

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 370

Introduced by Lathrop, 12.

Read first time January 18, 2013

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section 13-518,
2 Reissue Revised Statutes of Nebraska; to create the
3 County Property Tax Assistance Program and the Municipal
4 Property Tax Assistance Program; to provide powers and
5 duties; to create funds; to harmonize provisions; to
6 provide an operative date; to repeal the original
7 section; and to declare an emergency.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) The County Property Tax Assistance Program
2 is created. The program shall be used to distribute money to county
3 governments to provide property tax relief to the residents of such
4 counties. Funds shall be distributed on or before September 1 each
5 year by the Department of Revenue according to the formula created in
6 this section.

7 (2) The annual General Fund appropriation to the County
8 Property Tax Assistance Program shall be apportioned to the counties
9 as aid in accordance with a formula established in rules and
10 regulations adopted and promulgated by the department. The formula
11 shall be based on the total number of residents per county relative
12 to the total number of residents in the State of Nebraska.

13 (3) Funds provided to counties under the County Property
14 Tax Assistance Program shall be used by counties to reduce the amount
15 of property tax that they collect by the same amount that they
16 receive from the County Property Tax Assistance Program. Failure to
17 reduce the amount of property tax collected by the county by the
18 amount that the county receives from the County Property Tax
19 Assistance Program shall result in the repayment of such funds to the
20 department.

21 (4) The department shall report annually to the Governor
22 and the Legislature on the distribution of funds appropriated under
23 the County Property Tax Assistance Program. The report submitted to
24 the Legislature shall be submitted electronically.

25 (5) The County Property Tax Assistance Fund is hereby

1 created. The fund shall be used to provide state aid to counties. Any
2 money in the fund available for investment shall be invested by the
3 state investment officer pursuant to the Nebraska Capital Expansion
4 Act and the Nebraska State Funds Investment Act.

5 (6) The department may adopt and promulgate rules and
6 regulations to carry out this section.

7 Sec. 2. (1) The Municipal Property Tax Assistance Program
8 is created. The program shall be used to distribute money to
9 municipalities to provide property tax relief to the residents of
10 such municipalities. Funds shall be distributed on or before
11 September 1 each year by the Department of Revenue according to the
12 formula created in this section.

13 (2) The annual General Fund appropriation to the
14 Municipal Property Tax Assistance Program shall be apportioned to the
15 municipalities as aid in accordance with a formula established in
16 rules and regulations adopted and promulgated by the department. The
17 formula shall be based on the total number of residents per
18 municipality relative to the total number of residents in all
19 municipalities in the State of Nebraska.

20 (3) Funds provided to municipalities under the Municipal
21 Property Tax Assistance Program shall be used by municipalities to
22 reduce the amount of property tax that they collect by the same
23 amount that they receive from the Municipal Property Tax Assistance
24 Program. Failure to reduce the amount of property tax collected by
25 the municipality by the amount that the municipality receives from

1 the Municipal Property Tax Assistance Program shall result in the
2 repayment of such funds to the department.

3 (4) The department shall report annually to the Governor
4 and the Legislature on the distribution of funds appropriated under
5 the Municipal Property Tax Assistance Program. The report submitted
6 to the Legislature shall be submitted electronically.

7 (5) The Municipal Property Tax Assistance Fund is hereby
8 created. The fund shall be used to provide state aid to
9 municipalities. Any money in the fund available for investment shall
10 be invested by the state investment officer pursuant to the Nebraska
11 Capital Expansion Act and the Nebraska State Fund Investment Act.

12 (6) The department may adopt and promulgate rules and
13 regulations to carry out this section.

14 Sec. 3. Section 13-518, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 13-518 For purposes of sections 13-518 to 13-522:

17 (1) Allowable growth means (a) for governmental units
18 other than community colleges, the percentage increase in taxable
19 valuation in excess of the base limitation established under section
20 77-3446, if any, due to improvements to real property as a result of
21 new construction, additions to existing buildings, any improvements
22 to real property which increase the value of such property, and any
23 increase in valuation due to annexation and any personal property
24 valuation over the prior year and (b) for community colleges, the
25 percentage increase in excess of the base limitation, if any, in

1 full-time equivalent students from the second year to the first year
2 preceding the year for which the budget is being determined;

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

6 (3) Governing body has the same meaning as in section
7 13-503;

8 (4) Governmental unit means every political subdivision
9 which has authority to levy a property tax or authority to request
10 levy authority under section 77-3443 except sanitary and improvement
11 districts which have been in existence for five years or less and
12 school districts;

13 (5) Qualified sinking fund means a fund or funds
14 maintained separately from the general fund to pay for acquisition or
15 replacement of tangible personal property with a useful life of five
16 years or more which is to be undertaken in the future but is to be
17 paid for in part or in total in advance using periodic payments into
18 the fund. The term includes sinking funds under subdivision (13) of
19 section 35-508 for firefighting and rescue equipment or apparatus;

20 (6) Restricted funds means (a) property tax, excluding
21 any amounts refunded to taxpayers, (b) payments in lieu of property
22 taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e)
23 state aid, (f) transfers of surpluses from any user fee, permit fee,
24 or regulatory fee if the fee surplus is transferred to fund a service
25 or function not directly related to the fee and the costs of the

1 activity funded from the fee, (g) any funds excluded from restricted
2 funds for the prior year because they were budgeted for capital
3 improvements but which were not spent and are not expected to be
4 spent for capital improvements, (h) the tax provided in sections
5 77-27,223 to 77-27,227 beginning in the second fiscal year in which
6 the county will receive a full year of receipts, and (i) any excess
7 tax collections returned to the county under section 77-1776. Funds
8 received pursuant to the nameplate capacity tax levied under section
9 77-6203 for the first five years after a wind energy generation
10 facility has been commissioned are nonrestricted funds; and

11 (7) State aid means:

12 (a) For all governmental units, state aid paid pursuant
13 to sections 60-3,202 and 77-3523;

14 (b) For municipalities, state aid to municipalities paid
15 pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3,190, and
16 77-27,139.04 and section 2 of this act and insurance premium tax paid
17 to municipalities;

18 (c) For counties, state aid to counties paid pursuant to
19 sections 39-2501 to 39-2520 and 60-3,184 to 60-3,190 and section 1 of
20 this act, insurance premium tax paid to counties, and reimbursements
21 to counties from funds appropriated pursuant to section 29-3933;

22 (d) For community colleges, (i) for fiscal years 2010-11,
23 2011-12, and 2012-13, state aid to community colleges paid pursuant
24 to section 90-517 and (ii) for fiscal year 2013-14 and each fiscal
25 year thereafter, state aid to community colleges paid pursuant to the

1 Community College Aid Act;

2 (e) For educational service units, state aid appropriated
3 under sections 79-1241.01 and 79-1241.03; and

4 (f) For local public health departments as defined in
5 section 71-1626, state aid as distributed under section 71-1628.08.

6 Sec. 4. This act becomes operative on July 1, 2013.

7 Sec. 5. Original section 13-518, Reissue Revised Statutes
8 of Nebraska, is repealed.

9 Sec. 6. Since an emergency exists, this act takes effect
10 when passed and approved according to law.