

LEGISLATURE OF NEBRASKA
NINETY-SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 706

Introduced by Bromm, 23

Read first time January 20, 1999

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 13-518, 13-520, 77-3442, and 77-3443, Revised Statutes
3 Supplement, 1998; to provide an exemption from levy
4 limits for financing arrangements by airport authorities;
5 to harmonize provisions; and to repeal the original
6 sections.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-518, Revised Statutes Supplement,
2 1998, is amended to read:

3 13-518. For purposes of sections 13-518 to 13-522:

4 (1) Allowable growth means (a) for governmental units
5 other than community colleges, the percentage increase in taxable
6 valuation in excess of the base limitation established under
7 section 77-3446, if any, due to improvements to real property as a
8 result of new construction, additions to existing buildings, any
9 improvements to real property which increase the value of such
10 property, and any increase in valuation due to annexation and any
11 personal property valuation over the prior year and (b) for
12 community colleges, the percentage increase in excess of the base
13 limitation, if any, in full-time equivalent students from the
14 second year to the first year preceding the year for which the
15 budget is being determined;

16 (2) Capital improvements means (a) acquisition of real
17 property or (b) acquisition, construction, or extension of any
18 improvements on real property;

19 (3) Governing body has the same meaning as in section
20 13-503;

21 (4) Governmental unit means every political subdivision
22 which has authority to levy a property tax or authority to request
23 levy authority under section 77-3443 except sanitary and
24 improvement districts which have been in existence for five years
25 or less and school districts;

26 (5) Qualified sinking fund means a fund or funds
27 maintained separately from the general fund to pay for acquisition
28 or replacement of tangible personal property with a useful life of

1 five years or more which is to be undertaken in the future but is
2 to be paid for in part or in total in advance using periodic
3 payments into the fund. The term includes sinking funds under
4 subdivision (13) of section 35-508 for firefighting and rescue
5 equipment or apparatus;

6 (6) Restricted funds means (a) property tax, excluding
7 ~~any amounts required to pay interest and principal on bonded~~
8 ~~indebtedness~~ and any amounts refunded to taxpayers, (b) payments in
9 lieu of property taxes, (c) local option sales taxes, (d) state
10 aid, (e) transfers of surpluses from any user fee, permit fee, or
11 regulatory fee if the fee surplus is transferred to fund a service
12 or function not directly related to the fee and the costs of the
13 activity funded from the fee, and (f) any funds excluded from
14 restricted funds for the prior year because they were budgeted for
15 capital improvements but which were not spent and are not expected
16 to be spent for capital improvements; and

17 (7) State aid means:

18 (a) For all governmental units, state aid paid pursuant
19 to sections 60-305.15 and 77-3523;

20 (b) For municipalities, state aid to municipalities paid
21 pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3007,
22 77-27,136, and 77-27,139.04 and insurance premium tax paid to
23 municipalities;

24 (c) For counties, state aid to counties paid pursuant to
25 sections 39-2501 to 39-2520, 47-119.01, 60-3007, 77-27,136, and
26 77-3618 and insurance premium tax paid to counties;

27 (d) For community colleges, state aid to community
28 colleges paid under sections 85-1536 to 85-1537;

1 (e) For natural resources districts, state aid to natural
2 resources districts paid pursuant to section 77-27,136; and

3 (f) For educational service units, state aid appropriated
4 under section 79-1241.

5 Sec. 2. Section 13-520, Revised Statutes Supplement,
6 1998, is amended to read:

7 13-520. The limitations in section 13-519 shall not
8 apply to (1) restricted funds budgeted for capital improvements,
9 (2) restricted funds expended from a qualified sinking fund for
10 acquisition or replacement of tangible personal property with a
11 useful life of five years or more, (3) restricted funds pledged to
12 retire bonded indebtedness or used to pay interest-free financing
13 used by an airport authority in lieu of bonded indebtedness at a
14 lower cost to the authority, (4) restricted funds budgeted in
15 support of a service which is the subject of an interlocal
16 cooperation agreement or a modification of an existing agreement
17 whether operated by one of the parties to the agreement or an
18 independent joint entity, (5) restricted funds budgeted to pay for
19 repairs to infrastructure damaged by a natural disaster which is
20 declared a disaster emergency pursuant to the Emergency Management
21 Act, or (6) restricted funds budgeted to pay for judgments, except
22 judgments or orders from the Commission of Industrial Relations,
23 obtained against a governmental unit which require or obligate a
24 governmental unit to pay such judgment, to the extent such judgment
25 is not paid by liability insurance coverage of a governmental unit.

26 Sec. 3. Section 77-3442, Revised Statutes Supplement,
27 1998, is amended to read:

28 77-3442. (1) Property tax levies for the support of

1 local governments for fiscal years beginning on or after July 1,
2 1998, shall be limited to the amounts set forth in this section
3 except as provided in section 77-3444.

4 (2)(a) Except as provided in subdivision (2)(b) of this
5 section, school districts and multiple-district school systems may
6 levy a maximum levy of (i) one dollar and ten cents per one hundred
7 dollars of taxable valuation of property subject to the levy until
8 fiscal year 2001-02 and (ii) one dollar per one hundred dollars of
9 taxable valuation of property subject to the levy for fiscal year
10 2001-02 and all subsequent fiscal years. Excluded from this
11 limitation are amounts levied to pay for sums agreed to be paid by
12 a school district to certificated employees in exchange for a
13 voluntary termination of employment and amounts levied to pay for
14 special building funds and sinking funds established for projects
15 commenced prior to April 1, 1996, for construction, expansion, or
16 alteration of school district buildings. For purposes of this
17 subsection, commenced means any action taken by the school board on
18 the record which commits the board to expend district funds in
19 planning, constructing, or carrying out the project.

20 (b) Federal aid school districts may exceed the maximum
21 levy prescribed by subdivision (2)(a) of this section only to the
22 extent necessary to qualify to receive federal aid pursuant to
23 Title VIII of Public Law 103-382. For purposes of this
24 subdivision, federal aid school district means any school district
25 which receives ten percent or more of the revenue for its general
26 fund budget from federal government sources pursuant to Title VIII
27 of Public Law 103-382.

28 (3) Community colleges may levy a maximum levy on each

1 one hundred dollars of taxable property subject to the levy of (a)
2 eight cents for fiscal year 1998-99 and fiscal year 1999-2000 and
3 (b) seven cents for fiscal year 2000-01 and each fiscal year
4 thereafter.

5 (4) Natural resources districts may levy a maximum levy
6 of four and one-half cents per one hundred dollars of taxable
7 valuation of property subject to the levy.

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

11 (6) Incorporated cities and villages may levy a maximum
12 levy of forty-five cents per one hundred dollars of taxable
13 valuation of property subject to the levy plus an additional five
14 cents per one hundred dollars of taxable valuation to provide
15 financing for the municipality's share of revenue required under an
16 agreement or agreements executed pursuant to the Interlocal
17 Cooperation Act. The maximum levy shall include amounts levied to
18 pay for sums to support a library pursuant to section 51-201,
19 museum pursuant to section 51-501, visiting community nurse, home
20 health nurse, or home health agency pursuant to section 71-1637, or
21 statue, memorial, or monument pursuant to section 80-202.

22 (7) Sanitary and improvement districts which have been in
23 existence for more than five years may levy a maximum levy of forty
24 cents per one hundred dollars of taxable valuation of property
25 subject to the levy, and sanitary and improvement districts which
26 have been in existence for five years or less shall not have a
27 maximum levy.

28 (8) Counties may levy or authorize a maximum levy of

1 fifty cents per one hundred dollars of taxable valuation of
2 property subject to the levy, except that five cents per one
3 hundred dollars of taxable valuation of property subject to the
4 levy may only be levied to provide financing for the county's share
5 of revenue required under an agreement or agreements executed
6 pursuant to the Interlocal Cooperation Act. The maximum levy shall
7 include amounts levied to pay for sums to support a library
8 pursuant to section 51-201 or museum pursuant to section 51-501.
9 The county may allocate up to fifteen cents of its authority to
10 other political subdivisions subject to allocation of property tax
11 authority under subsection (1) of section 77-3443 and not
12 specifically covered in this section to levy taxes as authorized by
13 law which do not collectively exceed fifteen cents per one hundred
14 dollars of taxable valuation on any parcel or item of taxable
15 property. The county may allocate to one or more other political
16 subdivisions subject to allocation of property tax authority by the
17 county under subsection (1) of section 77-3443 some or all of the
18 county's five cents per one hundred dollars of valuation authorized
19 for support of an interlocal agreement or agreements to be levied
20 by the political subdivision for the purpose of supporting that
21 political subdivision's share of revenue required under an
22 agreement or agreements executed pursuant to the Interlocal
23 Cooperation Act. If an allocation by a county would cause another
24 county to exceed its levy authority under this section, the second
25 county may exceed the levy authority in order to levy the amount
26 allocated.

27 (9) Property tax levies for judgments obtained against a
28 political subdivision which require or obligate a political

1 subdivision to pay such judgment, to the extent such judgment is
2 not paid by liability insurance coverage of a political
3 subdivision, for preexisting lease-purchase contracts approved
4 prior to July 1, 1998, and for bonded indebtedness approved
5 according to law and secured by a levy on property or interest-free
6 financing used by an airport authority in lieu of bonded
7 indebtedness at a lower cost to the authority are not included in
8 the levy limits established by this section.

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

14 (11) Tax levies in excess of the limitations in this
15 section shall be considered unauthorized levies under section
16 77-1606 unless approved under section 77-3444.

17 Sec. 4. Section 77-3443, Revised Statutes Supplement,
18 1998, is amended to read:

19 77-3443. (1) All (a) political subdivisions other than
20 school districts, community colleges, natural resources districts,
21 educational service units, cities, villages, counties, and sanitary
22 and improvement districts and (b) political subdivisions subject to
23 municipal allocation under subsection (2) of this section may levy
24 taxes as authorized by law which are authorized by the county board
25 of the county in which the greatest portion of the valuation is
26 located, which are counted in the county levy limit provided in
27 section 77-3442, and which do not collectively total more than
28 fifteen cents per one hundred dollars of taxable valuation on any

1 parcel or item of taxable property for all governments for which
2 allocations are made by the municipality or county, except that
3 such limitation shall not apply to property tax levies for
4 preexisting lease-purchase contracts approved prior to July 1,
5 1998, and for bonded indebtedness approved according to law and
6 secured by a levy on property or interest-free financing used by an
7 airport authority in lieu of bonded indebtedness at a lower cost to
8 the authority. The county board shall review and approve or
9 disapprove the levy request of all political subdivisions subject
10 to this subsection. The county board may approve all or a portion
11 of the levy request and may approve a levy request that would allow
12 the requesting political subdivision to levy a tax at a levy
13 greater than that permitted by law. The county board of a county
14 which contains a transit authority created pursuant to section
15 14-1803 shall allocate no less than three cents per one hundred
16 dollars of taxable property within the city subject to the levy to
17 the transit authority if requested by such authority. For any
18 political subdivision subject to this subsection that receives
19 taxes from more than one county, the levy shall be allocated only
20 by the county in which the greatest portion of the valuation is
21 located. The county board of equalization shall certify all levies
22 by October 15 to insure that the taxes levied by political
23 subdivisions subject to this subsection do not exceed the allowable
24 limit for any parcel or item of taxable property. The levy
25 allocated by the county may be exceeded as provided in section
26 77-3444.

27 (2) All city airport authorities established under the
28 Cities Airport Authorities Act, community redevelopment authorities

1 established under the Community Development Law, transit
2 authorities established under the Transit Authority Law, and
3 offstreet parking districts established under the Offstreet Parking
4 District Act may be allocated property taxes as authorized by law
5 which are authorized by the city or village and are counted in the
6 city or village levy limit provided by section 77-3442, except that
7 such limitation shall not apply to property tax levies for
8 preexisting lease-purchase contracts approved prior to July 1,
9 1998, and for bonded indebtedness approved according to law and
10 secured by a levy on property. The city council of a city which
11 has created a transit authority pursuant to section 14-1803 shall
12 allocate no less than three cents per one hundred dollars of
13 taxable property subject to the levy to the transit authority if
14 requested by such authority. The city council or village board
15 shall review and approve or disapprove the levy request of the
16 political subdivisions subject to this subsection. The city
17 council or village board may approve all or a portion of the levy
18 request and may approve a levy request that would allow a levy
19 greater than that permitted by law. The levy allocated by the
20 municipality may be exceeded as provided in section 77-3444.

21 (3) On or before August 1, all political subdivisions
22 subject to county or municipal levy authority under this section
23 shall submit a preliminary request for levy allocation to the
24 county board, city council, or village board that is responsible
25 for levying such taxes. The preliminary request of the political
26 subdivision shall be in the form of a resolution adopted by a
27 majority vote of members present of the political subdivision's
28 governing body. The failure of a political subdivision to make a

1 preliminary request shall preclude such political subdivision from
2 using procedures set forth in section 77-3444 to exceed the final
3 levy allocation as determined in subsection (4) of this section.

4 (4) Each county board, city council, or village board
5 shall (a) adopt a resolution by a majority vote of members present
6 which determines a final allocation of levy authority to its
7 political subdivisions and (b) forward a copy of such resolution to
8 the chairperson of the governing body of each of its political
9 subdivisions. No final levy allocation shall be changed after
10 September 1 except by agreement between both the county board, city
11 council, or village board which determined the amount of the final
12 levy allocation and the governing body of the political subdivision
13 whose final levy allocation is at issue.

14 Sec. 5. Original sections 13-518, 13-520, 77-3442, and
15 77-3443, Revised Statutes Supplement, 1998, are repealed.