

LEGISLATURE OF NEBRASKA
NINETY-SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 38

Introduced by Coordsen, 32

Read first time January 7, 1999

Committee: Appropriations

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-3446, Revised Statutes Supplement, 1998; to limit
3 state appropriations as prescribed; to harmonize
4 provisions; to repeal the original section; and to
5 declare an emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. For purposes of sections 1 to 4 of this act:

2 (1) Capital improvements means (a) acquisition of real
3 property or (b) acquisition, construction, or extension of any
4 improvements on real property;

5 (2) Restricted state funds means (a) individual and
6 corporate income taxes, sales and use taxes, motor fuel and special
7 fuel taxes, motor vehicles registration fees, cigarette and tobacco
8 products taxes, alcoholic beverage taxes, insurance premium taxes,
9 financial institutions deposit taxes, parimutuel, bingo, pickle
10 card, and local and charitable gaming taxes, lodging taxes, state
11 transfer taxes, severance taxes, corporate occupation taxes, and
12 documentary stamp taxes, excluding any amounts refunded to
13 taxpayers or to local governments as local option sales taxes and
14 (b) surplus revenue from any user fee, permit fee, or regulatory
15 fee if the surplus is transferred to fund a service or function not
16 directly related to the fee and the costs of the activity funded
17 from the fee; and

18 (3) State aid means (a) state aid paid pursuant to
19 sections 18-2605, 39-2501 to 39-2520, 60-305.15, 60-3007,
20 77-27,136, 77-27,139.04, 77-3523, and 85-1536 to 85-1537, (b)
21 county aid and jail reimbursement under sections 47-119 to
22 47-121.01 and 77-3618, (c) insurance premium taxes, (d) state aid
23 under the Tax Equity and Educational Opportunities Support Act,
24 and (e) special education reimbursement.

25 Sec. 2. (1) For all fiscal bienniums beginning on or
26 after July 1, 1999, the Legislature shall not appropriate for any
27 one fiscal year a total of restricted state funds more than the
28 last prior fiscal year's total of appropriations of restricted

1 state funds plus the allowable growth percentage of the base
2 limitation established under section 77-3446. If a governmental
3 unit or the state transfers the financial responsibility of
4 providing a service financed in whole or in part with restricted
5 funds or restricted state funds to another governmental unit or the
6 state, the amount of restricted funds or restricted state funds
7 associated with providing the service shall be subtracted from the
8 last prior fiscal year's total of budgeted restricted funds or
9 appropriated restricted state funds for the previous provider and
10 may be added to the last prior fiscal year's total of restricted
11 funds or restricted state funds for the new provider.

12 (2) The Legislature may exceed the limit provided in
13 subsection (1) of this section for a fiscal year or biennium by up
14 to an additional one percent upon the affirmative vote of at least
15 three-fourths of the members of the Legislature.

16 (3) The Legislature may exceed the allowable growth
17 percentage otherwise prescribed in this section by an amount
18 approved by a majority of registered voters voting on the issue at
19 a general, primary, or special election called for such purpose
20 upon the passage of a resolution of the Legislature or upon the
21 receipt by the Secretary of State of a petition requesting an
22 election signed by at least five percent of the registered voters
23 in the state. The resolution of the Legislature or the petition of
24 the registered voters shall include the amount and percentage by
25 which the state would increase its appropriation of restricted
26 state funds for the ensuing year over and above the current year's
27 appropriated restricted state funds. The election shall be held
28 pursuant to the Election Act and all costs shall be paid by the

1 state.

2 Sec. 3. The limitation in section 2 of this act shall
3 not apply to (1) restricted state funds appropriated for capital
4 improvements, (2) restricted state funds appropriated for state
5 aid, (3) restricted state funds appropriated in support of a
6 service which is the subject of an interlocal cooperation agreement
7 or a modification of an existing agreement whether operated by one
8 of the parties to the agreement or an independent joint entity, (4)
9 restricted state funds appropriated to pay for repairs to
10 infrastructure damaged by a natural disaster which is declared a
11 disaster emergency pursuant to the Emergency Management Act, or (5)
12 restricted state funds appropriated to pay for judgments, except
13 judgments of the Commission of Industrial Relations, obtained
14 against the state which obligate the state to pay such judgments,
15 to the extent such judgment is not paid by liability coverage of
16 the state.

17 Sec. 4. The Legislature may choose not to increase the
18 total of restricted state funds by the full amount allowed by
19 section 1 of this act in a particular year. In such cases, the
20 state may carry forward to future years the amount of unused
21 restricted state funds authority. The Legislature shall calculate
22 its unused restricted state funds authority and show it with the
23 written budget summary for that year. The unused restricted state
24 funds authority may be used in later years for increases in the
25 total of restricted state funds.

26 Sec. 5. Section 77-3446, Revised Statutes Supplement,
27 1998, is amended to read:

28 77-3446. Base limitation means the budget limitation

1 rate applicable to school districts, ~~and~~ the limitation on growth
2 of restricted funds applicable to other political subdivisions, and
3 the limitation on growth of restricted state funds applicable to
4 the state prior to any increases in the rate as a result of special
5 actions taken by a supermajority of any governing board or the
6 Legislature or any election or of any exception allowed by law.
7 The base limitation is two and one-half percent until adjusted.
8 The base limitation may be adjusted annually by the Legislature to
9 reflect changes in the prices of services and products used by
10 school districts, ~~and~~ political subdivisions, and the state. The
11 Revenue Committee of the Legislature shall on or before January 15
12 of each year hold a public hearing to receive and consider
13 testimony, evidence, and reports.

14 Sec. 6. Original section 77-3446, Revised Statutes
15 Supplement, 1998, is repealed.

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