i) deferred maintenance, repair, and renovation of Peru State College Power Plant; (j) deferred maintenance, repair, and renovation of Wayne State College Broadcast Studio; (k) deferred maintenance, repair, and renovation of Wayne State College Hahn Administration Building; (l) deferred maintenance, repair, and renovation of Wayne State College Memorial Stadium; (m) deferred maintenance, repair, and renovation of Wayne State College Ramsey Theater; (n) deferred maintenance, repair, and renovation of Wayne State College Rice Auditorium; (o) deferred maintenance, repair, and renovation of Wayne State College Telecommunications Classrooms; and (p) systemwide miscellaneous fire and life safety, energy conservation, deferred repair, federal Americans with Disabilities Act of 1990, and asbestos removal projects.

(4) Expenditures of matching funds provided for the projects listed in this section by the Board of Trustees of the Nebraska State Colleges as provided for in section 1 of this act shall be accounted for in the Nebraska State Accounting System through the State College Facilities Program or according to some other reporting process mutually agreed upon by the state colleges and the Department of Administrative Services.

(5) The Board of Trustees of the Nebraska State Colleges shall

record and report, on the Nebraska State Accounting System, expenditure of amounts from the State College Facilities Program and expenditure of proceeds arising from any contract entered into pursuant to this section and section 7 of this act in such manner and format as prescribed by the Department of Administrative Services or according to some other reporting process mutually agreed upon by the state colleges and the Department of Administrative Services.

(6) The Board of Trustees of the Nebraska State Colleges shall provide to the Task Force for Building Renewal semiannual reports concerning the status of each project authorized by this section.

Sec. 7. (1) In order to accomplish any projects authorized by section 6 of this act, the Board of Trustees of the Nebraska State Colleges may enter into contracts with any person, firm, or corporation providing for the implementation of any such project of the Nebraska state colleges and providing for the long-term payment of the cost of such project from the State College Facilities Program. In no case shall any such contract extend for a period beyond July 15, 2011, nor shall any such contract exceed the repayment capabilities implicit in the funding streams authorized in sections 1 and 6 of this act.

(2) The Board of Trustees of the Nebraska State Colleges shall not pledge the credit of the State of Nebraska for the payment of any sum owing on account of such contract, except that there may be pledged for the payment of any such contract any appropriation specifically made by the Legislature for such purpose, together with such funds of the Board of Trustees as the board determines. No contract shall be entered into pursuant to this section without prior approval by resolution by the Board of Trustees. The Board of Trustees may also convey, lease, or lease back all or any part of the projects authorized by section 6 of this act and the land on which such projects are situated to such person, firm, or corporation as the Board of Trustees may contract with pursuant to this section to facilitate the long-term payment of the cost of such projects. Any such conveyance or lease shall provide that when the cost of such projects has been paid, together with interest and other costs thereon, such projects and the land on which such projects are located shall become the property of the Board of Trustees.

(3) The Board of Trustees of the Nebraska State Colleges is authorized to make expenditures for the purposes stated in this section and section 6 of this act from interest income balances in any fund created under the authority provided for in any contract or contracts authorized by this section. Any appropriated amounts and amounts designated or matched by the Board of Trustees under section 1 of this act in excess of amounts required to meet debt service and any interest earnings derived from reserve funds or any other funds created under the authority provided for in any contract or contracts authorized by this section shall be accumulated and applied toward early retirement of debt as authorized under any indenture or other contract entered into by the Board of Trustees as authorized by this section. The Board of Trustees and the Department of Administrative Services shall, on or before January 1, 1999, enter into an agreement providing for the allocation and distribution of any balances existing in the State College Facilities Program or any other funds created as part of a long-term contract entered into by the Board of Trustees pursuant to this section to the General Fund and any other funds designated by the Board of Trustees as a source of funds for the match specified in section 1 of this act either on July 15, 2011, or when all financial obligations incurred in the contracts entered into by the Board of Trustees pursuant to this section are discharged, whichever occurs first.

Sec. 8. The State Building Renewal Assessment Fund is created. The fund shall be under the control of the Governor for allocation to building renewal projects of the various agencies and shall be administered in a manner consistent with the administration of the Building Renewal Allocation Fund pursuant to the Deferred Building Renewal Act. No amounts accruing to the State Building Renewal Assessment Fund shall be transferred to any other fund and no amounts accruing to the fund shall be expended in any manner for purposes other than as provided in this section. Revenue credited to the fund shall include amounts derived from charges assessed pursuant to subdivision (6)(b) of section 81-1108.17, depreciation charges remitted pursuant to section 9 of this act, and such other revenue as may be incident to the administration of the fund. Amounts appropriated from the fund shall be expended to conduct renewal work as defined in section 81-173. Expenditures from the fund for capital improvements shall be limited to improvements to only those facilities for which charges or fees imposed pursuant to subdivision (6)(b) of section 81-1108.17 or section 9 of this act have been assessed and remitted for a period of not less than five fiscal years. Except to conduct renewal work of an emergency nature, no amounts shall be expended

from the fund prior to July 1, 2003. For each of fiscal years 2003-04 through 2008-09, appropriations from the fund shall not exceed fifty percent of total revenue credited to the fund in the second preceding fiscal year. For fiscal year 2009-10 and each fiscal year thereafter, appropriations from the fund shall not exceed total revenue credited to the fund in the second preceding fiscal year. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 9. (1) For purposes of this section, capital improvement project means (a) construction of a new facility, structure, or building, (b) construction of additions to an existing facility, structure, or building, (c) renovation of an existing facility, structure, or building if the total project cost of such renovation represents not less than fifteen percent of the value of the existing facility, structure, or building as determined by the Department of Administrative Services, (d) purchase of an existing facility, structure, or building, and (e) acquisition of a facility, structure, or building through means of conveyance other than sale and purchase.

(2) Beginning with the fiscal year subsequent to substantial completion of a capital improvement project as defined in subdivisions (1)(a) through (1)(c) of this section or acquisition of a capital improvement project as defined in subdivisions (1)(d) and (1)(e) of this section, the department shall assess a capital improvement depreciation charge to the agency maintaining ownership or control of the related facility, structure, or building and shall assess such charge for each fiscal year thereafter.

(3) The annual depreciation charge for a capital improvement project as defined in subdivisions (1)(a) through (1)(c) of this section shall be computed as two percent of the total project cost of the capital improvement project. The annual depreciation charge for a capital improvement project as defined in subdivision (1)(d) of this section shall be computed as two percent of the greater of the purchase price or the value, as determined by the department, of the capital improvement project at the time of acquisition. The annual depreciation charge for a capital improvement project as defined in subdivision (1)(e) of this section shall be computed as two percent of the value, as determined by the department, of the capital improvement project at the time of acquisition. The department may assess the charge annually or in monthly, quarterly, or semiannual installments.

(4) Depreciation charges shall be assessed for capital improvement projects as defined in subdivisions (1)(a) through (1)(d) of this section (a) for which funds have been appropriated for fiscal year 1997-98 and fiscal years thereafter, excluding reappropriation of fiscal year 1996-97 or prior period undisbursed appropriation balances, or (b) which are to be completed or acquired by means other than the expenditure of appropriated funds and which are either initiated or acquired in fiscal year 1997-98 and fiscal years thereafter. Depreciation charges shall be assessed for capital improvement projects as defined in subdivision (1)(e) of this section for capital improvement projects acquired, either by expenditure of appropriated funds or other means, in fiscal year 1997-98 and fiscal years thereafter. Depreciation charges shall not be assessed pursuant to this section for capital improvement projects relating to facilities, structures, or buildings exempt pursuant to subsection (5) of section 81-1108.15, and depreciation charges shall not be assessed pursuant to this section for capital improvement projects relating to facilities, structures, or buildings of which the department is custodian pursuant to section 81-1108.17 and for which charges are assessed pursuant to subdivision (6)(b) of such section.

(5) Payment of depreciation charges assessed pursuant to this section shall be remitted to the State Treasurer for credit to the State Building Renewal Assessment Fund.

Sec. 10. The University Building Renewal Assessment Fund is created. The fund shall be under the control of the Governor for allocation to building renewal projects of the University of Nebraska and shall be administered in a manner consistent with administration of the Building Renewal Allocation Fund pursuant to the Deferred Building Renewal Act. No amounts accruing to the University Building Renewal Assessment Fund shall be transferred to any other fund and no amounts accruing to the fund shall be expended in any manner for purposes other than as provided in this section. Revenue credited to the fund shall include amounts derived from depreciation charges remitted pursuant to section 11 of this act and such other revenue as may be incident to the administration of the fund. Amounts appropriated from the fund shall be expended to conduct renewal work as defined in section 81-173. Expenditures from the fund for capital improvements shall be limited to improvements to only those facilities for which depreciation charges

imposed pursuant to section 11 of this act have been assessed and remitted for a period of not less than five fiscal years. Except to conduct renewal work of an emergency nature, no amounts shall be expended from the fund prior to July 1, 2003. For each of fiscal years 2003-04 through 2008-09, appropriations from the fund shall not exceed fifty percent of total revenue credited to the fund in the second preceding fiscal year. For fiscal year 2009-10 and each fiscal year thereafter, appropriations from the fund shall not exceed total revenue credited to the fund in the second preceding fiscal year. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 11. (1) For purposes of this section, capital improvement project means (a) construction of a new facility, structure, or building, (b) construction of additions to an existing facility, structure, or building, (c) renovation of an existing facility, structure, or building if the total project cost of such renovation represents not less than fifteen percent of the value of the existing facility, structure, or building as determined by the Department of Administrative Services, (d) purchase of an existing facility, structure, or building, and (e) acquisition of a facility, structure, or building through means of conveyance other than sale and purchase.

(2) Beginning with the fiscal year subsequent to substantial completion of a capital improvement project by the University of Nebraska as defined in subdivisions (1)(a) through (1)(c) of this section or acquisition of a capital improvement project by the University of Nebraska as defined in subdivisions (1)(d) and (1)(e) of this section, the department shall assess a capital improvement depreciation charge to the Board of Regents of the University of Nebraska and shall assess such charge for each fiscal year thereafter.

(3) The annual depreciation charge for a capital improvement project as defined in subdivisions (1)(a) through (1)(c) of this section shall be computed as two percent of the total project cost of the capital improvement project. The annual depreciation charge for a capital improvement project as defined in subdivision (1)(d) of this section shall be computed as two percent of the greater of the purchase price or the value, as determined by the department, of the capital improvement project at the time of acquisition. The annual depreciation charge for a capital improvement project as defined in subdivision (1)(e) of this section shall be computed as two percent of the value, as determined by the department, of the capital improvement project at the time of acquisition. The department may assess the charge annually or in monthly, quarterly, or semiannual installments.

(4) Depreciation charges shall be assessed for capital improvement projects as defined in subdivisions (1)(a) through (1)(d) of this section (a) for which funds have been appropriated for fiscal year 1997-98 and fiscal years thereafter, excluding reappropriation of fiscal year 1996-97 or prior period undisbursed appropriation balances, or (b) which are to be completed or acquired by means other than the expenditure of appropriated funds and which are either initiated or acquired in fiscal year 1997-98 and fiscal years thereafter. Depreciation charges shall be assessed for capital improvement projects as defined in subdivision (1)(e) of this section for capital improvement projects acquired, either by expenditure of appropriated funds or other means, in fiscal year 1997-98 and fiscal years thereafter. Depreciation charges shall not be assessed pursuant to this section for capital improvement projects relating to facilities, structures, or buildings from which revenue is derived and pledged for the retirement of revenue bonds issued under sections 85-403 to 85-411.

(5) Payment of depreciation charges assessed pursuant to this section shall be remitted to the State Treasurer for credit to the University Building Renewal Assessment Fund.

Sec. 12. The State College Building Renewal Assessment Fund is created. The fund shall be under the control of the Governor for allocation to building renewal projects of the Nebraska state colleges and shall be administered in a manner consistent with the administration of the Building Renewal Allocation Fund pursuant to the Deferred Building Renewal Act. No amounts accruing to the State College Building Renewal Assessment Fund shall be transferred to any other fund and no amounts accruing to the fund shall be expended in any manner for purposes other than as provided in this section. Revenue credited to the fund shall include amounts derived from depreciation charges remitted pursuant to section 13 of this act and such other revenue as may be incident to administration of the fund. Amounts appropriated from the fund shall be expended to conduct renewal work as defined in section 81-173. Expenditures from the fund for capital improvements shall be limited to

improvements to only those facilities for which depreciation charges imposed pursuant to section 13 of this act have been assessed and remitted for a period of not less than five fiscal years. Except to conduct renewal work of an emergency nature, no amounts shall be expended from the fund prior to July 1, 2003. For each of fiscal years 2003-04 through 2008-09, appropriations from the fund shall not exceed fifty percent of total revenue credited to the fund in the second preceding fiscal year. For fiscal year 2009-10 and each fiscal year thereafter, appropriations from the fund shall not exceed total revenue credited to the fund in the second preceding fiscal year. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 13. (1) For purposes of this section, capital improvement project means (a) construction of a new facility, structure, or building, (b) construction of additions to an existing facility, structure, or building, (c) renovation of an existing facility, structure, or building if the total project cost of such renovation represents not less than fifteen percent of the value of the existing facility, structure, or building as determined by the Department of Administrative Services, (d) purchase of an existing facility, structure, or building, and (e) acquisition of a facility, structure, or building through means of conveyance other than sale and purchase.

(2) Beginning with the fiscal year subsequent to substantial completion of a capital improvement project by the Nebraska state colleges as defined in subdivisions (1)(a) through (1)(c) of this section or acquisition of a capital improvement project by the Nebraska state colleges as defined in subdivisions (1)(d) and (1)(e) of this section, the department shall assess a depreciation charge to the Board of Trustees of the Nebraska State Colleges and shall assess such charge for each fiscal year thereafter.

(3) The annual depreciation charge for a capital improvement project as defined in subdivisions (1)(a) through (1)(c) of this section shall be computed as two percent of the total project cost of the capital improvement project. The annual depreciation charge for a capital improvement project as defined in subdivision (1)(d) of this section shall be computed as two percent of the greater of the purchase price or the value, as determined by the department, of the capital improvement project at the time of acquisition. The annual depreciation charge for a capital improvement project as defined in subdivision (1)(e) of this section shall be computed as two percent of the value, as determined by the department, of the capital improvement project at the time of acquisition. The department may assess the charge annually or in monthly, quarterly, or semiannual installments.

(4) Depreciation charges shall be assessed for capital improvement projects as defined in subdivisions (1)(a) through (1)(d) of this section (a) for which funds have been appropriated for fiscal year 1997-98 and fiscal years thereafter, excluding reappropriation of fiscal year 1996-97 or prior period undisbursed appropriation balances, or (b) which are to be completed or acquired by means other than the expenditure of appropriated funds and which are either initiated or acquired in fiscal year 1997-98 and fiscal years thereafter. Depreciation charges shall be assessed for capital improvement projects as defined in subdivision (1)(e) of this section for capital improvement projects acquired, either by expenditure of appropriated funds or other means, in fiscal year 1997-98 and fiscal years thereafter. Depreciation charges shall not be assessed pursuant to this section for capital improvement projects relating to facilities, structures, or buildings from which revenue is derived and pledged for the retirement of revenue bonds issued under sections 85-403 to 85-411.

(5) Payment of depreciation charges assessed pursuant to this section shall be remitted to the State Treasurer for credit to the State College Building Renewal Assessment Fund.

Sec. 14. Section 81-173, Reissue Revised Statutes of Nebraska, is amended to read:

81-173. For purposes of the Deferred Building Renewal Act and sections ~~81-191-01~~, 85-106, and 85-304, unless the context otherwise requires:

(1) Renewal work shall mean means any (a) deferred or preventive maintenance projects that will restore facilities and utility systems as closely as practicable to their original constructed condition as defined by the Task Force for Building Renewal, (b) projects that will bring facilities into compliance with current fire safety, life safety, and hazardous materials abatement requirements, and (c) projects that will bring facilities into compliance with the federal Americans with Disabilities Act of 1990. The standard of quality maintenance shall be set after consideration of the facility users, geographical location, condition, and physical analysis of

each building;

(2) Deferred maintenance shall mean means any measures taken to: (a) Correct or repair structural or mechanical defects that would endanger the integrity of a building or its components or allow unwanted penetration of the building by the outdoor elements; (b) correct or repair structural, mechanical, or other defects in a building or its components or utility systems which endanger the lives or health of state employees or the general public; (c) bring a building into compliance with the federal Americans with Disabilities Act of 1990; or (d) correct a waste of energy, including minor repairs, alteration and maintenance painting, cost of materials, hiring of building maintenance personnel, and other necessary expenses for the maintenance of roofs, exterior walls, retaining walls, foundations, flooring, ceilings, partitions, doors, building hardware, windows, plaster, structural ironwork, screens, plumbing, heating, air-handling, and air conditioning equipment, or electrical systems, but excluding decorative finish or furnishing, building additions, or installation of additional summer-winter air conditioning, except as it may be required to comply with the federal Americans with Disabilities Act of 1990;

(3) Preventive maintenance shall mean means any measures taken to maintain the structural or mechanical integrity of a building or its components including those measures listed in subdivision (2) of this section; and

(4) Task force shall mean means the Task Force for Building Renewal. Sec. 15. Section 81-179, Reissue Revised Statutes of Nebraska, is amended to read:

81-179. There is hereby created under the control of the Governor, for allocation to building renewal projects of the various agencies, a fund to be known as the Building Renewal Allocation Fund. The fund shall contain the revenue from fees as provided in section 81-1108-17, revenue from the special privilege tax as provided in section 77-2602 and such other money as is appropriated by the Legislature. Such appropriation is declared to consist of building renewal funds which shall be kept separate and distinct from the program continuation funds and project construction funds. Separate subfunds, subprograms, projects, or accounts shall be established to separately account for any expenditures on state buildings or facilities to comply with the federal Americans with Disabilities Act of 1990. A minimal amount of the funds contained in the subfunds, subprograms, projects, or accounts may be used for planning and evaluation of buildings and facilities. The budget division of the Department of Administrative Services may administratively transfer funds to appropriate accounting entities to correctly account for the operating expenditures. A separate fund, cash fund, project, or other account may be administratively established for such purpose. At the direction of and subject to express appropriation by the Legislature, amounts accruing to the Building Renewal Allocation Fund for fiscal years 1997-98 through 2000-01 may be expended to support achievement of goals identified in the Information Technology Infrastructure Act. Annual appropriations from the Building Renewal Allocation Fund for such purpose shall not exceed annual anticipated revenue from the equivalent of two cents of the special privilege tax as provided in section 77-2602. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 16. Section 81-180, Reissue Revised Statutes of Nebraska, is amended to read:

81-180. The Building Renewal Allocation Fund, State Building Renewal Assessment Fund, University Building Renewal Assessment Fund, and State College Building Renewal Assessment Fund shall only be expended for the purpose of building renewal work except as otherwise provided. Each As applicable, each agency shall be allocated funds as directed by the Governor using the system of priorities established in section 81-178. In the making of allocations from such fund funds, the Governor shall follow a policy that first considers the use of private enterprise services for deferred maintenance projects while using state employees primarily for the performance of preventive maintenance. When such preventive maintenance is of a nature that only occasional highly technical attention is scheduled, primary consideration shall be given to using contractual services. The task force shall review all such contracts for such services from private enterprises.

Sec. 17. Section 81-181, Reissue Revised Statutes of Nebraska, is amended to read:

81-181. Not later than December 15 of each year, each agency shall submit to the Governor, in the form prescribed by him or her, a report of its proposed building renewal projects for the next fiscal year. Such report shall contain the information specified in section 81-177 and shall constitute

a request for the allocation of funds from the Building Renewal Allocation Fund. Beginning with the submission required not later than December 15, 2002, such report shall also constitute, as applicable, a request for the allocation of funds from the State Building Renewal Assessment Fund, University Building Renewal Assessment Fund, or State College Building Renewal Assessment Fund. The Governor shall, with the advice of the task force, allocate from such fund funds the sum necessary for the accomplishment of projects approved by him or her. Allocations shall be made in a manner that assures accomplishment of Class I projects first, followed by accomplishment of Class II projects, and then accomplishment of Class III projects, unless doing so in a particular case would violate sound building renewal policies and practices. The amount of such allocation shall not be transferred to the agency but shall remain within, as applicable, the Building Renewal Allocation Fund, State Building Renewal Assessment Fund, University Building Renewal Assessment Fund, or State College Building Renewal Assessment Fund subject to the control of the Governor until disbursed ~~pursuant to~~ consistent with the provisions of the Deferred Building Renewal Act.

Sec. 18. Section 81-182, Reissue Revised Statutes of Nebraska, is amended to read:

81-182. The Governor, using such staff assistance as he or she may desire, shall monitor the activities of the task force and the agencies. To assure adequate accomplishment of the terms of each allocation, the Governor shall assure that expert inspection of projects is made by a competent inspector from either his or her staff, the task force, or the agency. For the purpose of making partial payments as the work progresses, the Governor may authorize the issuance of warrants from the Building Renewal Allocation Fund, State Building Renewal Assessment Fund, University Building Renewal Assessment Fund, and State College Building Renewal Assessment Fund upon certificates of the inspector in charge showing the amount of work completed and materials necessarily purchased and delivered for the orderly and proper continuance of the project in a sum not exceeding ninety-five percent of the cost thereof. Upon the certificate of the inspector that the project has been completed and the terms of the allocation have been complied with, the Governor shall authorize the issuance of a warrant for the balance due the contractor.

Sec. 19. Section 81-185, Reissue Revised Statutes of Nebraska, is amended to read:

81-185. The Executive Board of the Legislative Council shall appoint a select committee of the Legislative Council to consist of six members of the Legislature, to be known as the Committee on Building Maintenance, to exercise oversight of the deferred and preventive maintenance activities required in ~~sections 81-173 to 81-190~~ the Deferred Building Renewal Act. The selection of members shall be made on the basis of maintenance interest and knowledge. At least two members shall be selected from the Committee on Appropriations, one of whom shall be the chairperson of the Committee on Appropriations. On or before the sixth day of each regular legislative session, the board shall appoint or reappoint members of the committee. Such committee may utilize Legislative Council staff as required or may contract for necessary expertise. Such staff shall provide close liaison with the task force, all agencies subject to ~~sections 81-173 to 81-190~~ the act, and the Governor.

Sec. 20. Section 81-190, Reissue Revised Statutes of Nebraska, is amended to read:

81-190. Sections 81-173 to ~~81-190~~ 81-191.01 and sections 8 to 13 of this act shall be known and may be cited as the Deferred Building Renewal Act.

Sec. 21. Section 81-1108.17, Revised Statutes Supplement, 1997, is amended to read:

81-1108.17. (1) The Department of Administrative Services shall be the custodian of the State Capitol and capitol grounds, the state laboratory and laboratory grounds, the Governor's Mansion and grounds, and all other buildings and lands owned or leased by the State of Nebraska except as exempted under subsection (5) of section 81-1108.15.

(2) To aid in the performance of his or her duties, the Director of Administrative Services shall appoint an administrator. The administrator, under the direction of the director, shall have complete control and all powers necessary to properly maintain the capitol and capitol grounds, the state laboratory and laboratory grounds, the Governor's Mansion and grounds, and all other buildings and lands owned or leased by the State of Nebraska except as exempted under subsection (5) of section 81-1108.15.

(3) The administrator shall have the authority to develop, produce, and provide for free distribution or sale books, brochures, pictures, slides, postcards, and other informational or promotional material concerning the

capitol. The administrator shall have control over the money received from the sale of such material and from private or public donations. Such proceeds and donations shall be placed in the Department of Administrative Services Cash Fund, which fund is hereby created, and shall be used for the purpose of funding projects designed to restore the capitol building to its original condition and the production of such promotional materials. Such projects shall be prescribed by the administrator upon the advice of the Nebraska Capitol Commission pursuant to the approved comprehensive capital facilities plan for the capitol building.

(4) The administrator, under the direction of the director, is authorized to lease space or to provide facilities for restaurants, cafeterias, or other services and newsstands for the convenience of state officers and employees in the State Capitol or buildings leased when such space is not needed for public use. Proceeds from the operations and rental of such facilities shall be credited to the State Building Revolving Fund and shall be expended as necessary for the purpose of offsetting the costs of operating and maintaining such facilities.

(5) The administrator, under the direction of the director, is authorized to lease space or to provide facilities for the parking of state officers' and employees' vehicles as well as state-owned vehicles. He or she is authorized to lease, rent, or permit for use as apartments, dwellings, offices, and parking areas any or all of the property acquired for parking or for future building needs. All leases shall contain the provision that upon notice that such property is needed for public use, the use or occupancy of the property shall cease. All money received as rent from any property acquired shall be remitted to the State Treasurer and credited to the State Building Revolving Fund, except that receipts from parking charges for employee, public, and state vehicle parking shall be credited to the Capitol Buildings Parking Revolving Fund, which fund is hereby created, for the purposes of providing and maintaining parking for state employees and visitors.

(6) The system of charges for state buildings and facilities shall include an amount sufficient to (a) accurately reflect operating, ~~maintenance, renovation, and repair~~ costs, including routine maintenance and repair costs, and (b) fund building renewal projects under the Deferred Building Renewal Act and renovation, remodeling, and repair projects beyond the scope of the act. The proceeds received under subdivision (a) of this subsection shall be remitted to the State Treasurer for credit to the State Building Revolving Fund. The proceeds received under subdivision (b) of this subsection shall be remitted to the State Treasurer for credit to the State Building Renewal Assessment ~~Assessment~~ Fund. The administrator shall develop a system of equitable billings and charges for parking facilities under his or her control and used by state employees and state vehicles. The system of charges shall include an amount sufficient to cover the operating, maintenance, and repair costs associated with the parking facilities. The administrator, under policies and procedures established by the Director of Administrative Services, may expend funds from time to time credited to the Capitol Buildings Parking Revolving Fund for the purposes of obtaining, operating, and maintaining parking facilities for employees and visitors. All money derived from any source other than that to be credited to the State Building Revolving Fund, the Capitol Buildings Parking Revolving Fund, the Department of Administrative Services Cash Fund, the State Building Renewal Assessment ~~Assessment~~ Fund, or other appropriate revolving fund shall be remitted to the State Treasurer and credited to the General Fund.

(7) The administrator shall acquire a flag of the United States of America of suitable and convenient size. The colors of the flag shall be fast colors, and the cloth shall be of substantial material. The administrator shall acquire, construct, and locate in a suitable place on the State Capitol proper, or its environs, a suitable flagstaff or pole upon which the flag of the United States of America shall be conspicuously displayed during each day of the year. The flag shall be so arranged on the staff or pole that it may be raised or lowered with ease.

(8) The administrator shall see that all parts and apartments of the capitol and buildings leased are properly ventilated and kept clean and in order. The administrator shall see that all visitors, at proper hours, are properly escorted over the capitol grounds and through the capitol, free of expense.

(9) The administrator shall at all times have charge of and supervision over the police, janitors, and other employees in and about the capitol and capitol grounds, state laboratory and laboratory grounds, the Governor's Mansion and grounds, and all other buildings and lands owned or leased by the State of Nebraska except as exempted under subsection (5) of

section 81-1108.15. The administrator shall institute, in the name of the state and with the advice of the Attorney General, civil and criminal proceedings against any person for injury or threatened injury to any public property in the capitol or on the capitol grounds, the state laboratory and laboratory grounds, the Governor's Mansion and grounds, and all other buildings and lands owned or leased by the State of Nebraska under his or her control, or for committing or threatening to commit a nuisance in or on the buildings or lands.

(10) The administrator shall keep in his or her office a complete record containing all plans and surveys of the capitol and capitol grounds, state laboratory and grounds, Governor's Mansion and grounds, and all other buildings and lands owned or leased by the State of Nebraska and of underground construction under such buildings and lands.

Sec. 22. Section 81-1108.22, Revised Statutes Supplement, 1996, is amended to read:

81-1108.22. (1) The division shall have the responsibility of providing office space in leased and state-owned buildings in the proximity of the State Capitol and in other locations.

(2) When any board, agency, commission, or department of the state government not otherwise specifically authorized by law desires to use funds available for the purpose of renting office space outside of the State Capitol, it shall submit a request to the Director of Administrative Services accompanied by a certificate from the Committee on Building Maintenance that there is no state-owned property which is adequate or which through cost-effective renovation, as determined by the division, could be made adequate to meet the needs of the board, agency, commission, or department. If the director approves the lease, the terms and location shall be approved by the director and the administrator in writing and the leases shall be entered into and administered by the administrator on behalf of the board, agency, commission, or department. A copy of all such lease contracts shall be kept on file by the state building division and shall be open to inspection by the Legislature and the public during normal business hours.

(3) The administrator shall develop a system of charges to cover basic rental, maintenance, renovations, and operation of such leased and owned properties. The charges to state agencies, boards, commissions, or departments of state government shall be paid from funds available for the purpose of renting space on a regular basis and placed, as applicable, in the State Building Revolving Fund, which fund is hereby created, and the State Building Renewal Assessment Fund. The administrator shall make payments for basic rentals, renovations, and maintenance and operational costs of all leased and owned buildings from the State Building Revolving Fund.

(4) The charges for such leased and owned properties shall only be adjusted by the administrator on July 1. Prior to any adjustment in the system of charges, the Department of Administrative Services, on or before December 1 of the year preceding the effective date of such adjustment, shall provide written notification to the Committee on Building Maintenance, the Clerk of the Legislature, and the Legislative Fiscal Analyst of the proposed adjustment to the system of charges.

(5) Commencing on April 18, 1992, all leases of real property entered into by any state agency, board, commission, or department shall be subject to this section. Leases held by a state agency, board, commission, or department on such date shall be valid until the lease contract is terminated or is subject to renewal. The division shall monitor all such leases and determine when the lease is subject to renewal. Once the determination is made, the division shall cancel the lease as of the renewal date and shall treat the need of the agency, board, commission, or department as an original request for space and subject to this section. This subsection shall not apply to (a) state-owned facilities to be rented to state agencies or other parties by the University of Nebraska, the Nebraska state colleges, the Department of Aeronautics, the Department of Roads, and the Board of Educational Lands and Funds, (b) facilities to be leased for use by the University of Nebraska, the Nebraska state colleges, and the Board of Educational Lands and Funds, (c) facilities to be leased for nonoffice use by the Department of Roads, or (d) facilities controlled by the Nebraska School for the Deaf or Nebraska School for the Visually Handicapped to be rented to state agencies or other parties by the school.

Sec. 23. Original sections 81-173, 81-179 to 81-182, 81-185, and 81-190, Reissue Revised Statutes of Nebraska, section 81-1108.22, Revised Statutes Supplement, 1996, and section 81-1108.17, Revised Statutes Supplement, 1997, are repealed.

Sec. 24. Since an emergency exists, this act takes effect when passed and approved according to law.