

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1065

FINAL READING

Introduced by Wayne, 13; Groene, 42; Jacobson, 42.

Read first time January 18, 2022

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to the Community Development Law; to amend
2 sections 18-2109 and 18-2155, Revised Statutes Cumulative
3 Supplement, 2020, and sections 18-2101.02 and 18-2147, Revised
4 Statutes Supplement, 2021; to change and eliminate provisions
5 relating to declarations of substandard and blighted areas and
6 redevelopment plans receiving an expedited review; to harmonize
7 provisions; and to repeal the original sections.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 18-2101.02, Revised Statutes Supplement, 2021, is
2 amended to read:

3 18-2101.02 (1) For any city that (a) intends to carry out a
4 redevelopment project which will involve the construction of workforce
5 housing in an extremely blighted area as authorized under subdivision
6 (28)(g) of section 18-2103, (b) intends to prepare a redevelopment plan
7 that will divide ad valorem taxes for a period of more than fifteen years
8 but not more than twenty years as provided in subdivision ~~(3)(a)~~ ~~(3)(b)~~
9 of section 18-2147, (c) intends to declare an area as an extremely
10 blighted area for purposes of funding decisions under subdivision (1)(b)
11 of section 58-708, or (d) intends to declare an area as an extremely
12 blighted area in order for individuals purchasing residences in such area
13 to qualify for the income tax credit authorized in subsection (7) of
14 section 77-2715.07, the governing body of such city shall first declare,
15 by resolution adopted after the public hearings required under this
16 section, such area to be an extremely blighted area.

17 (2) Prior to making such declaration, the governing body of the city
18 shall conduct or cause to be conducted a study or an analysis on whether
19 the area is extremely blighted and shall submit the question of whether
20 such area is extremely blighted to the planning commission or board of
21 the city for its review and recommendation. The planning commission or
22 board shall hold a public hearing on the question after giving notice of
23 the hearing as provided in section 18-2115.01. The planning commission or
24 board shall submit its written recommendations to the governing body of
25 the city within thirty days after the public hearing.

26 (3) Upon receipt of the recommendations of the planning commission
27 or board, or if no recommendations are received within thirty days after
28 the public hearing required under subsection (2) of this section, the
29 governing body shall hold a public hearing on the question of whether the
30 area is extremely blighted after giving notice of the hearing as provided
31 in section 18-2115.01. At the public hearing, all interested parties

1 shall be afforded a reasonable opportunity to express their views
2 respecting the proposed declaration. After such hearing, the governing
3 body of the city may make its declaration.

4 (4) Copies of each study or analysis conducted pursuant to
5 subsection (2) of this section shall be posted on the city's public
6 website or made available for public inspection at a location designated
7 by the city.

8 (5) The study or analysis required under subsection (2) of this
9 section may be conducted in conjunction with the study or analysis
10 required under section 18-2109. The hearings required under this section
11 may be held in conjunction with the hearings required under section
12 18-2109.

13 Sec. 2. Section 18-2109, Revised Statutes Cumulative Supplement,
14 2020, is amended to read:

15 18-2109 (1) A redevelopment plan for a redevelopment project area
16 shall not be prepared and the governing body of the city in which such
17 area is located shall not approve a redevelopment plan unless the
18 governing body has, by resolution adopted after the public hearings
19 required under this section, declared such area to be a substandard and
20 blighted area in need of redevelopment.

21 (2) Prior to making such declaration, the governing body of the city
22 shall conduct or cause to be conducted a study or an analysis on whether
23 the area is substandard and blighted and shall submit the question of
24 whether such area is substandard and blighted to the planning commission
25 or board of the city for its review and recommendation. The planning
26 commission or board shall hold a public hearing on the question after
27 giving notice of the hearing as provided in section 18-2115.01. The
28 planning commission or board shall submit its written recommendations to
29 the governing body of the city within thirty days after the public
30 hearing.

31 (3) Upon receipt of the recommendations of the planning commission

1 or board, or if no recommendations are received within thirty days after
2 the public hearing required under subsection (2) of this section, the
3 governing body shall hold a public hearing on the question of whether the
4 area is substandard and blighted after giving notice of the hearing as
5 provided in section 18-2115.01. At the public hearing, all interested
6 parties shall be afforded a reasonable opportunity to express their views
7 respecting the proposed declaration. After such hearing, the governing
8 body of the city may declare such area or any portion of such area to be
9 a substandard and blighted area ~~make its declaration.~~

10 (4) Copies of each substandard and blighted study or analysis
11 conducted pursuant to subsection (2) of this section shall be posted on
12 the city's public website or made available for public inspection at a
13 location designated by the city.

14 Sec. 3. Section 18-2147, Revised Statutes Supplement, 2021, is
15 amended to read:

16 18-2147 (1) Any redevelopment plan as originally approved or as
17 later modified pursuant to section 18-2117 may contain a provision that
18 any ad valorem tax levied upon real property, or any portion thereof, in
19 a redevelopment project for the benefit of any public body shall be
20 divided, for the applicable period described in subsection (3) of this
21 section, as follows:

22 (a) That portion of the ad valorem tax which is produced by the levy
23 at the rate fixed each year by or for each such public body upon the
24 redevelopment project valuation shall be paid into the funds of each such
25 public body in the same proportion as are all other taxes collected by or
26 for the body. When there is not a redevelopment project valuation on a
27 parcel or parcels, the county assessor shall determine the redevelopment
28 project valuation based upon the fair market valuation of the parcel or
29 parcels as of January 1 of the year prior to the year that the ad valorem
30 taxes are to be divided. The county assessor shall provide written notice
31 of the redevelopment project valuation to the authority as defined in

1 section 18-2103 and the owner. The authority or owner may protest the
2 valuation to the county board of equalization within thirty days after
3 the date of the valuation notice. All provisions of section 77-1502
4 except dates for filing of a protest, the period for hearing protests,
5 and the date for mailing notice of the county board of equalization's
6 decision are applicable to any protest filed pursuant to this section.
7 The county board of equalization shall decide any protest filed pursuant
8 to this section within thirty days after the filing of the protest. The
9 county clerk shall mail a copy of the decision made by the county board
10 of equalization on protests pursuant to this section to the authority or
11 owner within seven days after the board's decision. Any decision of the
12 county board of equalization may be appealed to the Tax Equalization and
13 Review Commission, in accordance with section 77-5013, within thirty days
14 after the date of the decision;

15 (b) That portion of the ad valorem tax on real property, as provided
16 in the redevelopment contract, bond resolution, or redevelopment plan, as
17 applicable, in the redevelopment project in excess of such amount, if
18 any, shall be allocated to and, when collected, paid into a special fund
19 of the authority to be used solely to pay the principal of, the interest
20 on, and any premiums due in connection with the bonds of, loans, notes,
21 or advances of money to, or indebtedness incurred by, whether funded,
22 refunded, assumed, or otherwise, such authority for financing or
23 refinancing, in whole or in part, the redevelopment project. When such
24 bonds, loans, notes, advances of money, or indebtedness, including
25 interest and premiums due, have been paid, the authority shall so notify
26 the county assessor and county treasurer and all ad valorem taxes upon
27 taxable real property in such a redevelopment project shall be paid into
28 the funds of the respective public bodies. An authority may use a single
29 fund for purposes of this subdivision for all redevelopment projects or
30 may use a separate fund for each redevelopment project; and

31 (c) Any interest and penalties due for delinquent taxes shall be

1 paid into the funds of each public body in the same proportion as are all
2 other taxes collected by or for the public body.

3 (2) To the extent that a redevelopment plan authorizes the division
4 of ad valorem taxes levied upon only a portion of the real property
5 included in such redevelopment plan, any improvements funded by such
6 division of taxes shall be related to the redevelopment plan that
7 authorized such division of taxes.

8 ~~(3)(a) For redevelopment plans that receive an expedited review~~
9 ~~under section 18-2155, ad valorem taxes shall be divided for a period not~~
10 ~~to exceed ten years after the effective date as identified in the~~
11 ~~redevelopment plan.~~

12 (3)(a) ~~(b)~~ For any redevelopment plan for which more than fifty
13 percent of the property in the redevelopment project area has been
14 declared an extremely blighted area in accordance with section
15 18-2101.02, ad valorem taxes shall be divided for a period not to exceed
16 twenty years after the effective date as identified in the project
17 redevelopment contract or in the resolution of the authority authorizing
18 the issuance of bonds pursuant to section 18-2124.

19 ~~(b) (c)~~ For all other redevelopment plans, ad valorem taxes shall be
20 divided for a period not to exceed fifteen years after the effective date
21 as identified in the project redevelopment contract, ~~or~~ in the resolution
22 of the authority authorizing the issuance of bonds pursuant to section
23 18-2124, or in the redevelopment plan, whichever is applicable.

24 (4) The effective date of a provision dividing ad valorem taxes as
25 provided in subsection (3) of this section shall not occur until such
26 time as the real property in the redevelopment project is within the
27 corporate boundaries of the city. This subsection shall not apply to a
28 redevelopment project involving a formerly used defense site as
29 authorized in section 18-2123.01.

30 (5) Beginning August 1, 2006, all notices of the provision for
31 dividing ad valorem taxes shall be sent by the authority to the county

1 assessor on forms prescribed by the Property Tax Administrator. The
2 notice shall be sent to the county assessor on or before August 1 of the
3 year of the effective date of the provision. Failure to satisfy the
4 notice requirement of this section shall result in the taxes, for all
5 taxable years affected by the failure to give notice of the effective
6 date of the provision, remaining undivided and being paid into the funds
7 for each public body receiving property taxes generated by the property
8 in the redevelopment project. However, the redevelopment project
9 valuation for the remaining division of ad valorem taxes in accordance
10 with subdivisions (1)(a) and (b) of this section shall be the last
11 certified valuation for the taxable year prior to the effective date of
12 the provision to divide the taxes for the remaining portion of the ~~ten-~~
13 ~~year,~~ twenty-year, or fifteen-year period pursuant to subsection (3) of
14 this section.

15 Sec. 4. Section 18-2155, Revised Statutes Cumulative Supplement,
16 2020, is amended to read:

17 18-2155 (1) The governing body of a city may elect by resolution to
18 allow expedited reviews of redevelopment plans that meet the requirements
19 of subsection (2) of this section. A redevelopment plan that receives an
20 expedited review pursuant to this section shall be exempt from the
21 requirements of sections 18-2111 to 18-2115 and 18-2116.

22 (2) A redevelopment plan is eligible for expedited review under this
23 section if:

24 (a) The redevelopment plan includes only one redevelopment project;

25 (b) The redevelopment project involves:

26 (i) The ~~the~~ repair, rehabilitation, or replacement of an existing
27 structure that has been within the corporate limits of the city for at
28 least sixty years and is located within a substandard and blighted area;
29 or

30 (ii) The redevelopment of a vacant lot that is located within a
31 substandard and blighted area that has been within the corporate limits

1 of the city for at least sixty years and has been platted for at least
2 sixty years;

3 (c) The redevelopment project is located in a county with a
4 population of less than one hundred thousand inhabitants; and

5 ~~(d) The existing structure is at least sixty years old; and~~

6 (d) ~~(e)~~ The assessed value of the property within the redevelopment
7 project area when the project is complete is estimated to be no more
8 than:

9 (i) Three ~~Two~~ hundred fifty thousand dollars for a redevelopment
10 project involving a single-family residential structure;

11 (ii) One million five hundred thousand dollars for a redevelopment
12 project involving a multi-family residential structure or commercial
13 structure; or

14 (iii) Ten million dollars for a redevelopment project involving the
15 revitalization of a structure included in the National Register of
16 Historic Places.

17 (3) The expedited review shall consist of the following steps:

18 (a) A redeveloper shall prepare the redevelopment plan using a
19 standard form developed by the Department of Economic Development. The
20 form shall include (i) the existing uses and condition of the property
21 within the redevelopment project area, (ii) the proposed uses of the
22 property within the redevelopment project area, (iii) the number of years
23 current age of the existing structure has been within the corporate
24 limits of the city or the number of years that the vacant lot has been
25 platted within the corporate limits of the city, whichever is applicable,
26 (iv) the current assessed value of the property within the redevelopment
27 project area, (v) the increase in the assessed value of the property
28 within the redevelopment project area that is estimated to occur as a
29 result of the redevelopment project, and (vi) an indication of whether
30 the redevelopment project will be financed in whole or in part through
31 the division of taxes as provided in section 18-2147;

1 (b) The redeveloper shall submit the redevelopment plan directly to
2 the governing body along with any building permit or other permits
3 necessary to complete the redevelopment project and an application fee in
4 an amount set by the governing body, not to exceed fifty dollars. Such
5 application fee shall be separate from any fees for building permits or
6 other permits needed for the project; and

7 (c) If the governing body has elected to allow expedited reviews of
8 redevelopment plans under subsection (1) of this section and the
9 submitted redevelopment plan meets the requirements of subsection (2) of
10 this section, the governing body shall approve the redevelopment plan
11 within thirty days after submission of the plan.

12 (4) Each city may select the appropriate employee or department to
13 conduct expedited reviews pursuant to this section.

14 (5) For any approved redevelopment project that is financed in whole
15 or in part through the division of taxes as provided in section 18-2147:

16 (a) The authority shall incur indebtedness in the form of a
17 promissory note issued to the owner of record of the property within the
18 redevelopment project area on which the structure identified in the
19 redevelopment plan is located. The total amount of indebtedness shall not
20 exceed the amount estimated to be generated over a fifteen-year ~~ten-year~~
21 period from the portion of taxes mentioned in subdivision (1)(b) of
22 section 18-2147. The terms of such promissory note shall clearly state
23 that such indebtedness does not create a general obligation on behalf of
24 the authority or the city in the event that the amount generated over a
25 fifteen-year ~~ten-year~~ period from the portion of taxes mentioned in
26 subdivision (1)(b) of section 18-2147 does not equal the costs of the
27 agreed-upon work to repair, rehabilitate, or replace the structure or to
28 redevelop the vacant lot as provided in the redevelopment plan;

29 (b) Upon completion of the agreed-upon work to repair, rehabilitate,
30 or replace the structure or to redevelop the vacant lot as provided in
31 the redevelopment plan, the redeveloper shall notify the county assessor

1 of such completion; and

2 (c) The county assessor shall then determine:

3 (i) Whether the redevelopment project is complete. Redevelopment
4 projects must be completed within two years after the redevelopment plan
5 is approved under this section; and

6 (ii) The assessed value of the property within the redevelopment
7 project area.

8 (6) After the county assessor makes the determinations required
9 under subdivision (5)(c) of this section, the county assessor shall use a
10 standard certification form developed by the Department of Revenue to
11 certify to the authority:

12 (a) That improvements have been made and completed;

13 (b) That a valuation increase has occurred;

14 (c) The amount of the valuation increase; and

15 (d) That the valuation increase was due to the improvements made.

16 (7) Once the county assessor has made the certification required
17 under subsection (6) of this section, the authority may begin to use the
18 portion of taxes mentioned in subdivision (1)(b) of section 18-2147 to
19 pay the indebtedness incurred by the authority under subdivision (5)(a)
20 of this section. The payments shall be remitted to the owner of record of
21 the property within the redevelopment project area ~~on which the structure~~
22 ~~identified in the redevelopment plan is located.~~

23 (8) A single fund may be used for all redevelopment projects that
24 receive an expedited review pursuant to this section. It shall not be
25 necessary to create a separate fund for any such project, including a
26 project financed in whole or in part through the division of taxes as
27 provided in section 18-2147.

28 Sec. 5. Original sections 18-2109 and 18-2155, Revised Statutes
29 Cumulative Supplement, 2020, and sections 18-2101.02 and 18-2147, Revised
30 Statutes Supplement, 2021, are repealed.