

tax sources as the funds received from the tax or taxes the governing body is authorized to levy or cause to be levied. The exceptions from this overall definition are found in section 13 and include taxes levied to pay for bonded indebtedness, city sales tax receipts and funds used to pay for the first year's implementation of newly mandated programs and also those taxes which must be levied to pay for costs incurred in emergency situation which is spelled out in section 17. This definition with the exclusions is roughly equivalent to defining local tax sources as property tax receipts. Remember that LB 1 speaks of ad valorem taxes which we have all taken to mean property taxes. Unfortunately Nebraska statutes do not provide a clear definition of what is and what is not an ad valorem tax. Therefore, for clarity in applying the lid we avoided talking about ad valorem taxes. Section 9 defines receipts from state tax sources as the funds received by a political subdivision, the original source of which is a tax or taxes levied by the State of Nebraska. The exceptions to this definition found in section 14 include receipts from nonrecurring special grants, loans, or contracts intended to fully or partially fund special projects or to match special federal grants and also funds used to pay for the first year's implementation of newly mandated programs. Please note that the exception for nonrecurring special grants, loans or contracts applies only to state funds received for such purposes. Any local property tax matching funds would still fall under the lid. Please be aware also that state or local funds used for newly mandated programs must be for programs especially designated by the Legislature to local government and as new programs. If the Legislature passes such some responsibility to local government but does not clearly identify that responsibility as a new program, then there would not be any exemption. Thus, we hope to avoid any confusion about what is or what is not a new program. Section 10 of course defines combined receipts as receipts from local tax sources plus receipts from state tax sources. It is to these combined receipts that the 7% lid in section 12 applies. Section 11 defines the base or what we call the combined receipt budget base. That base would be either, one, the anticipated combined receipts from state and local taxes for the current fiscal year or, two, a 107% of the anticipated combined receipts for the prior fiscal year. By allowing local governments to add 7% to the prior fiscal year as an option for calculating the base we hope there