

LEGISLATIVE BILL 870

Approved by the Governor July 24, 2020

Introduced by Crawford, 45; Walz, 15.

A BILL FOR AN ACT relating to cities and villages; to amend section 18-201, Revised Statutes Supplement, 2019; to change provisions relating to direct borrowing; to repeal the original section; and to declare an emergency.
Be it enacted by the people of the State of Nebraska,

Section 1. Section 18-201, Revised Statutes Supplement, 2019, is amended to read:

18-201 (1) The mayor and the council of any city or board of trustees of any village, in addition to other powers granted by law, may by ordinance or resolution provide for direct borrowing from a financial institution for the purposes outlined in this section. Loans made under this section shall not be restricted to a single year and may be repaid in installment payments for a term not to exceed seven years.

(2) The mayor and the council of any city or board of trustees of any village may borrow directly from a financial institution for the (a) purchase of real or personal property, (b) construction of improvements, (c) repair or reconstruction of real or personal property, improvements, or infrastructure damaged as a result of a calamity, (d) provision of public services temporarily disrupted or suspended as a result of a calamity, or (e) refinancing of existing indebtedness upon a certification in the ordinance or resolution authorizing the direct borrowing that:

(i) (a) Financing the (A) purchase of real or personal property, (B) construction of improvements, (C) repair or reconstruction of real or personal property, improvements, or infrastructure damaged as a result of a calamity, (D) provision of public services temporarily disrupted or suspended as a result of a calamity, or (E) refinancing of existing indebtedness through traditional bond financing would be impractical;

(ii) (b) Financing the (A) purchase of real or personal property, (B) construction of improvements, (C) repair or reconstruction of real or personal property, improvements, or infrastructure damaged as a result of a calamity, (D) provision of public services temporarily disrupted or suspended as a result of a calamity, or (E) refinancing of existing indebtedness through traditional bond financing could not be completed within the time restraints facing the city or village; or

(iii) (c) Financing the (A) purchase of real or personal property, (B) construction of improvements, (C) repair or reconstruction of real or personal property, improvements, or infrastructure damaged as a result of a calamity, (D) provision of public services temporarily disrupted or suspended as a result of a calamity, or (E) refinancing of existing indebtedness through direct borrowing would generate taxpayer savings over traditional bond financing.

(3) Prior to approving direct borrowing under this section, the council or board of trustees shall include in any public notice required for meetings a clear notation that an ordinance or resolution authorizing direct borrowing from a financial institution will appear on the agenda.

(4)(a) The total amount of indebtedness attributable to any year from direct borrowing under this section shall not exceed:

(i) For a city of the metropolitan class, city of the primary class, or city of the first class, ten percent of the municipal budget of the city; and

(ii) For any city of the second class or village, twenty percent of the municipal budget of the city or village.

(b) For purposes of this subsection, (i) the amount of any loan which shall be attributable to any year for purposes of the limitation on the total amount of indebtedness from direct borrowing is the total amount of the outstanding loan balance divided by the number of years over which the loan is to be repaid and (ii) the amount of indebtedness from any direct borrowing shall only be measured as of the date the ordinance or resolution providing for such direct borrowing is adopted.

(5) Prior to approving direct borrowing under this section, a municipality shall consider, to the extent possible, proposals from multiple financial institutions.

(6) For purposes of this section: τ

(a) Calamity means a disastrous event, including, but not limited to, a fire, an earthquake, a flood, a tornado, or other natural event which damages real or personal property, improvements, or infrastructure of a city or village or which results in the temporary disruption or suspension of public services provided by a city or village; and

(b) Financial institution means a state-chartered or federally chartered bank, savings bank, building and loan association, or savings and loan association.

Sec. 2. Original section 18-201, Revised Statutes Supplement, 2019, is repealed.

Sec. 3. Since an emergency exists, this act takes effect when passed and approved according to law.