

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1165

FINAL READING

Introduced by Sanders, 45.

Read first time January 19, 2022

Committee: Government, Military and Veterans Affairs

- 1 A BILL FOR AN ACT relating to the Nebraska Budget Act; to amend section
2 13-504, Revised Statutes Cumulative Supplement, 2020, and sections
3 13-506 and 13-508, Revised Statutes Supplement, 2021; to change
4 provisions relating to proposed budget statement contents,
5 certification, and an adopted budget statement; and to repeal the
6 original sections.
- 7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-504, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 13-504 (1) Each governing body shall annually or biennially, as the
4 case may be, prepare a proposed budget statement on forms prescribed and
5 furnished by the auditor. The proposed budget statement shall be made
6 available to the public by the political subdivision prior to publication
7 of the notice of the hearing on the proposed budget statement pursuant to
8 section 13-506. A proposed budget statement shall contain the following
9 information, except as provided by state law:

10 (a) For the immediately preceding fiscal year or biennial period,
11 the revenue from all sources, including motor vehicle taxes, other than
12 revenue received from personal and real property taxation, allocated to
13 the funds and separately stated as to each such source: The unencumbered
14 cash balance at the beginning and end of the year or biennial period; the
15 amount received by taxation of personal and real property; and the amount
16 of actual expenditures;

17 (b) For the current fiscal year or biennial period, actual and
18 estimated revenue from all sources, including motor vehicle taxes,
19 allocated to the funds and separately stated as to each such source: The
20 actual unencumbered cash balance available at the beginning of the year
21 or biennial period; the amount received from personal and real property
22 taxation; and the amount of actual and estimated expenditures, whichever
23 is applicable. Such statement shall contain the cash reserve for each
24 fiscal year or biennial period and shall note whether or not such reserve
25 is encumbered. Such cash reserve projections shall be based upon the
26 actual experience of prior years or biennial periods. The cash reserve
27 shall not exceed fifty percent of the total budget adopted exclusive of
28 capital outlay items;

29 (c) For the immediately ensuing fiscal year or biennial period, an
30 estimate of revenue from all sources, including motor vehicle taxes,
31 other than revenue to be received from taxation of personal and real

1 property, separately stated as to each such source: The actual or
2 estimated unencumbered cash balances, whichever is applicable, to be
3 available at the beginning of the year or biennial period; the amounts
4 proposed to be expended during the year or biennial period; and the
5 amount of cash reserve, based on actual experience of prior years or
6 biennial periods, which cash reserve shall not exceed fifty percent of
7 the total budget adopted exclusive of capital outlay items;

8 (d) A statement setting out separately the amount sought to be
9 raised from the levy of a tax on the taxable value of real property (i)
10 for the purpose of paying the principal or interest on bonds issued or
11 authorized to be issued by the governing body or the legal voters of the
12 political subdivision and (ii) for all other purposes;

13 (e) A uniform summary of the proposed budget statement, including
14 each proprietary function fund included in a separate proprietary budget
15 statement prepared pursuant to the Municipal Proprietary Function Act,
16 and a grand total of all funds maintained by the governing body;

17 (f) For municipalities, a list of the proprietary functions which
18 are not included in the budget statement. Such proprietary functions
19 shall have a separate budget statement which is approved by the city
20 council or village board as provided in the Municipal Proprietary
21 Function Act; and

22 (g) For school districts and educational service units, a separate
23 identification and description of all current and future costs to the
24 school district or educational service unit which are reasonably
25 anticipated as a result of any contract, and any adopted amendments
26 thereto, for superintendent services to be rendered to such school
27 district or administrator services to be rendered to such educational
28 service unit.

29 (2) The actual or estimated unencumbered cash balance required to be
30 included in the budget statement by this section shall include deposits
31 and investments of the political subdivision as well as any funds held by

1 the county treasurer for the political subdivision and shall be
2 accurately stated on the proposed budget statement.

3 (3) The political subdivision shall correct any material errors in
4 the budget statement detected by the auditor or by other sources.

5 Sec. 2. Section 13-506, Revised Statutes Supplement, 2021, is
6 amended to read:

7 13-506 (1) Each governing body shall each year or biennial period
8 conduct a public hearing on its proposed budget statement. Such hearing
9 shall be held separately from any regularly scheduled meeting of the
10 governing body and shall not be limited by time. Notice of place and time
11 of such hearing, together with a summary of the proposed budget
12 statement, shall be published at least four calendar days prior to the
13 date set for hearing in a newspaper of general circulation within the
14 governing body's jurisdiction. For purposes of such notice, the four
15 calendar days shall include the day of publication but not the day of
16 hearing. When the total operating budget, not including reserves, does
17 not exceed ten thousand dollars per year or twenty thousand dollars per
18 biennial period, the proposed budget summary may be posted at the
19 governing body's principal headquarters. At such hearing, the governing
20 body shall make at least three copies of the proposed budget statement
21 available to the public and shall make a presentation outlining key
22 provisions of the proposed budget statement, including, but not limited
23 to, a comparison with the prior year's budget. Any member of the public
24 desiring to speak on the proposed budget statement shall be allowed to
25 address the governing body at the hearing and shall be given a reasonable
26 amount of time to do so. After such hearing, the proposed budget
27 statement shall be adopted, or amended and adopted as amended, and a
28 written record shall be kept of such hearing. The amount to be received
29 from personal and real property taxation shall be certified to the
30 levying board after the proposed budget statement is adopted or is
31 amended and adopted as amended. If the levying board represents more than

1 one county, a member or a representative of the governing board shall,
2 upon the written request of any represented county, appear and present
3 its budget at the hearing of the requesting county. The certification of
4 the amount to be received from personal and real property taxation shall
5 specify separately (a) the amount to be applied to the payment of
6 principal or interest on bonds issued or authorized to be issued by the
7 governing body or the legal voters of the political subdivision and (b)
8 the amount to be received for all other purposes. If the adopted budget
9 statement reflects a change from that shown in the published proposed
10 budget statement, a summary of such changes shall be published within
11 twenty calendar days after its adoption in the manner provided in this
12 section, but without provision for hearing, setting forth the items
13 changed and the reasons for such changes.

14 (2) Upon approval by the governing body, the budget shall be filed
15 with the auditor. The auditor may review the budget for errors in
16 mathematics, improper accounting, and noncompliance with the Nebraska
17 Budget Act or sections 13-518 to 13-522. If the auditor detects such
18 errors, he or she shall immediately notify the governing body of such
19 errors. The governing body shall correct any such error as provided in
20 section 13-511. Warrants for the payment of expenditures provided in the
21 budget adopted under this section shall be valid notwithstanding any
22 errors or noncompliance for which the auditor has notified the governing
23 body.

24 (3) Each school district shall include in the notice required
25 pursuant to subsection (1) of this section the following statement: For
26 more information on statewide receipts and expenditures, and to compare
27 cost per pupil and performance to other school districts, go to: [Insert
28 Internet address for the website established pursuant to section
29 79-302.01]. In addition, each school district shall electronically
30 publish such statement on the school district website. Such electronic
31 publication shall be prominently displayed with an active link to the

1 Internet address for the website established pursuant to section
2 79-302.01 to allow the public access to the information.

3 Sec. 3. Section 13-508, Revised Statutes Supplement, 2021, is
4 amended to read:

5 13-508 (1) After publication and hearing thereon and within the time
6 prescribed by law, each governing body shall file with and certify to the
7 levying board or boards on or before September 30 of each year or
8 September 30 of the final year of a biennial period and file with the
9 auditor a copy of the adopted budget statement which complies with
10 sections 13-518 to 13-522 or 79-1023 to 79-1030, together with the amount
11 of the tax required to fund the adopted budget, setting out separately
12 (a) the amount to be levied for the payment of principal or interest on
13 bonds issued or authorized to be issued by the governing body or the
14 legal voters of the political subdivision and (b) the amount to be levied
15 for all other purposes. Proof of publication shall be attached to the
16 statements. For fiscal years prior to fiscal year 2017-18, learning
17 communities shall also file a copy of such adopted budget statement with
18 member school districts on or before September 1 of each year. If the
19 prime rate published by the Federal Reserve Board is ten percent or more
20 at the time of the filing and certification required under this
21 subsection, the governing body, in certifying the amount required, may
22 make allowance for delinquent taxes not exceeding five percent of the
23 amount required plus the actual percentage of delinquent taxes for the
24 preceding tax year or biennial period and for the amount of estimated tax
25 loss from any pending or anticipated litigation which involves taxation
26 and in which tax collections have been or can be withheld or escrowed by
27 court order. For purposes of this section, anticipated litigation shall
28 be limited to the anticipation of an action being filed by a taxpayer who
29 or which filed a similar action for the preceding year or biennial period
30 which is still pending. Except for such allowances, a governing body
31 shall not certify an amount of tax more than one percent greater or

1 lesser than the amount determined under section 13-505.

2 (2) Each governing body shall use the certified taxable values as
3 provided by the county assessor pursuant to section 13-509 for the
4 current year in setting or certifying the levy. Each governing body may
5 designate one of its members to perform any duty or responsibility
6 required of such body by this section.

7 Sec. 4. Original section 13-504, Revised Statutes Cumulative
8 Supplement, 2020, and sections 13-506 and 13-508, Revised Statutes
9 Supplement, 2021, are repealed.