

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

LEGISLATIVE RESOLUTION 600

Introduced by Lathrop, 12.

PURPOSE: The purpose of this interim study is to examine the Municipal Equalization Fund (MEF), the MEF formula, and the MEF's sources of funding.

The MEF was structured to provide aid to those communities with low per capita valuations and high property tax levies. It is currently funded by both the insurance premium tax and a three percent administrative fee that the State of Nebraska collects from those cities with a local options sales tax. This three percent administrative fee represents a significant loss of revenue, particularly for those communities that do not receive any MEF payments.

LB 1114 (2012), as amended, proposes to modify the MEF formula in such a way that would benefit some first-class cities and smaller communities. The hearing on LB 1114 included testimony urging the Legislature to conduct a comprehensive review of the MEF program and formula, including consideration of whether a state source of revenue should replace the three percent administrative fee.

The study should consider whether changes to the MEF formula are necessary, as well as whether alternative, more equitable sources of revenue should be identified to continue the program.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED SECOND LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Revenue Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.