



**Hundredth Legislature - First Session - 2007  
Committee Statement  
LB 592**

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**Hearing Date:** February 20, 2007  
**Committee On:** Urban Affairs

**Introducer(s):** (Cornett)  
**Title:** Change provisions relating to sanitary and improvement districts

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**Roll Call Vote – Final Committee Action:**

- Advanced to General File
  - Advanced to General File with Amendments
  - X Indefinitely Postponed
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**Vote Results:**

5	Yes	Senator Friend, Janssen, Lathrop, McGill, White
0	No	
1	Present, not voting	Senator Cornett
1	Absent	Senator Rogert

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**Proponents:**  
Senator Abbie Cornett  
Frank Pospishol

**Representing:**  
Introducer  
City of Bellevue

**Opponents:**  
Brian Doyle  
  
Larry Ruth

**Representing:**  
Eastern NE Development Council, Metro Omaha  
Builders Association  
NE State Home Builders Assoc.

**Neutral:**  
None

**Representing:**

**Summary of purpose and/or changes:** This bill proposes to amend section 31-766 which deals with the annexation by a city or village of a portion (but not all) of the territory of a sanitary and improvement district, road improvement district, or fire protection district.

Generally, the statute provides that the city and the portion of the district remaining following a partial annexation are to work out between themselves an equitable division of the assets and the liabilities of the district following the annexation, a division “proportionate to the valuation of the portion of the district annexed and to the valuation of the portion of the district remaining following annexation...” The division of assets and liabilities must also, to “the greatest extent feasible reflect the actual impact of the annexation on the ability of the district to perform its duties and responsibilities within the new boundaries following annexation.”

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Any agreement between the city and the district must be submitted to and approved by the district court of the county in which the major portion of the district is located. No agreement must prejudice the interests of bondholders or other third parties or creditors of the district. The court can amend the agreement before approving it.

If the parties don't reach agreement, they must submit the matter to the district court for an "adjustment of all matters growing out of or in any way connected with the annexation of the territory. Following a hearing, the court can enter a decree fixing the rights and duties and obligations of all parties.

The proposed amendment found in the bill would provide that the court in entering its decree or order cannot consider or allocate to the city any of the existing bonded indebtedness of the partially annexed district and all property located within the annexed territory is to remain subject to the bond levy of the district remaining following the annexation to the same extent as if the property had never been annexed by the city and had remained within the district.

The legislation deals only with bonded indebtedness and not other forms of debt or contractual obligations of the district which would be transferable (at least in part) to the city.

**Explanation of amendments, if any:** None.

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**Senator Mike Friend, Chairperson**