

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 119**

Introduced by Avery, 28; Cornett, 45; Krist, 10.

Read first time January 06, 2011

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-3,119, 77-27,137.01, 77-27,139.02, and 77-27,139.03,  
3 Reissue Revised Statutes of Nebraska; to change  
4 provisions relating to aid to incorporated  
5 municipalities; to harmonize provisions; to provide an  
6 operative date; to repeal the original sections; and to  
7 declare an emergency.  
8 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-3,119, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           77-3,119 (1) The Tax Commissioner shall certify the  
4 population of cities and villages to be used for purposes of  
5 calculations made pursuant to subdivision (4) of section 18-2603,  
6 subdivisions (3)(a) and (b) of section 35-1205, subdivision (1) of  
7 section 39-2517, and sections 39-2513, ~~and 77-27,137.01, and~~  
8 77-27,139.02. The Tax Commissioner shall transmit copies of such  
9 certification to all interested parties upon request.

10           (2) The Tax Commissioner shall certify the population of  
11 each city and village based upon the most recent federal census. The  
12 Tax Commissioner shall determine the most recent federal census for  
13 each city and village by using the most recent federal census figures  
14 available from (a) the most recent federal decennial census, (b) the  
15 most recent federal census update or recount certified by the United  
16 States Bureau of the Census, or (c) the most recent federal census  
17 figure of the city or village plus the population of territory  
18 annexed as calculated in sections 18-1753 and 18-1754.

19           (3) The Tax Commissioner may adopt and promulgate rules  
20 and regulations to carry out this section.

21           Sec. 2. Section 77-27,137.01, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23           77-27,137.01 The appropriation made pursuant to the  
24 authority in section 77-27,136 for aid to incorporated municipalities  
25 shall be allocated by the Tax Commissioner to ~~the various~~

1 incorporated municipalities that have a nonbond levy that meets or  
2 exceeds seventy-five percent of the state average for nonbond levies.  
3 The Tax Commissioner shall determine which incorporated  
4 municipalities qualify for aid under this section using the  
5 information provided to the Department of Revenue under section  
6 77-27,139.03. The total amount to be distributed under this section  
7 in any year shall not exceed nine million nine hundred thousand  
8 dollars. The Tax Commissioner shall determine the amount to be  
9 distributed to each incorporated municipality that qualifies for aid  
10 under this section based on the ratio of the population of the  
11 particular incorporated municipality that qualifies for aid under  
12 this section to the total population of all incorporated  
13 municipalities that qualify for aid under this section as determined  
14 by the most recent federal census figures certified by the Tax  
15 Commissioner as provided in section 77-3,119. The Tax Commissioner  
16 shall determine the amount to be distributed to the incorporated  
17 ~~municipalities and~~ certify such amounts by voucher to the Director of  
18 Administrative Services. Each amount shall be distributed in seven as  
19 nearly as possible equal monthly payments on the last business day of  
20 each month beginning in December. The State Treasurer shall, on the  
21 business day preceding the last business day of each month, notify  
22 the Director of Administrative Services of the amount of funds  
23 available in the General Fund for payment purposes. The Director of  
24 Administrative Services shall, on the last business day of each  
25 month, draw warrants against funds appropriated. ~~The Tax Commissioner~~

1 ~~shall compute the amount due the incorporated municipalities on the~~  
2 ~~ratio of the population of the particular incorporated municipality~~  
3 ~~to the total population of all incorporated municipalities in the~~  
4 ~~state as determined by the most recent federal census figures~~  
5 ~~certified by the Tax Commissioner as provided in section 77-3,119,~~  
6 ~~which~~ The amounts distributed under this section shall be placed in  
7 the general fund of such the municipalities.

8           Sec. 3. Section 77-27,139.02, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10           77-27,139.02 For purposes of sections 77-27,139.01 to  
11 77-27,139.04:

12           (1) Average per capita property tax levy means the total  
13 property taxes levied by all incorporated municipalities in each  
14 population group for the immediately preceding fiscal year, except  
15 for the amount of property tax levies committed to provide for  
16 principal and interest payments on the indebtedness of all  
17 incorporated municipalities, divided by the current population of all  
18 incorporated municipalities as determined by the Department of  
19 Revenue ~~pursuant to section 77-27,137.01. using the most recent~~  
20 federal census figures certified by the Tax Commissioner as provided  
21 in section 77-3,119. The average per capita property tax levy shall  
22 be calculated separately for each population group;

23           (2) Average property tax levy means the total property  
24 taxes levied by all incorporated municipalities for the prior year,  
25 except for the amount of property tax levies committed to provide for

1 principal and interest payments on the indebtedness of all  
2 incorporated municipalities, divided by the total amount of valuation  
3 subject to property tax in all incorporated municipalities for the  
4 immediately preceding fiscal year;

5 (3) Population means the population of a municipality as  
6 determined in section 77-3,119; and

7 (4) Population group means one of three groupings of  
8 municipalities for which the aid established by sections 77-27,139.01  
9 to 77-27,139.04 is calculated based on the average per capita  
10 property tax levy calculated separately for each group. The three  
11 population groups shall be (a) municipalities with a population of  
12 five thousand inhabitants or more, (b) municipalities with a  
13 population between eight hundred and five thousand inhabitants, and  
14 (c) municipalities with a population of eight hundred inhabitants or  
15 less.

16 Sec. 4. Section 77-27,139.03, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18 77-27,139.03 (1) State aid provided to municipalities  
19 pursuant to sections 77-27,139.01 to 77-27,139.04 shall be calculated  
20 by determining the average property tax levy for operational purposes  
21 other than for principal and interest payments on the indebtedness of  
22 all incorporated municipalities. The Auditor of Public Accounts shall  
23 provide to the Department of Revenue a list of the bond and nonbond  
24 tax request amounts from the most recent budgets filed by  
25 incorporated municipalities. The information shall be used to

1 calculate the bond and nonbond tax levies for aid purposes under this  
2 section. The auditor shall provide the information to the department  
3 by February 1 each year.

4 (2) Each municipality shall receive state aid from the  
5 Municipal Equalization Fund equal to (a) the product of the average  
6 per capita property tax of the appropriate population group  
7 multiplied by the current population of the municipality minus (b)  
8 the product of the average property tax levy multiplied by the  
9 certified valuation within the incorporated municipality, except that  
10 a municipality shall not receive any aid under this section if the  
11 calculation results in a negative number.

12 (3) If a municipal tax levy for operational purposes was  
13 less than the average property tax levy in the immediately preceding  
14 fiscal year, the state aid provided to such municipality shall be  
15 reduced by twenty percent for each one-cent increment the levy was  
16 below the average property tax levy.

17 (4) If the amount of money in the Municipal Equalization  
18 Fund is less than the total amount of state aid for all  
19 municipalities as required by the allocation formula in subsection  
20 (2) of this section, the money in the fund shall be allocated on a  
21 prorated basis to such municipalities. If the amount of money in the  
22 fund is more than the total amount of state aid for municipalities as  
23 required by the allocation formula, ~~(a) one million six thousand~~  
24 ~~dollars of the excess money in the fund for fiscal year 2002-03 shall~~  
25 ~~be distributed along with and in the same manner as provided in~~

1 ~~section 77-27,137.01 and the remainder shall be credited to the~~  
2 ~~General Fund and (b) the excess money in the Municipal Equalization~~  
3 ~~Fund fund~~ that is in excess of three hundred thousand dollars ~~for all~~  
4 ~~other fiscal years~~ shall be credited to the General Fund and the  
5 first three hundred thousand dollars shall be distributed in the same  
6 manner as provided in section 77-27,137.01 to municipalities that  
7 have not adopted a local option sales tax by January 1 of the fiscal  
8 year for which the fund is distributed.

9           Sec. 5. This act becomes operative on July 1, 2011.

10           Sec. 6. Original sections 77-3,119, 77-27,137.01,  
11 77-27,139.02, and 77-27,139.03, Reissue Revised Statutes of Nebraska,  
12 are repealed.

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