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# Urban Affairs Committee

One Hundred Second Legislature  
Second Session 2012

## Summary and Report of Legislation

### Committee Members

Senator Amanda McGill, Chairperson  
Senator Colby Coash, Vice-Chairperson  
Senator Brad Ashford  
Senator Tanya Cook  
Senator Bob Krist  
Senator Paul Lambert  
Senator Jim Smith

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Introducer	Bill Number	One Line Description	Hearing Date	Executive Session Date	Amended	Status After Executive Session	Status After General File	Status After Select File	Status After Final Reading	Governor Signed
Mello	LB 729	Provide powers to an authority and change bond provisions under the Community Development Law	1/17/12	2/2/12	No	Moved to general file	Advanced	Advanced	Adopted 4/4/12	4/10/12
Christensen	LB 786	Change forfeiture of office provisions for city council members in cities with a city manager	1/17/12	1/24/12	Yes, committee adopted emergency clause	Moved to general file	Amended, Advanced	Advanced	Adopted 3/8/12	3/14/12
McGill	LB 864	Change bond recording duties of city clerks and city treasurers	1/17/12	2/14/12	Yes	Moved to general file	Advanced	IPP 4/18/12		
Urban Affairs	LB 868	Authorize a city of the first class to adopt a biennial budget	1/17/12	2/14/12	Yes	Moved to general file	IPP 4/18/12			
Cornett	LB 918	Change provisions of the Community Development Law	1/24/12	2/14/12	No	Not Advanced IPP 4/18/12				
Harr	LB 921	Change provisions relating to metropolitan utilities districts	1/24/12	2/14/12	No	Not Advanced IPP 4/18/12				
Krist	LB 932	Provide voting rights for residents of sanitary and improvement districts	1/24/12	2/2/12	No	IPP 4/18/12				
McCoy	LB 716	Change municipal powers within extraterritorial jurisdiction	1/31/12	2/14/12	No	Not Advanced IPP 4/18/12				
Coash	LB 863	Include film production under the Local Option Municipal Economic Development Act	1/31/12	2/2/12 Committee Priority	No	Moved to general file	Amended, Advanced	Advanced	Adopted 3/30/12	4/5/12
Mello	LB 924	Change the Nebraska Redevelopment Act	1/31/12	3/16/12 3/28/12	Proposed	Amended, Moved to General File	Amended, Advanced	Advanced, Placed on Final Reading	IPP 4/18/12	

Flood	LB 1115	Authorize construction and operation of natural gas pipeline facilities by jurisdictional utilities	2/7/12	3/16/12	Yes	Amended, Moved to General File	Amended, Advanced	Advanced	Adopted 4/4/12	4/10/12
Mello	LB 1137	Adopt the Nebraska Municipal Land Bank Act	2/7/12	3/7/12	Yes	Amended, moved to general file	IPP 4/18/12			
Lambert	LB 1121	Change signature requirements for recall petitions for sanitary and improvement districts	2/7/12	3/7/12	Yes	Amended, moved to general file	Amended, Advanced	Advanced	4/4/12	4/10/12
Christensen	LB 1126	Provide and change extraterritorial jurisdiction of a village	2/14/12	3/7/12	Yes	Amended, moved to general file	Amended, Advanced	Advanced	4/4/12	4/10/12
McGill	LB 1132	Change the community development law (counties)	2/14/12	3/16/12	Yes	Not Advanced IPP 4/18/12				
Urban Affairs	LB 1001	Create the Building Code Advisory Committee and change and eliminate state agency building code compliance requirements	2/14/12	Committee Priority 3/16/12	Yes	Amended, moved to General File	Amended, Advanced	Advanced	4/4/12	4/10/12
Mello	LR 376 CA	Constitutional Amendment to change provisions relating to redevelopment projects	2/14/12	N/A IPP 4/18/12						



## Passed Legislation

LB729 (Mello): Provide powers to an authority and change bond provisions under the Community Development Law

Date of Public Hearing: 1/17/12

Committee Amendment: none

Other Amendments: none

Approved by Governor: 4/10/12

Bill Summary:

LB 729 updates the Community Development Law by allowing municipalities to utilize community development funds to demolish unsafe or unfit properties, and allowing municipalities to use special assessments for repayment of bonds issued under the Community Development Law.

Comments/Analysis:

Section 1 amends Neb.Rev.Stat. §18-2103 to include demolition in the definition of a Redevelopment Project in subsection 12.

Section 2 amends §18-2107 to include a new section that allows demolition of any structure determined by the governing body of the city to be unsafe or unfit for human occupancy in accordance with section 18-1722.01 under the powers granted to a public body corporate and politic, exercising public and essential governmental functions and having all powers necessary to carry out the purposes and provisions of the Community Development Law.

Section 3 amends §18-2124 to allow special assessments levied by a city to be added to the list of sources of revenue to be used to repay bonds issued under the Community Development Law.

Explanation of Amendments: N/A

LB786 (Christensen): Change forfeiture of office provisions for city council members in cities with a city manager.

Date of Public Hearing: 1/17/12

Committee Amendment: AM 1736

Other Amendments: ER 181

Approved by Governor: 3/14/12

Bill Summary:

LB 786 changes the law regarding forfeiture of office for city council members in cities that have a city manager form of government. Currently, the law states that forfeiture is required if a council member has been convicted of a "crime", and "crime" is not defined in these statutes. The statutory standard for every other elected official in the State of Nebraska is contained in Neb.Rev.Stat. §32-560, which

states an elective office shall be vacated upon... “conviction of a felony or of any public offense involving the oath of office of the incumbent.”

This bill changes the language in the city manager statutes to apply the same standard contained in §32-560 (above) to the city council members in city manager cities in §19-613.

Explanation of Amendments:

The committee amendment added an emergency clause. ER 181 was necessary to clean up the language to properly add the emergency clause.

LB863 (Coash): Include film production under the Local Option Municipal Economic Development Act.

Date of Public Hearing: 1/31/12

Committee Amendment:

Other Amendments: Coash AM 2129, ER 203

Approved by Governor: 4/5/12

Bill Summary:

LB 863 amends Neb.Rev.Stat. §18-2709 to include the production of films, including feature, independent, and documentary films, as well as commercials and television programs, to the list of qualifying businesses under the Local Option Municipal Development Act (otherwise known as LB 840 plans).

Explanation of Amendments:

AM 2129 adds a new section to Neb.Rev.Stat. §18-2709 which requires qualifying businesses which derive principal source of business from film production to provide notice to the Nebraska Film Office of each project for which the qualifying business intends to utilize the economic development program. Additionally, acknowledgment of the State of Nebraska and the city operating the economic development program in the production credits of the film, commercial or television program is also required by this section.

LB1001 (Urban Affairs Committee): Create the Building Code Advisory Committee and change and eliminate state agency building code requirements.

Date of Public Hearing: 2/14/12

Committee Amendment: AM 2528

Other Amendments: McGill AM 2597, ER 260

Approved by Governor: 4/10/12

#### Bill Summary:

LB 1001 creates the Building Code Advisory Committee. The committee is being created to review new editions of building and other codes as they are released, to advise the Urban Affairs committee and the entire legislature on the adoption of the new editions of these codes. This bill also amends certain sections of the State Building Code with respect to State Agencies.

#### Comments/Analysis:

Section 1 of the bill creates the Building Code Advisory Committee and includes a detailed list of experts who are to make up the membership of the committee. It also details the terms of appointees and the requirements of frequency of meetings, whom they can consult with and their primary duties. It specifically states there will be no compensation for members of the committee, but they may be reimbursed for actual and necessary expenses in performing their duties. The expenses of the advisory committee shall be a part of the budget of the State Fire Marshal.

Section 2 of the bill amends Neb.Rev.Stat. §71-6405 to require state agencies to comply with applicable local building codes if said codes meet or exceed the standards of the state building code and if the political subdivision regularly updates its local building code under a program of periodic review and adoption as set forth in the State Building Code.

This section also deletes language in this section of statute which removes the authority of state agencies to amend the State Building Code.

#### Explanation of Amendments:

The amendment strikes sections one and three from the original bill. There are no changes to section two of the bill, which is the only portion of LB 1001 that was sent to general file.

LB1115 (Flood): Authorize construction and operation of natural gas pipeline facilities by jurisdictional utilities.

Date of Public Hearing: 2/7/12

Committee Amendment: AM 2495

Other Amendments: Flood AM 2651, ER 265

Approved by Governor: 4/10/12

#### Bill Summary:

LB 1115 is a bill to provide for a streamlined process to implement a plan to construct rural natural gas infrastructure, in a less regulated atmosphere that is outside of the Natural Gas Act. The purpose of this is to provide natural gas to underserved or unserved areas in our state to meet the demand of existing or potential end-use business customers.

#### Comments/Analysis:

Section 1 declares it the policy of the State of Nebraska to provide adequate natural gas pipeline

facilities and service in order to expand and diversify our economy.

Section 2 sets out definitions necessary for this bill, specifically including underserved and unserved areas meaning rural areas in the state lacking adequate natural gas pipeline capacity to meet the demand of existing or potential customers as determined by the jurisdictional utility. It specifically does not include any area within a city of the primary or metropolitan class.

Section 3 gives a jurisdictional utility the authority to plan, finance, develop, acquire, construct, own, operate, and maintain a natural gas pipeline facility or enter into an agreement with an interstate pipeline for existing, new, or expanded capacity for the transportation of natural gas necessary to supply unserved or underserved areas.

Section 4 of the bill lays out the different factors that a jurisdictional utility shall take into consideration prior to constructing a natural gas pipeline.

Section 5 of the bill specifically states that a jurisdictional utility exercising the powers granted in this bill shall not be subject to the State Natural Gas Regulation Act, except as specifically provided.

Section 6 states clearly that sections 1 through 5 of this bill do not apply to a metropolitan utilities district.

Section 7 amends Neb.Rev.Stat. §66-1801 to include section 8 of this act to be known and cited as the State Natural Gas Regulation Act.

Section 8 adds new language to allow a jurisdictional utility to file a rural infrastructure system development cost recovery charge tariff with the public service commission that adjusts the jurisdictional utility's residential and commercial customer rates to provide for the recovery of costs for the rural infrastructure system development into unserved or underserved areas as discussed in sections 1 through 6 of this bill.

Subsection (2) has new language to allow a jurisdictional utility to file a gas supply cost adjustment tariff with the public service commission that adjusts the jurisdictional utility's residential and commercial customer rates to provide for the recovery of, but not limited to, costs related to ongoing gas supply, transmission, pipeline capacity, storage, financial instruments, or interstate pipeline charges or other related costs for rural infrastructure system development.

Subsection (3) requires the public service commission to approve any rural infrastructure system development costs recovery charge or gas supply cost adjustment tariff if the service would benefit the economic development of the unserved or underserved areas in or near an area served by the jurisdictional utility.

Subsection (4) states any rural infrastructure development cost recovery charge or gas supply cost adjustment tariffs, and any future changes thereto, whether applied to high volume customers, or general system residential and commercial customers, shall be calculated and implemented in a manner proposed by the jurisdictional utility.

Subsection (5) allows the rural infrastructure system development costs recovery charge or the gas supply cost adjustment tariff and any future changes thereto, to first be applied to customers receiving

direct service from the facility developed in the underserved and unserved areas. It goes on to state that if the resulting rates are uneconomic or commercially unreasonable to the customers in the underserved and unserved rural areas, the jurisdictional utility shall recover their costs that are above the rate determined to be economically and commercially reasonable from the jurisdictional utility's general system residential and commercial customers in a manner proposed by the jurisdictional utility (meaning their customers in areas other than the unserved and underserved rural areas).

Subsection (6) allows a jurisdictional utility to collect their rural infrastructure system development cost recovery charge or gas supply tariff for a period exceeding sixty months (5 years) after its initial filing and until costs are fully recovered even if the jurisdictional utility has not filed for or is filing for a new general rate proceeding during that period of time.

Subsection (7) states that a jurisdictional utility is not required to proceed with infrastructure development in an unserved or underserved area if the development is not in the long-term interest of either the jurisdictional utility or its customers.

Section 9 of the bill amends §66-1808 to add language that prohibits the public service commission from suspending a tariff filed in accordance with section 8 of the act.

Section 10 of the bill amends §66-1831 of the Natural Gas Regulation Act to exclude tariffs subject to the new language in section 8 of the act from the investigatory powers of the public advocate.

Explanation of Amendments:

The amendment has several changes that were worked out and agreed to by the following parties: The League of Nebraska Municipalities, the City of Norfolk, North Western Gas, Black Hills Energy, SourceGas, and the Nebraska Public Service Commission.

Section 1 is the same as in the original bill.

Section 2 contains some new definitions. Cities of the first or second class or villages are included, along with a new definition of rural infrastructure development. There are also some language changes in subsection 5 to the definition of unserved or underserved area that make clear that the jurisdictional utility currently serving in the area is the one who will be working to expand service there.

Section 3 is new, and grants authority to a city to carry out its powers and duties to utilize funds authorized under an LB 840 plan to facilitate this type of infrastructure development.

Section 4 is also new, it allows a jurisdictional utility to undertake rural infrastructure development necessary to supply unserved or underserved areas in or adjacent to areas presently served by the jurisdictional utility and not by another jurisdictional utility. This section cleared up concerns from the Natural Gas companies with respect to their territories in the state.

Section 5 contains some small wording changes that were worked out by the interested parties, but did not substantively change the meaning of this section.

Section 6 also contains some wording changes, to better clarify that, in this situation, a jurisdictional utility is not subject to the State Natural Gas Act.

Section 7 is essentially the same.

Section 8 is entirely new, it adds permissive language to the LB 840 statutes to allow cities of the first and second class and villages to introduce an LB 840 plan for approval by their voters to dedicate funds for rural infrastructure development as defined in section 2 of this act.

Section 9 is an additional new section to the LGB 840 statutes, requiring a summary of the terms and conditions of the proposed agreement for the rural infrastructure development that the city has entered into, if the proposed economic development program involves making grants, loans, or funds available for the infrastructure development by the city.

Section 10 has no changes.

Section 11 is new, requiring a jurisdictional utility to file proposed rural infrastructure surcharge tariffs with the Public Service Commission consistent with the proposed rate increases negotiated in the agreement with the electing city(s), prior to undertaking rural infrastructure development. There is a list of what is to be filed by the utility with the surcharge tariff, including the agreement with the city, map of the underserved area, and payment of costs including proposed rates for customers in the electing city(s).

Subsection (3) to section 11 has some language changes, this section allows a jurisdictional utility to file a gas supply cost adjustment tariff with the commission that adjusts the residential or commercial customers' rates to provide for the recovery of costs related to ongoing gas supply, transmission, or interstate pipeline changes or other related costs for rural infrastructure development.

Subsection (4) is new language, it states that a rural infrastructure surcharge tariff or gas supply adjustment tariff shall become effective immediately upon filing with the commission of all items required under section 11.

Subsection (5) has an addition at the end of the section to ensure that the tariffs are consistent with the proposed rate increases negotiated in the agreement with the electing city or cities.

Subsection (6) includes new protection for ratepayers, limiting the jurisdictional utility's ability to recover costs for rural infrastructure development to only the customers in the electing city who are benefiting from the development, who entered into the agreement with the utility.

Subsection (7) is the same.

Subsection (8) is new, it details the Public Service Commission's involvement, and limits them to no more than once annually, the authority to initiate a public hearing and determination of whether the rural surcharges reflect the actual costs of the development, and this must be completed within 90 days.

Subsection (9) provides for a refund to be made to ratepayers, should it be determined they have overpaid for the infrastructure development.

Subsection (12) is a new definition section, taking these definitions from section 2 and placing them here, as this is the section of the bill that contains these terms.

All other sections of the bill remain the same as the original draft.

LB1121 (Lambert): Change signature requirements for recall petitions for sanitary and improvement districts.

Date of Public Hearing: 2/7/12

Committee Amendment: AM 1872

Other Amendments:

Approved by Governor: 4/10/12

Bill Summary:

LB 1121 is a bill to make clear that the rights of a particular category of Sanitary Improvement District property owners are the same when they sign petitions to request a recall of a member of the board of trustees, as when they owners vote to elect the member to the board.

For some of the trustee board member positions, property owners are allowed to cast a number of votes equal to the number of parcels of property they own. This is designed to recognize the fact that there are owners of property in the district who do not reside there, or may be entities such as corporations or partnerships, rather than individual persons, and these owners should have a voice in electing the board. For other board member positions, each property owner who actually resides in the district has one vote.

Currently, in the event of a recall petition, election commissioners are required to verify that the petition was signed by qualified voters who represent at least thirty-five percent of the number of votes cast for the trustee who received the most votes in the last district election. The term represent is not defined in statute. The election commissioners foresee problems applying our current law when they are required to validate signatures on a recall petition that is aimed at one of the trustee positions for which multiple voting was allowed.

Election commissioners believe that a person signing the recall petition should be granted the same voice in the recall petition process that they had at the election. This bill would make adjustments to the law to make this process clear in statute.

Comments/Analysis:

Section 1 of the bill amends Neb.Rev.Stat. §31-787, by removing the language requiring thirty-five percent of the number of votes cast for the trustee who received the most votes in the last district election, and replaces most of this section with new language that states a petition for an election to recall a trustee shall be sufficient if it complies with the requirements of this section.

Subsection (2) specifies that the signers of the petition shall be the people who were, on the date signed, eligible to vote in the district election pursuant to §31-735. The language makes clear that a person's eligibility to sign a petition shall be the same as a person's eligibility to cast one or more votes

at a district election. This section also clearly states that one person only is allowed to sign on behalf of joint owners of property, or on or behalf of a public, private or municipal corporate property owner in the district. It also provides for the situation when the recall being sought was for a trustee who was elected only by a vote of the resident owners. This section additionally separates the definitions of resident owner, all qualified resident voters, and all qualified property owning voters.

Subsection (3) requires the filing clerk to assign to each signature on the recall petition a count equal to the number of votes that the signer was eligible to cast on the date he or she signed.

Subsection (4) specifies that the filing clerk shall total the count assigned to the signatures on the petition, and states the petition shall be considered sufficient if the total is at least equal to thirty-five percent of the highest number of votes that were cast for a candidate at the previous district election for the trustee positions in the same category as the trustee whose recall is sought by the petition. This makes it clear in statute the differences in the types of trustees on the board and the differences in the way they are elected by the categories of voters in the district.

Section (2) of the bill harmonizes references in law based on the changes made in section 1 of the bill.

Explanation of Amendments:

AM 1872 strikes “they signed” from page 2, line 16, and inserts “the initial petition papers are issued under subsection (7) of this section” for purposes of clarification.

LB 1126 (Christensen): Provide and change extraterritorial jurisdiction of a village.

Date of Public Hearing: 2/14/12

Committee Amendment: AM 1990

Other Amendments: ER 255

Approved by Governor: 4/10/12

Bill Summary:

LB 1126 is a bill to change the extraterritorial jurisdiction of a village.

Comments/Analysis:

Section 1 of the bill amends Neb.Rev.Stat. §13-327 to include villages to the list of classes of municipalities who may request that the county board formally cede and transfer land outside the extraterritorial jurisdiction of the city or village to that city or village.

This section also adds new language which specifies that the limits on the request for extraterritorial jurisdiction of a village outside its corporate limits would be “to the closest boundaries of the surrounding quarter sections of land from the corporate boundaries of a village.”

Currently, cities of the first class have extraterritorial jurisdiction over land extending two miles from the corporate boundaries of the city, and cities of the second class and villages have jurisdiction

extending one mile outside their corporate boundaries.

Section 2 of the bill amends §13-328 to include villages in the classifications of cities listed in statute with respect to the transfer of extraterritorial jurisdiction over land from the county in this section.

Section 3 amends §17-1002 by removing villages from subsection (1)(a) of this statute, and creates a new subsection (1)(b) which adds language to allow any village to designate by ordinance the portion of the territory located between the corporate boundaries of the village and the closest boundaries of the surrounding quarter sections of land and outside of any other organized city or village within which the designating village will exercise the powers and duties granted it.

Explanation of Amendments:

AM 1990 replaces the bill and includes villages with cities of the first and second class to be permitted to request that the county board cede and transfer extraterritorial jurisdiction over land outside its corporate boundaries, but places a limit to the amount of jurisdiction a village may request to not more than one-quarter mile outside the area extending one mile from the corporate boundaries of the village.



## Legislation Held by Committee

LB716 (McCoy): Change municipal powers within extraterritorial jurisdiction

Date of Public Hearing: 1/31/12

Bill Summary:

LB 716 would remove a city of the metropolitan class's ability to regulate or license or prohibit dogs within the three miles of the corporate limits of the city, in the area also known as the "Extraterritorial Jurisdiction" or ETJ, by amending Neb.Rev.Stat. §14-102(11).

This bill also adds new language to §14-219 prohibiting taxation ordinances from being enforced outside the corporate limits of a metropolitan class city by the Mayor.

LB918 (Cornett): Change provisions of the Community Development Law

Date of Public Hearing: 1/24/12

Bill Summary:

LB 918 places new limits on the use of tax increment financing (TIF) by cities. Currently, a city of the metropolitan, primary or first class may designate not more than 35% of the city as blighted for the purposes of TIF projects. Cities of the second class cannot designate more than 50%, and villages can designate up to 100% of the village as blighted.

This bill would restrict all cities and villages to no more than 7% of the total actual value of real and personal property of any political subdivision as blighted.

LB 918 also requires the city to conduct a cost benefit analysis for each proposed redevelopment project, which shall include the redevelopment project valuation, the projected excess value of the redevelopment project, the current year total actual value of real and personal property of each political subdivision in which the project will be located, and the total excess value of all current redevelopment projects which have been approved by the city. It again includes language limiting the combination of current and proposed redevelopment projects excess value to not exceed seven (7) percent of the total actual value of real and personal property of any political subdivision.

Comments/Analysis:

Section 1 amends subsection (11) of Neb.Rev.Stat. §18-2103 and restricts cities and villages of all sizes to not designate more than seven (7) percent of the total actual value of real and personal property of any political subdivision as blighted.

Section 2 amends §18-2113 to require political subdivisions to conduct a cost benefit analysis of the proposed redevelopment project, keeping in mind that the combination of current and proposed

redevelopment projects' excess value shall not exceed seven (7) percent of any political subdivision in which the proposed project will be located.

LB921 (Harr) Change provisions relating to metropolitan utilities districts

Date of Public Hearing: 1/24/12

Bill Summary:

Section 1 of this bill amends Neb.Rev.Stat. §14-2109 by removing the requirement that the board of directors of a metropolitan utilities district (MUD) obtain a bond of not less than ten thousand dollars on the president's performance, and it increases the salary limit from ten thousand to \$150,000 per annum before requiring a vote of the members of the board of directors for an increase. This section also removes the language which required that the compensation of the president not be decreased during the incumbency of the appointee.

Section 2 amends §14-2110 by changing the definition of a permanent employee to one who has worked for the district consecutively for one year, and removes the language that required the board to vote unanimously to place every employee in service over one year on a permanent employee list. This section also changes the procedures for removal of a permanent employee, and allows the board to establish procedures for appeal.

Section 3 allows the board of directors to define and allow a preference to a bidder that owns and operates vehicles fueled by natural gas by amending §14-2121.

Section 4 removes the language requiring the metropolitan utilities districts to maintain regular fire hydrants approximately four hundred feet apart, and adds new language requiring the board of directors to adopt rules for the placement and maintenance of such hydrants.

Section 5 references §14-2138, which requires the metropolitan utilities district to pay to the city of the metropolitan class two percent of the annual gross revenue derived from all retail sales of water and gas sold by the district within the city. Language is added to this section which specifically excludes the retail sale of natural gas used as vehicular fuel from this requirement.

This same language is in Section 6 of the bill which amends §14-2139, which excludes retail sales of natural gas used as vehicular fuel from the two percent annual gross revenue required to be paid to every city or village of any class for the sale of water or gas, or both, sold by a metropolitan utilities district.

LB932 (Krist): Provide voting rights for residents of sanitary and improvement districts

Date of Public Hearing: 1/24/12

Bill Summary:

LB 932 would change current election law to allow registered voters living in a sanitary and improvement district (SID) to vote in city elections if one of two conditions are met. First, if the SID has included an annexation plan in its articles of association that indicates planned annexation by a particular city or there is an annexation plan being implemented with a particular city, or second, the SID is within the extraterritorial jurisdiction of a city.

If the election commissioner or county clerk determines the residents of the SID meet one of the above criteria, and are entitled to vote under this bill, the city clerk will assist the election commissioner or county clerk in determining which officials and issues are subject to the vote by the SID residents. The election commissioner or county clerk will assign the registered voters of the SID to districts for purposes of voting for officials of the political subdivision based on geographical proximity to the applicable district.

The bill also provides for new district boundaries to be drawn if the assignment of the SID voters causes any voting district to vary by 10% or more from the standard deviation for such districts.

LB1132 (McGill): Change the community development law.

Date of Public Hearing: 2/14/12

Bill Summary:

LB 1132 is a bill to revise the Community Development Law to allow for county board approval of redevelopment projects if the real property needed for proper clearance or redevelopment of substandard or blighted areas within the city is located within a three mile radius of the boundaries of the city.

Currently, cities are not required to get county board approval for TIF projects.

Comments/Analysis:

Section 1 of the bill makes very minor changes to Neb.Rev.Stat. §18-2123, on line 14 of page 2.

Section 2 makes changes to §18-2147, which would require a city to get approval of the redevelopment project from the county board for a TIF redevelopment project if the city is attempting to acquire property in the three mile radius outside the city boundaries in conjunction with that project, and the property in that three mile radius outside the city is essential to the proper clearance or redevelopment of substandard or blighted areas necessary for a general community redevelopment project that is within the city boundaries.

LR376CA (Mello): Constitutional Amendment to change provisions relating to redevelopment projects.

Date of Public Hearing: 2/14/12

## Bill Summary:

LR 376 CA would change the definition of substandard and blighted in statute and would extend the repayment period for tax increment financing (TIF) bonds from the current 15 year payback period to 20 years. It would also allow the Legislature to authorize payback be extended from 20 years to 30 years in certain circumstances. This is a constitutional amendment, and would be required to be approved by the voters if this is approved by the legislature.

## Comments/Analysis:

Section 1 of the bill would amend Article VIII, section 12 of the Nebraska State Constitution by striking the words “substandard and blighted” and would replace them with “property in need of rehabilitation or redevelopment”. It also would include new language stating “Except as provided in this section and notwithstanding any other provision...” which would replace the current “Notwithstanding” as the opening to that clause.

This section also changes the payback period for TIF project bonds from the current 15 year repayment, to a period not to exceed 20 years. Additionally, new language is added to this section to allow the Legislature to provide that the limitation to a period of 20 years for repayment of TIF bonds be extended to 30 years if more than one-half of the property by area within the project area was previously owned by the State of Nebraska and if the indebtedness to be incurred for the rehabilitation, acquisition, or redevelopment of the property cannot be reasonably financed within 20 years.

Section 2 of the bill contains the proposed ballot language for submitting the above Constitutional Amendment to the voters.



## Indefinitely Postponed Legislation

LB864 (McGill): Change bond recording duties of city clerks and city treasurers.

Date of Public Hearing: 1/17/12

Bill Summary:

LB 864 transfers certain duties from a city clerk to the city treasurer in cities of the first class, second class, and villages. The duties relate to keeping records and reporting on the outstanding bonds of the city or village. This is information that is generally generated by the treasurer and therefore is more efficient to have the treasurer keep the records and make the reports.

LB 864 also expands the duties of the treasurer to require that the treasurer prepare lists of all special assessments and to collect all special assessments. Currently, the statute only requires the treasurer to prepare lists of paving and curbing tax.

Comments/Analysis:

Section 1 of the bill amends Neb.Rev.Stat. §16-317 by striking the language which requires the city clerk from a city of the first class to keep a record of all outstanding bonds against the city and issuing an annual report of these bonds.

Section 2 amends §16-318 by adding new language which requires the treasurer's office in a city of the first class to keep the record and issue the annual report on all outstanding bonds against the city. It also expands the city treasurer's duties to include all special assessment lists, from the current requirement of only paving and curbing tax lists.

Section 3 removes the bond record and report requirement from the city clerk's office in a city of the second class and villages, by amending §17-605.

Section 4 amends §17-606 with similar language to section 2 of the bill, requiring the treasurer's office to keep the record and issue the annual report on all outstanding bonds against the city for cities of the second class and villages.

Section 5 of the bill amends §19-1101 to require the treasurer of each city of the first or second class or village to include in its annual statement of receipts and expenditures of funds for the preceding fiscal year the information required by subsection 3 of §16-318 (section 2 of this bill) and subsection 2 of §17-606 (section 4 of this bill).

LB868 (Urban Affairs Committee): Authorize a city of the first class to adopt a biennial budget.

Date of Public Hearing: 1/17/12

## Bill Summary:

LB 868 amends the State Budget Act to authorize cities of the first class to file biennial budgets with the State Auditor's office and the County Clerk. A change from an annual budget to a biennial budget would require a vote of the people of the city wishing to make the change.

In 2000, the Legislature enacted LB1116, which authorized cities of the Metropolitan and Primary classes to adopt biennial budgeting if approved by the voters of those cities. LB 868 extends this authority to cities of the first class.

## Comments/Analysis:

The first two sections of the bill contain minor clean up language and inserts language to include a city of the first class that adopts a biennial budget in the definition of biennial budget in Neb.Rev.Stat. §13-503.

Sections 3 and 4 adds language to include a biennial period in §13-504 and 13-505 with respect to each governing body that is required to prepare proposed budget statements, including revenue from all sources, amount of cash reserve, estimated expenditures, and others as set forth on the forms prescribed and furnished by the auditor, which currently are required annually.

Section 5 requires that each governing body to hold a public hearing on its proposed budget for either an annual or biennial budget, pursuant to §13-506. Currently in this section, when the total operating budget, not including reserves, does not exceed ten thousand dollars per year, the proposed budget summary may be posted at the governing body's principal headquarters. Language is added to this section to allow for a budget that does not exceed twenty thousand dollars per biennial period for cities who have adopted a biennial budget.

Section 6 amends §13-508 to file a copy of the adopted budget statement with the state auditor on September 20 of the final year of a biennial period if a city adopts a biennial budget.

Section 7 adds the language “on or after the first day of its biennial period” for governing bodies to expend any balance of cash on hand for current expenses of the political subdivision, which is currently authorized for annual budgets by §13-509.01.

Section 8 of the bill is the enabling language which gives a city of the first class the authority to adopt a biennial budget if it has been approved by the voters of the city.

LB924 (Mello): Change the Nebraska Redevelopment Act

Date of Public Hearing: 1/31/12

## Bill Summary:

The purpose of LB 924 is to reactivate and modernize the Nebraska Redevelopment Act. This act was written in (YEAR) and became inactive February 1, 2000, due to a sunset clause in the legislation. This

bill updates several sections of the act, making it more in line with the Community Development Law, and changes the sunset date to February 1, 2022.

Comments/Analysis:

Section 1 of the bill amends Neb.Rev.Stat. §58-501 to include the new section 9 to the act.

Section 2 amends §58-503(7) to change the makeup of board membership for redevelopment projects, and in subsection (18) updates the definitions of “employee” and “number of new employees” to harmonize with the changes in the Community Development Law.

Section 3 makes changes to §58-504 by limiting the area of notice required to be given by the entity filing to designate an area as blighted and substandard. Current law requires that any public body whose area of operation is covered in whole or in part by the proposed blighted and substandard area, and any school district who has territory within twenty miles of the border of the proposed area receive notification. This bill would delete the twenty mile requirement and change it to any school district which has territory “within or abutting” the boarder of the proposed area.

Section 4 reduces that eligible projects threshold to qualified property of at least twenty-five million (the current limit is 50 million dollars), and to the hiring of 150 new employees, instead of the current 500 new employee standard in §58-505.

LB1137 (Mello): Adopt the Nebraska Municipal Land Bank Act

Date of Public Hearing: 2/7/12

Bill Summary:

LB 1137 adopts the Municipal Land Band Act, which allows for the creation of a land bank by a municipality or group of municipalities through an interlocal agreement. Land banks are public authorities designed to acquire, hold, manage, and develop vacant, abandoned, and tax-delinquent properties in an efficient manner, and to return them to positive revenue status.

Comments/Analysis:

Section 1 of the bill creates the Nebraska Municipal Land Bank Act.

Section 2 of the bill contains the definitions section for the Land Bank Act.

Section 3 of the bill grants permission for municipalities to create a land bank through ordinance adoption, with specific requirements for the creation of the land bank, including the name of the land bank, the number of members on the board, the terms of office of board members and their qualifications. Subsection (2) allows for creation of a land bank by two or more municipalities through use of an interlocal agreement. Subsection (3) deems each land bank created as a public corporation acting in a governmental capacity and a political subdivision of the state with permanent and perpetual

duration until terminated in accordance with section 13 of the act.

Section 4 specifies the board shall select annually from themselves a chairperson, vice-chair person, treasurer and other officers as necessary, and that they shall not receive compensation. It also lays out the specifications for when the board meets, and states that members of the board are not personally liable for the bonds or other obligations of the land bank.

Section 5 grants the land bank to hire employees, permanent or temporary, as is necessary, and allows the land bank to fix compensation and benefits of such persons.

Section 6 lists the powers of the land bank.

Section 7 enables the land bank to acquire real property or interests in real property by gift, devise, transfer, exchange, foreclosure, purchase, or otherwise on terms and conditions and in a manner considered proper by the land bank. It also authorizes the land bank to acquire real property through purchase contracts, lease purchase agreements, installment sales contracts, or land contracts, and also grants the land bank to accept transfers from municipalities upon agreed to terms and conditions. This section requires the land bank to maintain all of its real property in accordance with the laws and ordinances of the jurisdiction within which the property is located, and does not permit the land bank to own or hold real property outside of the jurisdictional boundaries of the municipality or municipalities that created it.

Section 8 exempts the real property of the land bank and the land bank's income from all taxation by the state or any political subdivision.

Section 9 authorizes the land bank to carry out all of its respective powers and duties, with the power to hold all real property in its own name, irrespective of the identity of the transferor of the property. It requires the land bank to maintain and make available for public review and inspection an inventory of all real property held by the land bank, and gives the land bank the power to determine and set forth in policies and procedures the general terms and conditions for consideration to be received by the land bank for the transfer of real property and interests in real property. That consideration can take the form of monetary payments, secured financial obligations, covenants and conditions related to the present and future use of the property, contractual commitments of the transferee, and other forms of consideration as determined by the board.

The land bank also has the power to transfer their interests in the land held by the land bank through many different legal means of property transfer.

This section also permits a municipality creating the land bank to establish a hierarchical ranking of priorities for the use of the real property conveyed by the land bank. It also permits a municipality to require that any particular form of disposition of real property by the land bank be subject to a specified vote and approval process.

Section 10 of the bill allows the land bank to receive funding from many different sources, including grants and loans from the municipality that created the land bank, from other municipalities, from the state, the federal government, and other public and private sources. They also may receive payments for services rendered, rents and leasehold payments, consideration for disposition of real and personal property, investment income and others.

Section 11 of the bill gives the land bank the power to issue bonds for any of its corporate purposes, with the principal and interest payable from the land bank's revenue. The bonds are tax exempt, and are limited obligations of the land bank, and are payable solely from the income and revenue of the land bank. They are not the responsibility of the municipality.

Section 12 of the bill requires the board to take minutes and keep records of all their proceedings, and that the meetings are subject to the open meetings act.

Section 13 specifies the conditions under which a land bank can be dissolved.

Section 14 of the bill prohibits any member of the board of the land bank from acquiring any interest in real property of the land bank, and prohibits them from having any interest in any contract or proposed contract for materials or services to be furnished or used by a land bank.

Section 15 of the bill requires the Revisor of Statutes to assign sections 1 through 14 of the bill to Chapter 18 of the Nebraska Revised Statutes.



## Committee Interim Study Resolutions

LR 552 (Urban Affairs): Interim study to examine economic development in the more rural areas of the state, with a focus on cities of the first and second class and villages

LR 501 (Mello): Interim study to examine intergovernmental relations between municipal and state governments in Nebraska

LR 520 (Mello): Interim study to examine issues relating to land banking

LR 553 (Nordquist): Interim study to examine strategies to promote the restoration and revitalization of historic business districts throughout Nebraska

LR 387 (Lautenbaugh): Interim study to analyze the feasibility, process, and profitability of selling Omaha's Metropolitan Utilities District from the public domain to a private utility

LR 582 (McGill): Interim study to conduct a comprehensive review of the laws governing powers of a city to enter into a redevelopment project for property within a radius of three miles of the boundaries of the city