

LEGISLATIVE BILL 269

Approved by the Governor June 5, 1997

Introduced by Revenue Committee: Warner, 25, Chairperson; Coordsen, 32; Hartnett, 45; Kristensen, 37; Landis, 46; Schellpeper, 18; Wickersham, 49; Will, 8

AN ACT relating to revenue and taxation; to amend sections 3-504.02, 13-807, 14-1805, 14-1813, 71-1637, 71-1638, 77-201, 77-203, 77-913, 77-1340, 77-1601 to 77-1601.02, 77-1606 to 77-1610, 77-1613, 77-1613.01, 77-1616, 77-1706, 77-27, 139.02, 77-27, 139.03, 77-3442, 77-3443, 77-3444, 79-528, 79-1008, 79-1024, 79-1078, 80-202, 80-407, 81-1113, 85-1501, 85-1511, 85-1516, 85-1521, and 85-1535, Reissue Revised Statutes of Nebraska, sections 2-958, 2-2428, 3-504, 3-613, 13-318, 13-322, 13-323, 13-508, 13-518, 13-804, 13-2304, 13-2305, 13-2307, 14-1821, 18-2107, 19-3315, 22-402, 22-402.03, 22-402.04, 22-405, 22-405.01, 22-416, 22-417, 51-201, 51-501, 85-1503, 85-1515, 85-1517, and 85-1536, Revised Statutes Supplement, 1996, section 2-203.01, Revised Statutes Supplement, 1996, as amended by section 8, Legislative Bill 469, Ninety-fifth Legislature, First Session, 1997, and section 23-153, Revised Statutes Supplement, 1996, as amended by section 1, Legislative Bill 40, Ninety-fifth Legislature, First Session, 1997; to change provisions relating to determining and certifying property tax levies; to provide for joint fire protection and emergency services; to change provisions relating to weather control districts, budget documents, transit authorities, local government innovation and restructuring, and consolidation agreements and elections; to provide for taxation of replacement tangible personal property; to change the date personal property taxes are delinquent; to provide for the transfer of county assessor duties to the Property Tax Administrator; to change provisions for distribution and allocation of property tax revenue and state aid to political subdivisions; to eliminate provisions related to additional property tax levies, shade trees, county board meetings, personal property tax collection, and school district levies; to harmonize provisions; to provide operative dates; to repeal the original sections; to outright repeal sections 18-801 to 18-807, 77-205, 77-206, and 79-1073, Reissue Revised Statutes of Nebraska, sections 13-320 and 13-321, Revised Statutes Supplement, 1996, and section 23-278, Reissue Revised Statutes of Nebraska, as amended by section 3, Legislative Bill 40, Ninety-fifth Legislature, First Session, 1997; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 2-958, Revised Statutes Supplement, 1996, is amended to read:

2-958. (1) There is hereby authorized to be established a noxious weed control fund for each control authority, which fund shall be available for expenses authorized to be paid from such fund, including necessary expenses of the control authority in carrying out its duties and responsibilities under the Noxious Weed Control Act. The weed control superintendent within the county shall (a) ascertain and tabulate each year the approximate amount of land infested with noxious weeds and its location in the county, (b) ascertain and prepare all information required by the county board in the preparation of the county budget, including actual and expected revenue from all sources, cash balances, expenditures, amounts proposed to be expended during the year, and working capital, and (c) transmit such information tabulated by the control authority to the county board not later than June 1 of each year. On the basis of such information, the county board may make a tax levy each year for the purpose of paying the expenses authorized to be paid from the noxious weed control fund. Funds so collected shall be deposited to such noxious weed control fund.

(2) There is hereby created the Noxious Weed Cash Fund. The fund shall consist of proceeds raised from fees imposed for the registration of pesticides and earmarked for the fund pursuant to section 2-2634 and any reimbursement funds for control work done pursuant to subdivision (1)(b)(vi) of section 2-954. An amount from the General Fund matching the earmarked proceeds shall be appropriated for and deposited in the Noxious Weed Cash Fund annually. The Department of Agriculture shall request matching funds from the General Fund based upon the prior year's revenue earmarked for the Noxious

Weed Cash Fund. The fund shall be administered and used by the director to maintain the noxious weed control program and for expenses directly related to the program. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 2. Section 2-203.01, Revised Statutes Supplement, 1996, as amended by section 8, Legislative Bill 469, Ninety-fifth Legislature, First Session, 1997, is amended to read:

~~2-203.01.~~ (1) The county board may, at the time other levies and assessments for taxation are made and subject to section 77-3443, levy a tax upon all of the taxable property within the county for the operation of the county agricultural society. The tax shall be assessed, levied, and collected as other county taxes. The proceeds of such tax shall be paid by the county treasurer to the treasurer of the board of directors of such county agricultural society.

(2) The county agricultural society may act to exceed the allocation provided by the county board under section 77-3444, but if the county agricultural society acts to exceed the allocation, the total levy shall not exceed three and one-half cents per one hundred dollars of valuation.

Sec. 3. Section 2-2428, Revised Statutes Supplement, 1996, is amended to read:

2-2428. (1) Prior to January 1, 1997, weather Weather control districts may be formed in the manner, and having the power, provided in the Weather Control Act of Nebraska.

(2) On or after January 1, 1997, no new weather control district shall be organized under the Weather Control Act of Nebraska. Attempted formation of a weather control district under the Weather Control Act of Nebraska which has not been completed before January 1, 1997, shall be null, void, and of no effect for the purpose of organizing such district. All weather control districts having valid corporate existence before January 1, 1997, shall enjoy all rights, duties, powers, and authorities conferred by the Weather Control Act of Nebraska and shall not be affected by this section, nor shall the legality of formation, organization, or operation of any such district be subject to any legal action based on this section.

Sec. 4. Section 3-504, Revised Statutes Supplement, 1996, is amended to read:

3-504. Any authority established under the Cities Airport Authorities Act shall have power:

(1) To sue and be sued;
 (2) To have a seal and alter the same at pleasure;
 (3) To acquire, hold, and dispose of personal property for its corporate purposes;

(4) To acquire in the name of the city, by purchase or condemnation, real property or rights or easements therein necessary or convenient for its corporate purposes and, except (a) as may otherwise be provided in the act and (b) that if property is to be acquired outside the zoning jurisdiction of the city when such city is a city of the metropolitan class, approval must be obtained from the county board of the county where the property is located before the right of eminent domain may be exercised, to use the same so long as its corporate existence continues. Such power shall not be exercised by authorities of cities of the primary, first, and second classes and of villages created after September 2, 1973, without further approval until such time as at least three members of the authority have been elected. If the exercise of such power is necessary while three or more appointed members remain on the authority of cities of the primary, first, and second classes and of villages, the appointing body shall approve all proceedings under this subdivision;

(5) To make bylaws for the management and regulation of its affairs and, subject to agreements with bondholders, to make rules and regulations for the use of projects and the establishment and collection of rentals, fees, and all other charges for services or commodities sold, furnished, or supplied by such authority. Any person violating such rules shall be guilty of a Class III misdemeanor;

(6) With the consent of the city, to use the services of agents, employees, and facilities of the city, for which the authority may reimburse the city a proper proportion of the compensation or cost thereof, and also to use the services of the city attorney as legal advisor to the authority;

(7) To appoint officers, agents, and employees and fix their compensation;

(8) To make contracts, leases, and all other instruments necessary or convenient to the corporate purposes of the authority;

(9) To design, construct, maintain, operate, improve, and

reconstruct, so long as its corporate existence continues, such projects as are necessary and convenient to the maintenance and development of aviation services to and for the city in which such authority is established, including landing fields, heliports, hangars, shops, passenger and freight terminals, control towers, and all facilities necessary or convenient in connection with any such project, to contract for the construction, operation, or maintenance of any parts thereof or for services to be performed thereon, and to rent parts thereof and grant concessions thereon, all on such terms and conditions as the authority may determine;

(10) To include in such project, subject to zoning restrictions, space and facilities for any or all of the following: Public recreation; business, trade, or other exhibitions; sporting or athletic events; public meetings; conventions; and all other kinds of assemblages and, in order to obtain additional revenue, space and facilities for business and commercial purposes. Whenever the authority deems it to be in the public interest, the authority may lease any such project or any part or parts thereof or contract for the management and operation thereof or any part or parts thereof. Any such lease or contract may be for such period of years as the authority shall determine;

(11) To charge fees, rentals, and other charges for the use of projects under the jurisdiction of such authority subject to and in accordance with such agreement with bondholders as may be made as hereinafter provided. Subject to contracts with bondholders, all fees, rentals, charges, and other revenue derived from any project shall be applied to the payment of operating, administration, and other necessary expenses of the authority properly chargeable to such project and to the payment of the interest on and principal of bonds or for making sinking-fund payments therefor. Subject to contracts with bondholders, the authority may treat one or more projects as a single enterprise with respect to revenue, expenses, the issuance of bonds, maintenance, operation, or other purposes;

(12) To certify annually to the governing body of the city or the county board the amount of tax to be levied for airport purposes which the authority requires under its adopted budget statement to be received from taxation, not to exceed three and five-tenths cents on each one hundred dollars of taxable valuation of all the taxable property in such city or county subject to section 77-3443. The governing body or county board shall may levy and collect the taxes so certified at the same time and in the same manner as other taxes are levied and collected, and the proceeds of such taxes when due and as collected shall be set aside and deposited in the special account or accounts in which other revenue of the authority is deposited. An authority in a city of the first or second class or a village shall have power to certify annually to the governing body of such a city or village or the county board an additional amount of tax to be levied for airport purposes, not to exceed three and five-tenths cents on each one hundred dollars of taxable value, to be levied, collected, set aside, and deposited as specified in this subdivision, and if negotiable bonds of the authority are thereafter issued, this power shall continue until such bonds are paid in full. When such additional amount of tax is first certified, the governing body or county board may then require, but not thereafter, approval of the same by a majority vote of the governing body or by a majority vote of the electors voting on the same at a general or special election. The provisions of this subdivision shall not apply to cities of the metropolitan class. ~~An authority may adopt a resolution requesting that the county board include the tax levy in the county budget;~~

(13) To construct and maintain under, along, over, or across a project, telephone, telegraph, or electric wires and cables, fuel lines, gas mains, water mains, and other mechanical equipment not inconsistent with the appropriate use of such project, to contract for such construction and to lease the right to construct and use the same, or to use the same on such terms for such periods of time and for such consideration as the authority shall determine;

(14) To accept grants, loans, or contributions from the United States, the State of Nebraska, any agency or instrumentality of either of them, or the city in which such authority is established and to expend the proceeds thereof for any corporate purposes;

(15) To incur debt and issue negotiable bonds and to provide for the rights of the holders thereof;

(16) To enter on any lands, waters, and premises for the purposes of making surveys, soundings, and examinations; and

(17) To do all things necessary or convenient to carry out the powers expressly conferred on such authorities by the act.

Sec. 5. Section 3-504.02, Reissue Revised Statutes of Nebraska, is

amended to read:

3-504.02. An airport authority may, and in cities of the primary class shall, in addition to the powers enumerated in section 3-504, encourage, foster, and promote the development of commercial and general aviation for the city which it serves, and advance the interests of such city in aeronautics and in commercial air transportation and its scheduling. An airport authority in cities of the primary class, under direction of the mayor, shall represent the interests of such city in commercial air service hearings, ~~except~~ ~~PROVIDED~~, that representation in the name of the city shall be only by the consent of such city. In cities of the primary class the city council ~~shall~~ ~~may~~ establish a fund for the purposes of this section by an annual levy of not to exceed three-tenths of one cent on each one hundred dollars, which shall be levied and collected upon the same property and in addition to the levy provided in subdivision (12) of section 3-504. The levy in this section shall be subject to section 77-3443.

Sec. 6. Section 3-613, Revised Statutes Supplement, 1996, is amended to read:

3-613. Any authority established under sections 3-601 to 3-622 shall have power:

(1) To sue and be sued;
 (2) To have a seal and alter the same at pleasure;
 (3) To acquire, hold, and dispose of personal property for its corporate purposes;

(4) To acquire in the name of the county, by purchase or condemnation, real property or rights or easements therein necessary or convenient for its corporate purposes and, except as may otherwise be provided in such sections, to use the same so long as its corporate existence continues. Such power shall not be exercised by authorities created after September 2, 1973, without further approval until such time as three or more members of the authority have been elected. If the exercise of such power is necessary while three or more appointed members remain on the authority, the appointing body shall approve all proceedings under this subdivision;

(5) To make bylaws for the management and regulation of its affairs and, subject to agreements with bondholders, to make rules and regulations for the use of projects and the establishment and collection of rentals, fees, and all other charges for services or commodities sold, furnished, or supplied by such authority. Any person violating such rules shall be guilty of a Class III misdemeanor;

(6) With the consent of the county, to use the services of agents, employees, and facilities of the county, for which the authority may reimburse the county a proper proportion of the compensation or cost thereof, and also to use the services of the county attorney as legal advisor to the authority;

(7) To appoint officers, agents, and employees and fix their compensation;

(8) To make contracts, leases, and all other instruments necessary or convenient to the corporate purposes of the authority;

(9) To design, construct, maintain, operate, improve, and reconstruct, so long as its corporate existence continues, such projects as are necessary and convenient to the maintenance and development of aviation services to and for the county in which such authority is established, including landing fields, heliports, hangars, shops, passenger and freight terminals, control towers, and all facilities necessary or convenient in connection with any such project, to contract for the construction, operation, or maintenance of any parts thereof or for services to be performed thereon, and to rent parts thereof and grant concessions thereon, all on such terms and conditions as the authority may determine;

(10) To include in such project, subject to zoning restrictions, space and facilities for any or all of the following: Public recreation; business, trade, or other exhibitions; sporting or athletic events; public meetings; conventions; and all other kinds of assemblages and, in order to obtain additional revenue, space and facilities for business and commercial purposes. Whenever the authority deems it to be in the public interest, the authority may lease any such project or any part or parts thereof or contract for the management and operation thereof or any part or parts thereof. Any such lease or contract may be for such period of years as the authority shall determine;

(11) To charge fees, rentals, and other charges for the use of projects under the jurisdiction of such authority subject to and in accordance with such agreement with bondholders as may be made as hereinafter provided. Subject to contracts with bondholders, all fees, rentals, charges, and other revenue derived from any project shall be applied to the payment of operating, administration, and other necessary expenses of the authority properly

chargeable to such project and to the payment of the interest on and principal of bonds or for making sinking-fund payments therefor. Subject to contracts with bondholders, the authority may treat one or more projects as a single enterprise with respect to revenue, expenses, the issuance of bonds, maintenance, operation, or other purposes;

(12) To certify annually to ~~request of~~ the county board or governing body of the city the amount of tax to be levied for airport purposes subject to section 77-3443, not to exceed three and five-tenths cents on each one hundred dollars of taxable valuation of all the taxable property in such county, or city. The governing body shall ~~request the county board or governing body to~~ levy and collect the taxes so certified ~~requested~~ at the same time and in the same manner as other taxes are levied and collected, and the proceeds of such taxes when due and as collected shall be set aside and deposited in the special account or accounts in which other revenue of the authority is deposited. ~~An authority may adopt a resolution requesting that the governing body of a city include the tax levy in the city budget;~~

(13) To construct and maintain under, along, over, or across a project, telephone, telegraph, or electric wires and cables, fuel lines, gas mains, water mains, and other mechanical equipment not inconsistent with the appropriate use of such project, to contract for such construction and to lease the right to construct and use the same, or to use the same on such terms for such period of time and for such consideration as the authority shall determine;

(14) To accept grants, loans, or contributions from the United States, the State of Nebraska, any agency or instrumentality of either of them, or the county in which such authority is established and to expend the proceeds thereof for any corporate purposes;

(15) To incur debt and issue negotiable bonds and to provide for the rights of the holders thereof;

(16) To enter on any lands, waters, and premises for the purposes of making surveys, soundings, and examinations; and

(17) To do all things necessary or convenient to carry out the powers expressly conferred on such authorities by sections 3-601 to 3-622.

Sec. 7. Section 13-318, Revised Statutes Supplement, 1996, is amended to read:

13-318. (1) Any county and any municipalities and fire protection districts within the county may provide for the joint financing and operation of public safety services pursuant to an agreement under the Interlocal Cooperation Act. ~~The joint~~

(2) ~~Joint~~ public safety services shall be operated by a public safety commission consisting of at least three members who represent the county and the participating municipalities and fire protection districts as provided in the agreement. ~~Elected~~ Only elected officials are eligible to serve on the commission. ~~In counties with more than one hundred thousand inhabitants, the county and participating municipalities and fire protection districts may appoint a separate fire protection and emergency services commission of at least three members to operate or coordinate fire protection or emergency services in the county and participating municipalities and fire protection districts. If the public safety services to be provided include fire protection, at least one representative of each fire protection district shall be a member of the commission.~~ (2) The commission may employ officers and other employees necessary to carry out its duties and responsibilities for public safety services or fire protection or emergency services and may enter into contracts, acquire and dispose of property, and receive funds appropriated to it by the county and any participating municipality or fire protection district, granted or appropriated to it by the state or federal government or an agency thereof, given to it by any individual, or collected from the sales and use tax authorized by section 13-319. ~~If fire protection services or emergency services are to be provided, the commission shall appoint an individual trained in fire protection or emergency services with at least five years of experience in providing such services who shall coordinate fire protection and financing of the services in the county. The individual shall serve at the pleasure of the commission. The commission shall have other powers as are granted to the county and any of the participating municipalities or fire protection districts acting independently except as limited by the agreement.~~

Sec. 8. Section 13-322, Revised Statutes Supplement, 1996, is amended to read:

13-322. The powers granted by sections 13-319 to 13-321 ~~section 13-319~~ shall not be exercised unless and until the question has been submitted at a primary, general, or special election held within the area which would be subject to the tax and in which all registered voters are entitled to vote on

such question. The officials of the incorporated municipality or county shall order the submission of the question by submitting a certified copy of the resolution proposing the tax to the election commissioner or county clerk. The question may include any terms and conditions set forth in the resolution proposing the tax, such as a termination date or the specific public safety service for which the revenue received from the tax will be allocated, and shall include the following language: Shall the county impose a sales and use tax upon the same transactions within the county, other than in municipalities which impose a local option sales tax, on which the State of Nebraska is authorized to impose a tax to finance public safety services? or Shall the (county or incorporated municipality) levy a property tax to finance public safety services? If a majority of the votes cast upon the question are in favor of the tax, the governing body may impose or levy the tax. If a majority of those voting on the question are opposed to the tax, the governing body shall not impose or levy the tax. Any election under this section shall be conducted in accordance with the procedures provided in the Election Act.

Sec. 9. Section 13-323, Revised Statutes Supplement, 1996, is amended to read:

13-323. The election commissioner or county clerk shall give notice of the submission of the question of imposing or levying a tax under section 13-319, 13-320, or 13-321, not more than thirty days nor less than ten days before the election, by publication one time in one or more newspapers published in or of general circulation in the municipality or county in which the question is to be submitted. This notice is in addition to any other notice required under the Election Act.

Sec. 10. Section 13-508, Revised Statutes Supplement, 1996, is amended to read:

13-508. (1) After publication and hearing thereon and within the time prescribed by law, each governing body shall file with and certify to the levying board on or before September 20 of each year and file with the auditor a copy of the adopted statement of the amount for reimbursement of property taxes pursuant to subsection (2) of section 13-504 and the adopted budget statement which complies with sections 13-518 to 13-522 or 79-1023 to 79-1030, together with the amount of the tax to be levied required to fund the adopted budget, setting out separately (1) (a) the amount to be levied for the payment of principal or interest on bonds issued by the governing body and (2) (b) the amount to be levied for all other purposes. Proof of publication shall be attached to the statements. The governing body shall certify the amount of tax to be levied by the levying board, which levy shall not exceed the maximum levy prescribed by state law. The governing body, in certifying the amount to be so levied required, may make allowance for delinquent taxes not exceeding five percent of the amount to be levied required plus the actual percentage of delinquent taxes for the preceding tax year and for the amount of estimated tax loss from any pending or anticipated litigation which involves taxation and in which tax collections have been or can be withheld or escrowed by court order. For purposes of this section, anticipated litigation shall be limited to the anticipation of an action being filed by a taxpayer who or which filed a similar action for the preceding year which is still pending. Except for such allowances, a governing body shall not certify, nor a levying board levy, an amount of tax more than one percent greater or lesser than the amount determined under section 13-505.

(2) After publication and hearing thereon and within the time prescribed by law, each governing body responsible for certifying a levy pursuant to section 77-1601.02 shall file with the levying board on or before October 31 of each year and file with the auditor a certified copy of any resolution passed setting a tax levy which shall not exceed the maximum levy prescribed by state law and a statement reconciling the levy set by the governing body with the budget filed pursuant to subsection (1) of this section. The levy shall be set to fund property tax requirements in the adopted budget to four to eight places to the right of the decimal point.

(3) Each governing body empowered to levy or certify a levy shall use the final adjusted values as provided by the county assessor pursuant to section 13-509 for the current year in setting or certifying the levy. Each governing body may designate one of its members to perform any duty or responsibility required of such body by this section.

Sec. 11. Section 13-518, Revised Statutes Supplement, 1996, is amended to read:

13-518. For purposes of sections 13-518 to 13-522:

(1) Capital improvements means (a) acquisition of real property, (b) acquisition, construction, or extension of any improvements on real property, (c) furnishing or equipping of any improvement, except that routine maintenance and the acquisition of any equipment with a useful life of less

than five years shall not be considered capital improvements, and (d) acquisition or replacement of other tangible personal property with a useful life of five years or more;

(2) Governing body has the same meaning as in section 13-503;

(3) Governmental unit means every political subdivision which has authority to levy a property tax except sanitary and improvement districts which have been in existence for five years or less and school districts;

(4) Population growth means (a) for governmental units other than community colleges, the percentage increase, if any, in inhabitants in the governmental unit between the two most recent consecutive years for which population estimates are available and (b) for community colleges, the percentage increase, if any, in full-time equivalent students from the second year to the first year preceding the year for which the budget is being determined. A governmental unit may use federal census numbers from the annual county population estimates from the Bureau of Economic Analysis of the United States Department of Commerce federal census update or recout or numbers calculated using a method similar to the method described in section 77-3,119 for the two most recent available consecutive years for determining population growth. A governmental unit which encompasses part of one or more counties may estimate the prior year and current year population using housing starts, by basing the estimate on a proportionate share of the population of the county, or by using the population growth estimate of those municipalities that are within that portion of the county;

(5) Restricted funds means (a) property tax, excluding any amounts required to pay interest and principal on bonded indebtedness and any amounts refunded to taxpayers, (b) payments in lieu of property taxes, (c) local option sales taxes, (d) state aid, and (e) transfers of surpluses from any user fee, permit fee, or regulatory fee if the fee surplus is transferred to fund a service or function not directly related to the fee and the costs of the activity funded from the fee; and

(6) State aid means:

(a) For all governmental units, state aid paid pursuant to sections 60-305.15 and 77-3523;

(b) For municipalities, state aid to municipalities paid pursuant to sections 18-2605, 39-2501 to 39-2520, and 77-27,136 and insurance premium tax paid to municipalities;

(c) For counties, state aid to counties paid pursuant to sections 39-2501 to 39-2520 and 77-27,136 and insurance premium tax paid to counties;

(d) For community colleges, state aid to community colleges paid under sections 85-1536 and 85-1537; and

(e) For natural resources districts, state aid to natural resources districts paid pursuant to section 77-27,136.

Sec. 12. Section 13-804, Revised Statutes Supplement, 1996, is amended to read:

13-804. (1) Any power or powers, privileges, or authority exercised or capable of exercise by a public agency of this state may be exercised and enjoyed jointly with any other public agency of this state ~~having such power or powers, privileges, or authority~~ and jointly with any public agency of any other state or of the United States to the extent that laws of such other state or of the United States permit such joint exercise or enjoyment. Any agency of state government when acting jointly with any public agency may exercise and enjoy all of the powers, privileges, and authority conferred by the Interlocal Cooperation Act upon a public agency.

(2) Any two or more public agencies may enter into agreements with one another for joint or cooperative action pursuant to the Interlocal Cooperation Act. Appropriate action by ordinance, resolution, or otherwise pursuant to law of the governing bodies of the participating public agencies shall be necessary before any such agreement may enter into force.

(3) Any such agreement shall specify the following:

(a) Its duration;

(b) The general organization, composition, and nature of any separate legal or administrative entity ~~created thereby~~ created thereby by the agreement together with the powers delegated thereto to the entity;

(c) Its purpose or purposes;

(d) The manner of financing the joint or cooperative undertaking and of establishing and maintaining a budget, ~~therefor;~~

(e) The permissible method or methods to be employed in accomplishing the partial or complete termination of the agreement and for disposing of property upon such partial or complete termination;

(f) The manner of levying, collecting, and accounting for any tax authorized under sections 13-318 to 13-326 beginning July 1, 1998; and

(g) Any other necessary and proper matters.

(4) In the event that the agreement does not establish a separate legal entity to conduct the joint or cooperative undertaking, the agreement shall, in addition to items enumerated in subsection (3) of this section, contain the following:

(a) Provision for an administrator or a joint board responsible for administering the joint or cooperative undertaking. In the case of a joint board, the public agencies party to the agreement shall be represented; and

(b) The manner of acquiring, holding, and disposing of real and personal property used in the joint or cooperative undertaking.

(5) No agreement made pursuant to the Interlocal Cooperation Act shall relieve any public agency of any obligation or responsibility imposed upon it by law except to the extent of actual and timely performance thereof by a joint board or other legal or administrative entity created by an agreement made pursuant to the act, which performance may be offered in satisfaction of the obligation or responsibility.

(6) In the event that an agreement made pursuant to this section creates a joint entity, such joint entity shall be subject to control by its members in accordance with the terms of the agreement; shall constitute a separate public body corporate and politic of this state, exercising public powers and acting on behalf of the public agencies which are parties to such agreement; and shall have power (a) to sue and be sued, (b) to have a seal and alter the same at pleasure or to dispense with the its necessity thereof; (c) to make and execute contracts and other instruments necessary or convenient to the exercise of its powers, and (d) from time to time, to make, amend, and repeal bylaws, rules, and regulations, not inconsistent with the Interlocal Cooperation Act and the agreement providing for its creation, to carry out and effectuate its powers and purposes.

(7) No entity created by local public agencies pursuant to the Interlocal Cooperation Act shall be considered a state agency, and no employee of such an entity shall be considered a state employee.

Sec. 13. Section 13-807, Reissue Revised Statutes of Nebraska, is amended to read:

13-807. Any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency at least one of the public agencies entering into the contract is authorized by law to perform. Such contract shall be authorized by the governing body of each party to the contract. Such contract shall set forth fully as provided in the Interlocal Cooperation Act the purposes, powers, rights, objectives, and responsibilities of the contracting parties.

Sec. 14. Section 13-2304, Revised Statutes Supplement, 1996, is amended to read:

13-2304. The Nebraska Commission on Local Government Innovation and Restructuring shall have the following powers and duties:

(1) To fund outstanding local government projects in government innovation, restructuring, and cooperative services provision. Funds shall be available for planning and evaluating such projects. Funds shall be provided on a matching fund basis;

(2) To conduct research and publish evaluations of efforts to develop public services innovation, restructuring, and cooperation efforts;

(3) To sponsor educational activities which provide information and training for citizens and government officials on the topic of government services innovation;

(4) To identify intergovernmental mandates which affect the ability of federal, state, and local governments to deliver services in an effective manner and to recommend changes to increase effectiveness in accomplishing public purposes and delivering public services;

(5) To identify issues, guidelines, and incentives for collaborative or joint use of facilities and capital equipment by local governments; and

(6) To accept and receive funds or donations from public and private funding sources;

(7) To examine and issue a report by January 1, 1998, on the current structure and restructuring possibilities for the provision of public safety services, including an analysis and examination of the following services typically provided by local governments:

(a) 911 emergency services;

(b) Fire protection services; and

(c) Law enforcement services; and

(8) To examine the possibility of local level review of facility needs. The examination shall include the scope and purposes of projects which should have approval by a review panel before going forward, the possible makeup of a local review panel, the standards for multiple use of facilities.

and the appropriate level of state review of local decisions.

Sec. 15. Section 13-2305, Revised Statutes Supplement, 1996, is amended to read:

13-2305. The Nebraska Local Government Innovation and Restructuring Fund is hereby created. The fund shall be used to carry out the purposes of sections 13-2301 to 13-2306. The fund shall be administered by the Department of Administrative Services and shall receive funds pursuant to ~~section~~ sections 77-912 and 77-913. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 16. Section 13-2307, Revised Statutes Supplement, 1996, is amended to read:

13-2307. Sections 13-2301 to ~~13-2306~~ 13-2307 terminate on July 1, 2000.

Sec. 17. Section 14-1805, Reissue Revised Statutes of Nebraska, is amended to read:

14-1805. For the purpose of accomplishing the object and purpose of the Transit Authority Law, the authority shall possess all the necessary powers of a public body corporate and governmental subdivision of the State of Nebraska, including, but not limited to, the following powers:

(1) To maintain a principal office in the city of the metropolitan class in which created;

(2) To adopt the official seal of the authority and to alter the same at its pleasure;

(3) To employ a general manager, engineers, accountants, attorneys, financial experts, and such other employees and agents as may be necessary in its judgment, to fix the compensation of and to discharge the same, to negotiate with employees and enter into contracts of employment, to employ persons singularly or collectively, and, with the consent of such city, to use the services of agents, employees, and facilities of such city, including the city attorney as legal advisor to such authority, for which such authority shall reimburse such city a proper proportion of the compensation or cost thereof;

(4) To adopt bylaws and adopt and promulgate rules and regulations for the regulation of its affairs and for the conduct of its business;

(5) To acquire, lease, own, maintain, and operate for public service a public passenger transportation system, excluding taxicabs and railroad systems, within or without a city of the metropolitan class;

(6) To sue and be sued in its own name, but execution shall not, in any case, issue against any of its property, except that the lessor, vendor, or trustee under any agreement, lease, conditional sales contract, conditional lease contract, or equipment trust certificate, as provided for in subdivision (15) of this section, may repossess the equipment described therein upon default;

(7) To acquire, lease, and hold such real or personal property and any rights, interests, or easements therein as may be necessary or convenient for the purposes of the authority and to sell, assign, and convey the same;

(8) To make and enter into any and all contracts and agreements with any individual, public or private corporation or agency of the State of Nebraska, public or private corporation or agency of any state of the United States adjacent and contiguous to the city of the metropolitan class, and the United States of America as may be necessary or incidental to the performance of its duties and the execution of its powers under the Transit Authority Law and to enter into agreements authorized under the Interlocal Cooperation Act;

(9) To contract with an operating and management company for the purpose of operating, servicing, and maintaining any public passenger transportation systems of such authority;

(10) To acquire and hold capital stock in any passenger transportation system, excluding taxicabs and railroad systems, solely for the purpose of lawfully acquiring the physical property of such corporation for public use;

(11) To borrow money and issue and sell negotiable bonds, notes, or other evidence of indebtedness, to provide for the rights of the holders thereof, and to pledge all or any part of the income of the authority received as herein provided to secure the payment thereof. The authority shall not have the power to pledge the credit or taxing power of the state or any political subdivision thereof, except such tax receipts as may be authorized herein, or to place any lien or encumbrance on any property owned by the state, county, or city used by the authority;

(12) To receive and accept from the government of the United States of America or any agency thereof, from the State of Nebraska or any subdivision thereof, and from any person or corporation, donations or loans or

grants for or in aid of the acquisition or operation of passenger transportation facilities, and to administer, hold, use, and apply the same for the purposes for which such grants or donations may have been made;

(13) To exercise the right of eminent domain under and pursuant to the Constitution, statutes, and laws of the State of Nebraska to acquire private property, including any existing private passenger transportation system, but excluding any taxicabs, railroad, and air passenger transportation systems, which is necessary for the passenger transportation purposes of the authority and including the right to acquire rights and easements across, under, or over the right-of-way of any railroad. Exercise of the right of eminent domain shall be pursuant to sections 76-704 to 76-724;

(14) Subject to the continuing rights of the public to the use thereof, to use any public road, street, or other public way in any city of the metropolitan class for transportation of passengers;

(15) To purchase and dispose of equipment, including motor buses, and to execute any agreement, lease, conditional sales contract, conditional lease contract, and equipment trust note or certificate to effect such purpose;

(16) To pay for any equipment and rentals therefor in installments and to give evidence by equipment trust notes or certificates of any deferred installments, and title to such equipment need not vest in the authority until the equipment trust notes or certificates are paid;

(17) To certify annually to the local lawmaking body of the city of the metropolitan class such tax request for the fiscal year commencing on the first day of the following January as, in its discretion and judgment, the authority determines to be necessary, pursuant to section 14-1821. The local lawmaking body of such city of the metropolitan class is authorized to and shall levy and collect such tax taxes in the same manner as other taxes in such city subject to section 77-3443;

(18) To apply for and accept grants and loans from the government of the United States of America, or any agency or instrumentality thereof, to be used for any of the authorized purposes of the authority, and to enter into any agreement with the government of the United States of America, or any agency or instrumentality thereof, in relation to such grants or loans, subject to the provisions hereof;

(19) To determine routes and to change the same subject to the provisions hereof;

(20) To fix rates, fares, and charges for transportation. The revenue derived from rates, from the taxation herein provided, and from any grants or loans herein authorized shall at all times be sufficient in the aggregate to provide for the payment of: (a) All operating costs of the transit authority, (b) interest on and principal of all revenue bonds, revenue certificates, equipment trust notes or certificates, and other obligations of the authority, and to meet all other charges upon such revenue as may be provided by any trust agreement executed by such authority in connection with the issuance of revenue bonds or certificates under the Transit Authority Law, and (c) any other costs and charges, acquisition, installation, replacement, or reconstruction of equipment, structures, or rights-of-way not financed through the issuance of revenue bonds or certificates;

(21) To provide free transportation for firefighters and police officers in uniform in the city of the metropolitan class in which they are employed and for employees of such authority when in uniform or upon presentation of proper identification;

(22) To enter into agreements with the Post Office Department of the United States of America or its successors for the transportation of mail and letter carriers and the payment therefor;

(23) To exercise all powers usually granted to corporations, public and private, necessary or convenient to carry out the powers granted by the Transit Authority Law; and

(24) To establish pension and retirement plans for officers and employees and to adopt any existing pension and retirement plans and any existing pension and retirement contracts for officers and employees of any passenger transportation system purchased or otherwise acquired pursuant to the Transit Authority Law.

Sec. 18. Section 14-1813, Reissue Revised Statutes of Nebraska, is amended to read:

14-1813. Whenever any city of the metropolitan class shall create creates an authority, the board shall consist of five members to be selected as follows: (1) The mayor, with the approval of the city council and the county board of the county in which the city is located, shall appoint one member who shall serve for one year, one member who shall serve for two years, one member who shall serve for three years, one member who shall serve for

four years, and one member who shall serve for five years; and (2) upon the expiration of the term of each appointed officer, the mayor, with the approval of the city council and the county board of the county in which the city is located, shall appoint a member who shall serve for a term of five years. Members of such board shall be residents of the city for which such authority is created. In cities of the metropolitan class where a board has been heretofore appointed, the mayor, with the approval of the city council and the county board of the county in which the city is located, shall by resolution redesignate the terms of the members of such board in accordance with the provisions of sections 14-1803, 14-1805, 14-1812, and 14-1813, ~~except~~ ~~PROVIDED~~, that until such redesignation is made the terms shall stand as provided for in the original appointment. Any vacancy on such board, resulting other than from expiration of a term of office, shall be filled by the mayor, with the approval of the city council and the county board of the county in which the city is located, and such appointee shall serve the unexpired portion, if any, of the term of the member whose office was vacated. Each member, before entering upon the duties of his the office, shall file with the city clerk ~~his~~ an oath that he or she will duly and faithfully perform all the duties of his the office to the best of his or her ability, and a bond in the penal sum of five thousand dollars executed by one or more qualified sureties for the faithful performance of his or her duties. If any member shall fail to file such oath and bond on or before the first day of the term for which he or she was appointed or elected, his or her office shall be deemed to be vacant. A member of such board may be removed from office for incompetence, neglect of duty, or malfeasance in office. An action for the removal of such officer may be brought, upon resolution of the city council or the county board, in the district court of the county in which such city is located.

Sec. 19. Section 14-1821, Revised Statutes Supplement, 1996, is amended to read:

14-1821. To assist in the defraying of all character of expense of the authority and to such extent as in its discretion and judgment may be necessary, the board shall annually certify a tax request for the fiscal year commencing on the following January 1. Such tax request shall not exceed in any one year ten cents on each one hundred dollars on the taxable value of the taxable property in the city of the metropolitan class. The board shall by resolution, on or before September 20 of each year, certify such tax levy request to the city council of such city. Such city is hereby authorized and required to cause such tax to be levied and to be collected as are other taxes by the treasurer of such city or the county treasurer as ex officio treasurer of the city in which the city is situated and paid over by him or her to the treasurer of such board subject to the order of such board and subject to section 77-3443. If in any year the full amount so certified and collected is not needed for the current purposes of such authority, the balance shall be credited to reserves of such authority to be used for acquisition of necessary property and equipment.

Sec. 20. Section 18-2107, Revised Statutes Supplement, 1996, is amended to read:

18-2107. An authority shall constitute a public body corporate and politic, exercising public and essential governmental functions and having all the powers necessary or convenient to carry out and effectuate the purposes and provisions of the Community Development Law and sections 18-2147 to 18-2151, including the power:

(1) To sue and to be sued; to have a seal and to alter the same at pleasure; to have perpetual succession; to make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the authority; and to make and from time to time amend and repeal bylaws, rules, and regulations not inconsistent with the Community Development Law;

(2) To prepare or cause to be prepared and recommend redevelopment plans to the governing body of the city and to undertake and carry out redevelopment projects within its area of operation;

(3) To arrange or contract for the furnishing or repair, by any person or agency, public or private, of services, privileges, works, streets, roads, public utilities, or other facilities for or in connection with a redevelopment project; and, notwithstanding anything to the contrary contained in the Community Development Law or any other provision of law, to agree to any conditions that it may deem reasonable and appropriate attached to federal financial assistance and imposed pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor standards, in the undertaking or carrying out of a redevelopment project, and to include in any contract let in connection with such a project provisions to fulfill such federally imposed conditions as it may deem reasonable and

appropriate;

(4) Within its area of operation, to purchase, lease, obtain options upon, or acquire by gift, grant, bequest, devise, eminent domain, or otherwise any real or personal property or any interest therein, together with any improvements thereon, necessary or incidental to a redevelopment project; to hold, improve, clear, or prepare for redevelopment any such property; to sell, lease for a term not exceeding ninety-nine years, exchange, transfer, assign, subdivide, retain for its own use, mortgage, pledge, hypothecate, or otherwise encumber or dispose of any real or personal property or any interest therein; to enter into contracts with redevelopers of property containing covenants, restrictions, and conditions regarding the use of such property for residential, commercial, industrial, or recreational purposes or for public purposes in accordance with the redevelopment plan and such other covenants, restrictions, and conditions as the authority may deem necessary to prevent a recurrence of substandard or blighted areas or to effectuate the purposes of the Community Development Law; to make any of the covenants, restrictions, or conditions of the foregoing contracts covenants running with the land and to provide appropriate remedies for any breach of any such covenants or conditions, including the right in the authority to terminate such contracts and any interest in the property created pursuant thereto; to borrow money, issue bonds, and provide security for loans or bonds; to establish a revolving loan fund; to insure or provide for the insurance of any real or personal property or the operation of the authority against any risks or hazards, including the power to pay premiums on any such insurance; to enter into any contracts necessary to effectuate the purposes of the Community Development Law; and to provide grants, loans, or other means of financing to public or private parties in order to accomplish the rehabilitation or redevelopment in accordance with a redevelopment plan. No statutory provision with respect to the acquisition, clearance, or disposition of property by other public bodies shall restrict an authority exercising powers hereunder, in such functions, unless the Legislature shall specifically so state;

(5) To invest any funds held in reserves or sinking funds or any funds not required for immediate disbursement in property or securities in which savings banks or other banks may legally invest funds subject to their control; and to redeem its bonds at the redemption price established therein or to purchase its bonds at less than redemption price, and such bonds redeemed or purchased shall be canceled;

(6) To borrow money and to apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the federal government, from the state, county, municipality, or other public body, or from any sources, public or private, including charitable funds, foundations, corporations, trusts, or bequests, for purposes of the Community Development Law, to give such security as may be required, and to enter into and carry out contracts in connection therewith; and notwithstanding any other provision of law, to include in any contract for financial assistance with the federal government for a redevelopment project such conditions imposed pursuant to federal law as the authority may deem reasonable and appropriate and which are not inconsistent with the purposes of the Community Development Law;

(7) Acting through one or more members of an authority or other persons designated by the authority, to conduct examinations and investigations and to hear testimony and take proof under oath at public or private hearings on any matter material for its information; to administer oaths and to issue commissions for the examination of witnesses who are outside of the state or unable to attend before the authority or excused from attendance; and to make available to appropriate agencies or public officials, including those charged with the duty of abating or requiring the correction of nuisances or like conditions, demolishing unsafe or insanitary structures, or eliminating conditions of blight within its area of operation, its findings and recommendations with regard to any building or property where conditions exist which are dangerous to the public health, safety, morals, or welfare;

(8) Within its area of operation, to make or have made all surveys, appraisals, studies, and plans, but not including the preparation of a general plan for the community, necessary to the carrying out of the purposes of the Community Development Law and to contract or cooperate with any and all persons or agencies, public or private, in the making and carrying out of such surveys, appraisals, studies, and plans;

(9) To prepare plans and provide reasonable assistance for the relocation of families, business concerns, and others displaced from a redevelopment project area to permit the carrying out of the redevelopment project to the extent essential for acquiring possession of and clearing such area or parts thereof; and to make relocation payments to or with respect to

such persons for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of such payments financed by the federal government;

(10) To make such expenditures as may be necessary to carry out the purposes of the Community Development Law; and to make expenditures from funds obtained from the federal government without regard to any other laws pertaining to the making and approval of appropriations and expenditures;

(11) To certify on or before September 20 of each year to the governing body of the city the amount of tax to be levied for the succeeding fiscal year for community redevelopment purposes, not to exceed two and six-tenths cents on each one hundred dollars upon the taxable value of the taxable property in such city, which levy is subject to allocation under section 77-3443 on and after July 1, 1998. The governing body shall levy and collect the taxes so certified at the same time and in the same manner as other city taxes are levied and collected, and the proceeds of such taxes, when due and as collected, shall be set aside and deposited in the special account or accounts in which other revenue of the authority is deposited. Such proceeds shall be employed to assist in the defraying of all expenses of the authority. If in any year the full amount so certified and collected is not needed for the current purposes of such authority, the balance shall be credited to reserves of such authority, including sinking funds;

(12) To exercise all or any part or combination of powers granted in this section; and

(13) To plan, undertake, and carry out neighborhood development programs consisting of redevelopment project undertakings and activities in one or more community redevelopment areas which are planned and carried out on the basis of annual increments in accordance with the Community Development Law and sections 18-2145 and 18-2146 for planning and carrying out redevelopment projects.

Sec. 21. Section 19-3315, Revised Statutes Supplement, 1996, is amended to read:

19-3315. The mayor and city council may by resolution levy and assess taxes and assessments as follows:

(1) A property tax within any district of not to exceed thirty-five cents on each one hundred dollars of taxable valuation of taxable property within such district subject to section 77-3443 to pay all or any part of the cost to improve, repair, maintain, reconstruct, operate, or acquire any offstreet parking facility and to pay principal and interest on any bonds issued for an offstreet parking facility for such district. Such tax shall be levied and collected at the same time and under the same provisions as the regular general city tax, but such levy shall not be subject to or apply against any tax levy or city tax limit applicable to such city or property. The taxes collected from any district shall be used only for the benefit of such district;

(2) A special assessment against the real property located in such district to the extent of the special benefit thereto for the purpose of paying all or any part of the total costs and expenses of acquisition, including construction, of an offstreet parking facility in such district. The special assessment shall be levied as provided in section 19-3314. In the event that subsequent to the levy of assessments the use of any parcel of land changes so that, had the new use existed at the time of making such levy, the assessment on such parcel would have been higher than the assessment actually made, an additional assessment may be made on such parcel by the mayor and city council taking into consideration the new and changed use of the property. The total amount of assessments levied under this subdivision shall not exceed the total costs and expenses of acquiring a facility defined in section 19-3313. The levy of an additional assessment shall not reduce or affect in any manner the assessments previously levied. Additional assessments shall be levied as provided in section 19-3314, except that published notice may be omitted if notice is personally served on the owner at least twenty days prior to the date of hearing. All assessments levied under this subdivision shall constitute a sinking fund for the payment of principal and interest on bonds issued for such facility as provided by section 19-3317 until such bonds and interest are fully paid; and

(3) A special assessment against the real property located in such district to the extent of special benefit thereto for the purpose of paying all or any part of the costs of maintenance, repair, and reconstruction of such offstreet parking facility in the district. The mayor and city council may levy such assessments under either of the following methods: (a) The mayor and city council may, not more frequently than annually, determine the costs of maintenance, repair, and reconstruction of such facility and such costs shall be assessed to the real property located in such district as provided by

section 19-3314. At the hearing on such assessments, objections may be made to the total costs and the proposed allocation of such costs among the parcels of real property in such district; or (b) after notice is given to the owners as provided in section 19-3314, the mayor and city council may establish and may change from time to time the percentage of such costs of maintenance, repair, and reconstruction which each parcel of real property in any district shall pay. Thereafter, the mayor and city council shall annually determine the total amount of such costs for each period since costs were last assessed and shall after a hearing assess such costs to the real property in the district in accordance with the percentages previously established or as established at such hearing. Notice of such hearing shall be given as provided in section 19-3314 and shall state the total cost and percentage to be assessed to each parcel of real property. Unless written objections are filed with the city clerk at least five days before the hearing, all objections to the amount of total costs and the assessment percentages shall be deemed to have been waived and assessments shall be levied as stated in such notice unless the mayor and city council reduce any assessment. At such hearing, the assessment percentage for the assessment of costs in the future may be changed.

Sec. 22. Section 22-402, Revised Statutes Supplement, 1996, is amended to read:

22-402. (1) ~~On or before May 1, 1996, and on or before May 1 every second year thereafter,~~ the The county boards of any two or more adjoining counties may enter into a consolidation agreement for the consolidation of such counties or for the consolidation of one or more county or township offices except the office of county commissioner or county supervisor. ~~On or before May 1 of any year,~~ the The county boards of any two or more adjoining counties may enter into a consolidation agreement for the joint performance of any common function or service. A consolidation agreement shall not be considered an interlocal cooperation agreement pursuant to the Interlocal Cooperation Act.

(2) The consolidation agreement shall include (a) the names of the several counties which propose to consolidate, (b) the name or names under which the counties would consolidate which shall distinguish it from the name of any other county in Nebraska other than the consolidating counties, (c) the manner of financing and allocating all costs associated with the agreement, (d) the property, real and personal, belonging to each county and the fair value thereof in current money of the United States, (e) the indebtedness, bonded and otherwise, of each county and the repayment of the indebtedness after consolidation, (f) the proposed name and location of the county seat of the consolidated county, (g) if the counties have different forms of county organization and government, the proposed form of county organization and government of the consolidated county or counties, and (h) any other terms of the agreement.

(3) If the consolidation agreement provides for the joint performance of any common function or service or the consolidation of one or more county or township offices, the agreement shall also include (a) a description of the function or service which will be performed jointly or the office which will be consolidated, (b) the duration of the agreement, (c) the method for establishing and allocating salaries of holders of consolidated offices, (d) the method for adopting budgets and appropriating money for the joint function, service, or office, (e) the allocation of assets and liabilities pursuant to the agreement, (f) the procedure for amendment of the agreement, (g) the method of withdrawing from the agreement in accordance with section 22-416 and the distribution of assets upon withdrawal, and (h) the method of dissolving the agreement and the distribution of assets or liabilities upon dissolution.

(4) Each county board may appoint an advisory committee composed of three persons to assist the board in the preparation of such agreement.

Sec. 23. Section 22-402.03, Revised Statutes Supplement, 1996, is amended to read:

22-402.03. If the consolidation agreement provides for the consolidation of counties or for the consolidation of one or more county or township offices, the county board of each county shall submit the consolidation agreement for approval by the registered voters at the next general election or a special election pursuant to sections 22-404 and 22-405.

Sec. 24. Section 22-402.04, Revised Statutes Supplement, 1996, is amended to read:

22-402.04. (1) If the consolidation agreement provides for the joint performance of any common function or service, the county board of each county may submit the consolidation agreement for approval by the registered voters at the next general election or a special election pursuant to sections

22-404 and 22-405.

(2) If a consolidation agreement is adopted by resolution for the joint performance of any common function or service, the agreement becomes effective on the date specified in the agreement.

Sec. 25. Section 22-405, Revised Statutes Supplement, 1996, is amended to read:

22-405. (1) When the publication of the consolidation agreement in each of the counties is completed, each county board shall submit the question of whether to consolidate as proposed in the consolidation agreement to the registered voters at the next general election or at a special election held on the same day in each of the counties which are parties to the agreement.

(2) For the consolidation of counties, the question shall be submitted to the voters in substantially the following form:

"Shall (name of county in which ballot will be voted) consolidate with (name of other county or counties) according to the consolidation agreement previously adopted in such counties? Yes No".

(3) For the consolidation of one or more county or township offices, the question shall be submitted to the voters in substantially the following form:

"Shall (name of county in which ballot will be voted) enter the consolidation agreement with (name of other county or counties) for the consolidation of the office of (name of office) according to the consolidation agreement previously adopted in such counties? Yes No".

(4) For the joint performance of any common function or service, the question shall be submitted to the voters in substantially the following form:

"Shall (name of county in which ballot will be voted) enter the consolidation agreement with (name of other county or counties) for the joint performance of (name of function or service) according to the consolidation agreement previously adopted in such counties? Yes No".

(5) The election shall be conducted ~~according to section 32-559 in accordance with the Election Act.~~ The election commissioner or county clerk shall certify the results to each county board involved in the agreement. If a majority of the voters of each county voting on the question submitted vote in favor of the consolidation agreement for the consolidation of counties or for the consolidation of one or more county or township offices, the consolidation agreement shall become effective on the first Thursday after the first Tuesday in January following the next general election in which one or more consolidated county or township officers are first elected, and the terms of the incumbents in the offices involved in the agreement shall be deemed to end on that date. If a majority of the voters of each county voting on the question submitted vote in favor of the consolidation agreement for the joint performance of any common function or service, the consolidation agreement becomes effective on the date specified in the consolidation agreement.

(6) The submission of the question of consolidation of counties shall not bar submission of the question of the removal of the county seat under sections 22-301 to 22-303, it being the intention that either proposition may be submitted without reference to submission of the other proposition.

Sec. 26. Section 22-405.01, Revised Statutes Supplement, 1996, is amended to read:

22-405.01. On or before September 10 of the year following ~~final approval preceding the effective date~~ of a consolidation agreement, the county boards participating in the consolidation agreement shall adopt by joint or concurrent resolution the budget for the portion of the fiscal year in which the consolidation agreement will be effective. As provided in the consolidation agreement, the county boards shall certify to each county clerk the levies or amounts required to be raised by taxation. In the year in which the general election will be held to first elect consolidated county officers, each county board shall, by joint or concurrent resolution and pursuant to the consolidation agreement, (1) fix the salaries of all elected officers, deputies of elected officers, and appointive officers prior to January 15 and (2) adopt, on or before September 10, the budget for the first complete fiscal year that the counties are consolidated and certify to each county clerk the levies or amounts required to be raised by taxation. On or before September 10 of each year for the duration of the consolidation agreement, each county board shall adopt, by joint or concurrent resolution and pursuant to the agreement, the budget for the consolidated function, service, or office and shall certify to each county clerk the levies or amounts required to be raised by taxation.

Sec. 27. Section 22-416, Revised Statutes Supplement, 1996, is amended to read:

22-416. The question of the withdrawal of a county from an

agreement for the joint performance of common functions or services or the consolidation of county or township offices shall be placed on the ballot for submission to the voters upon the petition of registered voters equal in number, in the county desiring to so withdraw, to ten percent of the total vote cast for Governor in such county at the preceding general election. The registered voters signing such petitions shall be so distributed as to include ten percent of the registered voters of each of one-half of the voting precincts in the county. Such petitions shall be filed with the election commissioner or county clerk of the county proposed to be withdrawn from the agreement not later than July 1 four months preceding the next general election or at a special election. The election commissioner or county clerk shall examine the petitions filed in his or her office to determine whether they are in proper form and signed by a sufficient number of registered voters. Not later than August 1 thirty days after the petitions are filed in his or her office, he or she shall certify the determination to the election commissioner or county clerk of each county which is part of the agreement. If the petitions are in proper form and signed by a sufficient number of registered voters, the question of the withdrawal of the county from the agreement shall be placed on the ballot in the county proposed to be withdrawn from the agreement at the next general election or at a special election called for such purpose and held at least four months after the filing of the petitions. A majority of all votes cast in the affirmative on the question shall be necessary for the withdrawal of the county from the agreement. The election commissioner or county clerk of the county which votes to withdraw from the agreement shall certify the results of the election to the other counties in the agreement. If the agreement involved the consolidation of offices, such withdrawal shall only be effective at the expiration of a term of office of the consolidated counties.

Sec. 28. Section 22-417, Revised Statutes Supplement, 1996, is amended to read:

22-417. (1) Any county may consolidate the office of clerk of the district court, county assessor, county clerk, county engineer, county surveyor, or register of deeds, except that the consolidated officeholder shall meet the qualifications of each office as required by law. The consolidated office shall have the powers and duties provided by law for each office consolidated. ~~On or before August 1, 1996, and on or before August 1 every second year thereafter, the~~ The county board may adopt a resolution for the consolidation of any of such offices and submit the issue of the consolidated office to the registered voters for approval at the next general election or at a special election called for such purpose. The county board shall hold a public hearing prior to adoption of a resolution for the consolidation of offices and shall give notice of the hearing by publication in a newspaper of general circulation in the county once each week for three consecutive weeks prior to the hearing. Final publication shall be within seven calendar days prior to the hearing. The notice shall describe the offices to be consolidated and that the holder of the offices to be consolidated shall have his or her term of office end on the first Thursday after the first Tuesday in January following the general election in which the holder of the consolidated office is elected.

(2) The county board shall adopt the resolution for the consolidation of offices by majority vote of the board and shall submit the issue of consolidation to the registered voters for approval at the next general election or at a special election called for such purpose. For each consolidated office submitted for approval, the question shall be submitted to the voters in substantially the following form:

"Shall (name of each office proposed to be consolidated) be consolidated into one consolidated office according to the resolution adopted by the county board of (name of county) on (date of adoption of the resolution by the county board)? Yes No".

(3) If the majority of the registered voters in the county voting on the question vote in favor of consolidation, the consolidated office shall be filled at the next general election, and the terms of the incumbents shall end on the first Thursday after the first Tuesday in January following the general election in which the holder of the consolidated office is elected.

(4) The term of a consolidated officer shall be four years or until his or her successor is elected and qualified, except that the term of a consolidated officer elected in the year 2000 or any fourth year thereafter shall be two years or until his or her successor is elected and qualified.

(5) Any election under this section shall be in accordance with the Election Act.

Sec. 29. Section 23-153, Revised Statutes Supplement, 1996, as amended by section 1, Legislative Bill 40, Ninety-fifth Legislature, First

Session, 1997, is amended to read:

23-153. (1) The county board shall meet and hold sessions for the transaction of county business at its traditional meeting place or at any other location not smaller in size than the traditional meeting place within the county when deemed necessary by the board to accommodate the anticipated audience, on the second Tuesday in January and at such other times as the board deems necessary and may adjourn from time to time.

(2) The county boards of two or more counties may meet and hold joint sessions for the transaction of joint county business, including, but not limited to, consolidation agreements pursuant to sections 22-401 to 22-416 and 22-418.

(3) (2) When traveling to and from any county board meeting, members of the county board may be reimbursed for mileage at the rate provided in section 81-1176.

Sec. 30. Section 51-201, Revised Statutes Supplement, 1996, is amended to read:

51-201. The city council of any city, the board of trustees of any incorporated village, the county board of any county, and the electors of any township at their annual town meeting shall have the power to establish a public library free for the use of the inhabitants of such city, village, county, or township.

Any such council, board, or electors may also contract for the use of a public library already established and may levy a tax of not more than ten and five-tenths cents on each one hundred dollars upon the taxable value of all the taxable property in such city, village, county, or township annually to be levied and collected in like manner as other taxes in such city, village, county, or township, except that when any county discontinues township organization, the county shall levy and collect a tax of not more than ten and five-tenths cents on each one hundred dollars for such public library. The levy by a county or township shall be subject to section 77-3443. The amount collected from such levy shall be known as the library fund.

Before establishing a county library, the county board shall submit the question to the voters of the county and a majority of the voters voting on the question shall authorize the establishment of such county library and the levying of the tax. Such questions shall be submitted at a general election only, and when so submitted and carried, the county board shall include the county library in its next succeeding estimate and levy. Such submission shall not be required when the board levies a tax for the purpose of contracting for use of a library already established. When the county board makes a levy for a county library or for the purpose of contracting for use of a public library already established, it shall omit from the levy of the library tax all property within the limits of any city, village, or township in such county which already maintains a library by public tax.

Sec. 31. Section 51-501, Revised Statutes Supplement, 1996, is amended to read:

51-501. (1) The city council of any city, the board of trustees of any incorporated village, the county board of any county, and the electors of any township at their annual town meeting shall have the power to establish a museum for the use of the inhabitants of such city, village, county, or township or to contract for the use of a museum already established and may levy a tax of not more than seven cents on each one hundred dollars upon the taxable value of all the taxable property within the city, village, township, or county to be levied each year and collected in like manner as other taxes in such city, village, county, or township and to be known as the museum fund. The levy by a county or township shall be subject to section 77-3443.

(2) When the county board makes a levy for a county museum, it shall omit from the levy of the museum tax all property within the limits of any city, village, or township in such county which already maintains a museum by public tax. Before establishing such county museum or levying such tax, the county board shall submit the question to the voters of the county and a majority of the voters voting thereon shall have authorized the establishment of such county museum and the levying of the tax. Such questions shall be submitted at a general election only, and when so submitted and carried, it is hereby made the duty of the county board to include the county museum in its next succeeding estimate and levy.

(3) The electors of the county may discontinue such levy by vote of the people in the same manner that the initial levy was authorized, except that the proposition to discontinue such levy shall be placed on the ballot by the county board of such county at a general election only when requested to do so by a petition signed by at least twenty percent of the legal voters of such county based on the total vote cast for Governor at the last general

election in the county.

Sec. 32. Section 71-1637, Reissue Revised Statutes of Nebraska, is amended to read:

71-1637. (1) Any city by its mayor and council or by its commission, any village by its village board, any county by its board of supervisors or commissioners, or any township by its electors shall have power to employ a visiting community nurse, a home health nurse, or a home health agency defined in subdivision (18) of section 71-2017.01 and the rules and regulations adopted and promulgated pursuant to such section. Such nurses or home health agency shall do and perform such duties as the city, village, county, or township, by their officials and electors, shall prescribe and direct. The city, village, county, or township shall have the power to levy a tax, not exceeding three and five-tenths cents on each one hundred dollars on the taxable valuation of the taxable property of such city, village, county, or township, for the purpose of paying the salary and expenses of such nurses or home health agency. The levy by a county or township shall be subject to section 77-3443. Each shall have the power to constitute and empower such nurses or home health agency with police power to carry out the order of such city, village, county, or township organization.

(2) The governing body of any city, village, county, or township may contract with any visiting nurses association, licensed hospital home health agency, or other licensed home health agency, including those operated by the Department of Health and Human Services, to perform the duties contemplated in subsection (1) of this section, subject to the supervision of the governing body, and may pay the expense of such contract out of the general funds of the city, village, county, or township.

(3) Nothing in this section shall be construed to allow any city, village, county, township, nurse, or home health agency to (a) avoid the requirements of individual licensure, (b) perform any service beyond the scope of practice of licensure or beyond the limits of licensure prescribed by subdivision (18) of section 71-2017.01, or (c) violate any rule or regulation adopted and promulgated by the Department of Health and Human Services, the Department of Health and Human Services Regulation and Licensure, or the Department of Health and Human Services Finance and Support.

Sec. 33. Section 71-1638, Reissue Revised Statutes of Nebraska, is amended to read:

71-1638. Whenever petitions signed by twenty-five percent of the electors of a city, county, or village shall be presented to the city council or board of supervisors, commissioners, or trustees praying for the submission of the question of making a levy to provide for salary and expenses of a visiting community nurse, a home health nurse, or a home health agency and stating the amount of the levy and the period of years in which the same shall be made, it shall be the duty of such council or board of supervisors, commissioners, or trustees to submit the question to a vote of the people at a regular or special election called for that purpose. If the question is submitted at a special election, three weeks' notice of such special election shall be given by publication in some newspaper of general circulation. Such notice shall be published three consecutive weeks if the election is in a city or village or, if in a village and no paper is published in such village, then the notice shall be posted in three of the most public places in the village. If a majority of the votes cast at such election on the question are in favor of the levy, then the regularly constituted authorities of the city, county, or village shall include the same in the estimate for expenses for each year during the period for which adopted, unless the same shall be revoked. The tax shall be levied and collected in the same manner as other taxes are levied and collected. The levy by a county shall be subject to section 77-3443.

Sec. 34. Section 77-201, Reissue Revised Statutes of Nebraska, is amended to read:

77-201. (1) Except as provided in subsection (2) of this section, all real property in this state, not expressly exempt therefrom, shall be subject to taxation and shall be valued at its actual value.

(2) Agricultural land and horticultural land used solely for agricultural or horticultural purposes shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at its taxable value.

(3) Tangible personal property, not including motor vehicles registered for operation on the highways of this state, shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at its net book value. Tangible personal property transferred as a gift or devise or as part of a transaction which is not a purchase shall be

subject to taxation based upon the date the property was acquired by the previous owner and at the previous owner's Nebraska adjusted basis. Tangible personal property acquired as replacement property for converted property shall be subject to taxation based upon the date the converted property was acquired and at the Nebraska adjusted basis of the converted property unless insurance proceeds are payable by reason of the conversion. For purposes of this subsection, (a) converted property means tangible personal property which is compulsorily or involuntarily converted as a result of its destruction in whole or in part, theft, seizure, requisition, or condemnation, or the threat or imminence thereof, and no gain or loss is recognized for federal or state income tax purposes by the holder of the property as a result of the conversion and (b) replacement property means tangible personal property acquired within two years after the close of the calendar year in which tangible personal property was converted and which is, except for date of construction or manufacture, substantially the same as the converted property.

(4) Motor vehicles registered for operation on the highways of this state shall constitute a separate and distinct class of property for purposes of taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued as provided in sections 77-1239 to 77-1241.01.

Sec. 35. Section 77-203, Reissue Revised Statutes of Nebraska, is amended to read:

77-203. All general real property taxes levied for any county, city, village, or other political subdivision therein, shall be due and payable on December 31 next following the date of levy thereof except as provided in section 77-1214, and commencing on that date shall be a first lien on the real estate property taxed until paid or extinguished as provided by law.

Sec. 36. Section 77-913, Reissue Revised Statutes of Nebraska, is amended to read:

77-913. The Insurance Tax Fund is created. The State Treasurer shall receive the funds paid pursuant to Chapter 77, article 9, and except as provided in sections 77-912 and 77-918 shall keep all money received in the Insurance Tax Fund. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Prior to June 1 of each year, the State Treasurer shall disburse or allocate all of the funds in the Insurance Tax Fund on May 1 of each year as follows:

(1) Ten percent of the total less one hundred thousand dollars for each of fiscal years 1997-98 through 1999-00 shall be allocated to the counties proportionately in the proportion that the population of each county bears to the entire state, as shown by the last United States Government federal decennial census. The one hundred thousand dollars shall be allocated to the Nebraska Local Government Innovation and Restructuring Fund.

(2)(a) Until July 1, 1998, thirty percent of the total shall be allocated to incorporated municipalities proportionately in the proportion that the population of each incorporated municipality bears to the total population of all incorporated municipalities, as determined by the last federal decennial census; and

(b) On and after July 1, 1998, thirty ~~thirty~~ percent of the total shall be allocated to the Municipal Equalization Fund; and

(3) Sixty percent of the total shall be allocated to the State Department of Education for distribution to school districts as equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act as follows: The Commissioner of Education shall (a) include the amount certified by the State Treasurer pursuant to this section with the amount appropriated to the Tax Equity and Educational Opportunities Fund for distribution in the ensuing school fiscal year, (b) include such amounts in the state aid certified to each school district pursuant to section 79-1022, and (c) distribute such funds as equalization aid under the provisions of the act during the ensuing fiscal year.

Sec. 37. Section 77-1340, Reissue Revised Statutes of Nebraska, is amended to read:

77-1340. The county board of a county may, by resolution, request the Property Tax Administrator to assume the county assessment function and to perform the same in and for the county. Such a resolution must be adopted before the end of the calendar year on or before October 31 and shall state an effective date for the assumption of the assessment function. The effective date shall be no sooner than the beginning of the fiscal year which begins July 1 of the year immediately following the passage of the resolution by the county board. If the Property Tax Administrator finds that direct state performance of the function is necessary or desirable for the economic and

efficient performance thereof, he or she may undertake such performance pursuant to the request. Unless otherwise authorized by law, the Property Tax Administrator shall undertake and perform the county assessment function and all other duties and functions of the county assessor's office, including appraisal and reappraisal, the office and functions of the county assessor shall be suspended, and the performance thereof by the Property Tax Administrator shall be deemed performance by the county assessor. Upon the assumption of the assessment function by the Property Tax Administrator, the term of office of the incumbent county assessor shall terminate and the county need no longer elect a county assessor pursuant to section 32-519. At that time, the county assessor and the employees of the county assessor's office shall become state employees. No transferred county assessor or employee shall incur a loss of income or benefits as a result of becoming a state employee pursuant to this section.

Sec. 38. When a transfer of the assessment function has been made pursuant to section 77-1340, the county shall maintain, at no additional cost to the state, office and service facilities used for the office of the county assessor and assessment functions as such facilities existed at the time of the county board resolution authorizing a transfer. All furniture, computers, and equipment used by the county to perform the assessment function prior to the transfer shall remain the property of the county. All books, files, and similar records shall be transferred to the Property Tax Administrator.

Sec. 39. (1) On the date of employment transfer, all transferred employees shall immediately have the right to participate in the State Employees Retirement System of the State of Nebraska and shall have any retirement funds transferred from the retirement system of the county for which they work to the State Employees Retirement System as follows:

(a) For transferred employees who are transferring from a county which participates in the Retirement System for Nebraska Counties under the County Employees Retirement Act and who participate in such system, the amount transferred shall equal the employee and employer accounts of the transferring employee plus earnings on those amounts during the period of employment with the county; and

(b) For transferred employees who are transferring from a county which has established a separate retirement system pursuant to section 23-1118, the amount transferred shall be calculated as follows:

(i) If the retirement system of the county is a defined benefit system, a benefit transfer value of the employee's accrued benefit shall be determined by calculating the present value of the employee's retirement benefit based on the employee's years of service as of the date of transfer and the other actuarial assumptions of the retirement system of the county so that the effect on the retirement system of the county will be actuarially neutral; and

(ii) The amount transferred to the State Employees Retirement System shall equal one of the following: If the retirement system of the transferring county is a defined benefit system, an amount equal to the benefit transfer value; if the retirement system of the transferring county is a defined contribution system, the value of the employer and employee accounts of the employee plus earnings on those amounts during the period of employment with the county.

(2) Upon the completion of the transfer of funds pursuant to subsection (1) of this section, the transferred employee shall receive vesting credit for such employee's years of participation in the retirement system of the county from which the employee was transferred.

(3) For purposes of this section, employee means a county assessor and employees of the county assessor's office transferred to the state pursuant to section 77-1340.

Sec. 40. (1) A county shall transfer all accrued sick leave of a transferred employee up to the maximum number of accumulated hours for sick leave allowed by the State Personnel System. The county shall reimburse the state for twenty-five percent of the value of the accrued sick leave hours based on the straight-time rate of pay for each employee. A county assessor who becomes a state employee and who does not have any accrued sick leave shall be granted one hundred sixty hours of sick leave. The county shall reimburse the state for twenty-five percent of the value of the sick leave hours based on the straight-time rate of pay for the county assessor.

(2) The transferred employee may transfer the maximum amount of accrued annual leave earned as an employee of the county allowed by the State Personnel System. The county shall reimburse the state for one hundred percent of the value of the hours of accrued annual leave transferred. A county assessor who becomes a state employee and who does not have any accrued annual leave shall be granted ninety-six hours of vacation leave. The county

shall reimburse the state for one hundred percent of the value of the hours of annual leave based on the straight-time rate of pay for the county assessor.

(3) No transferred employee shall lose any accrual rate value of his or her sick leave and vacation leave as a result of becoming a state employee, and a transferred employee may credit years of service with the county toward the accrual rate for sick leave and vacation leave plans. When accrued sick leave and vacation leave for a transferred employee are at a greater rate value than allowed by the state's sick leave and vacation leave plans, the county shall pay the state the difference between the value of the benefits allowed by the county and the state based on, at the time of transfer, twenty-five percent of the employee's straight-time rate of pay for the sick leave and one hundred percent of the employee's straight-time rate of pay for vacation leave. A county shall reimburse the state not later than one year after the transfer is complete.

(4) The transferred employee shall not receive any additional accrual rate value for state benefits until the employee meets the qualifications for the increased accrual rates pursuant to the state's requirements.

(5) The transferred employee may participate in and be covered by the insurance program established by sections 84-1601 to 84-1615. The waiting period for medical insurance coverage of transferred employees shall be waived.

(6) For purposes of this section:

(a) Employee means a county assessor and employees of the county assessor's office transferred to the state pursuant to section 77-1340; and

(b) Straight-time rate of pay means the rate of pay in effect at the time of adoption of the resolution by the county board authorizing the transfer.

Sec. 41. Section 77-1601, Reissue Revised Statutes of Nebraska, is amended to read:

77-1601. (1) The county board of equalization shall each year, on or before October 15 November 1, levy the necessary taxes for the current year if within the limit of the law. The levy shall include an amount for operation of all functions of county government and shall also include all such taxes tax levies as certified by the county clerk or approved by the governing body under sections 77-1601.01 and 77-1601.02. Any such taxes regularly voted and certified to the county assessor, after the county board has made such levy and before the county clerk has completed the tax list, shall be levied by the county board of equalization, if within the limit of the law, and extended upon the tax list.

(2) Within thirty days after a levy has been made pursuant to this section, the county board of equalization upon its own motion may act to correct a clerical error which has resulted in the calculation of an incorrect levy by any entity otherwise authorized to certify a tax levy under sections 77-1601.01 and 77-1601.02. The county board of equalization shall hold a special hearing to determine what adjustment to the levy is proper, legal, or necessary. Notice of the place and time of such hearing shall be published at least five days prior to the date set for hearing in a newspaper of general circulation within the county. The published notice shall set forth (a) the time and place of the hearing, (b) the dollar amount at issue, and (c) a statement setting forth the nature of the error. Notice shall also be provided to the governing body of each political subdivision affected by the error.

(3) Upon the conclusion of the special hearing, the county board of equalization may shall issue a corrected levy if it determines the magnitude of the error warrants the action that an error was made in the original levy which warrants correction. The county board of equalization shall then order (a) the county assessor, county clerk, and county treasurer to revise assessment books, unit valuation ledgers, tax statements, and any other tax records to reflect the correction made and (b) the recertification of the information provided to the Property Tax Administrator pursuant to section 77-1613.01.

Sec. 42. Section 77-1601.01, Reissue Revised Statutes of Nebraska, is amended to read:

77-1601.01. On or before September 10 each year through 1997, the county clerk shall certify a preliminary property tax rate for each political subdivision which levied received property taxes in the county the previous year. Beginning in 1998, on or before September 10 each year, the county clerk shall certify a preliminary property tax rate for each county, municipality, school district, sanitary and improvement district, natural resources district, educational service unit, and community college which received property taxes in the county in the previous year. For school

systems with multiple school districts, the county clerk shall certify to each school district the combined valuation of the school system with the multiple school districts and the proportion of valuation in each district by September 10. The county clerk shall also certify the preliminary levy based on the combined valuation and the amount requested for the school system for the prior year. The rate shall be calculated by dividing the amount requested for property taxes in the budget of the previous year by the final valuation in the political subdivision for the current year. For any political subdivision levying that received taxes in from more than one county, the county clerks of all the affected counties shall agree on clerk of the county where the office of the political subdivision is located shall set the preliminary levy. Except for school systems with multiple school districts, the preliminary levy shall be published for each political subdivision in a newspaper of general circulation in the county on or before September 15.

The preliminary levy shall be considered as the final levy as set by the county board of equalization in section 77-1601 unless changed by the political subdivision pursuant to section 77-1601.02 prior to October 15 31. This section does not apply to levies for the retirement of bonded indebtedness approved according to law and secured with a levy on property.

Sec. 43. Section 77-1601.02, Reissue Revised Statutes of Nebraska, is amended to read:

77-1601.02. (1) Through 1997, the The preliminary levy certified in section 77-1601.01 shall be the final levy unless the governing body of a political subdivision passes by a majority vote a resolution or ordinance setting the levy at a different amount. Beginning in 1998, the preliminary levy certified in section 77-1601.01 shall be the final levy unless the governing body of the county, municipality, school district, sanitary and improvement district, natural resources district, educational service unit, or community college passes by a majority vote a resolution or ordinance setting the levy at a different amount. School systems with multiple school districts shall hold a hearing to approve or modify the preliminary systemwide levies on or before September 15 October 20. For a school system with multiple districts, the school board of the Class VI school district or kindergarten through grade twelve district shall have the authority to set the tax rate levy for the school system. Such resolution or ordinance shall only be passed after a special public hearing called for such purpose is held and after notice is published in a newspaper of general circulation in the area of the political subdivision at least five days prior to the hearing. Any resolution setting a tax levy under this section shall be certified and forwarded to the county clerk.

(2) Any tax levy which is not in compliance with section 77-1601.01 or this section shall be construed as an unauthorized levy under section 77-1606. and certified.

Sec. 44. Section 77-1606, Reissue Revised Statutes of Nebraska, is amended to read:

77-1606. Any taxpayer may appeal from the action of the county board of equalization in making the levy, if in the judgment of such taxpayer the levy is for an unlawful or unnecessary purpose, or in excess of the requirements of a county political subdivision, within the same time and in the same manner as appeals are now taken from the action of the county board to the Tax Equalization and Review Commission. It shall not be necessary for such taxpayer to appear before the county board of equalization at the time of the making of the levy or prior thereto in order to entitle him or her to such appeal. No appeal shall in any manner suspend the collection of any tax, nor the duties of the officers relating thereto during the pendency of the appeal, and all taxes affected thereby which may be collected based on such unauthorized levy or portion thereof shall be kept by the treasurer in a special fund without distribution.

Sec. 45. Section 77-1607, Reissue Revised Statutes of Nebraska, is amended to read:

77-1607. The appellant shall, within the time provided in section 25-1931 77-5015, file a petition in the district court with the Tax Equalization and Review Commission setting forth the levy or levies appealed from and the amount or extent to which the appellant claims the levy or levies are illegal or excessive, and to that extent and no further shall such levy or levies be affected by such appeal. At the time of filing such petition, the appellant shall also file a copy thereof with the county treasurer and shall file in the district court with the commission an affidavit to the effect that he or she has filed a copy of such petition with the county treasurer.

Sec. 46. Section 77-1608, Reissue Revised Statutes of Nebraska, is amended to read:

77-1608. The court Tax Equalization and Review Commission shall

hear the appeal as in equity and without a jury and determine whether or not the levy appealed from or any part thereof is for an unlawful or unnecessary purpose, or in excess of the requirements of the political subdivision. The county, shall make such reduction in the levy as the court commission shall, from all the facts, determine is proper, legal, or necessary. The decision of the court commission shall be certified by its clerk to the county assessor, county clerk, and county treasurer to revise all tax records to reflect the corrected levy, who shall correct the assessment books in his office accordingly or to the county clerk in counties having a population of two hundred thousand inhabitants or more that have adopted the use of unit valuation ledgers, who shall correct the unit valuation ledgers in his office accordingly.

Sec. 47. Section 77-1609, Reissue Revised Statutes of Nebraska, is amended to read:

77-1609. If an appeal is taken from the decision of the district court or the Tax Equalization and Review Commission, the appellant shall, on or before the time such appeal is taken, file with the county treasurer a notice to the effect that such appeal has been taken and also file in the district court or the commission a copy of such notice, verified by affidavit, to the effect that such notice has been filed with the county treasurer. The county treasurer shall not be charged with such notice of appeal in case of a failure to file with him or her a copy of such petition and notice.

Sec. 48. Section 77-1610, Reissue Revised Statutes of Nebraska, is amended to read:

77-1610. If the tax books have been delivered to the county treasurer for collection of the taxes before the determination of such appeal in the district court or the Tax Equalization and Review Commission, a copy of such decision shall be certified by the clerk of the court or the commission to the county treasurer who shall thereupon distribute or return to the parties entitled thereto the tax so held undistributed in accordance with such decision and the county treasurer shall correct the tax books rolls in his or her office to conform to such decision unless a further appeal is taken, in which case the county treasurer shall hold the taxes until the final determination of the appeal and thereupon distribute or return the same in conformity to such decision.

Sec. 49. Section 77-1613, Reissue Revised Statutes of Nebraska, is amended to read:

77-1613. After the equalization by the county and state boards and the levy of taxes made by them and before the first day of November After the levy of taxes has been made and before November 30, the county assessor shall transcribe the assessments of the several precincts, townships, cities, or villages into a suitable book to be provided at the expense of the county, properly ruled and headed with the distinct columns in which shall be entered the description of the lands, number of acres and value, number of city and village lots and their value, taxable value of taxable personal property, and each description of tax, with a column for the payment, a number of columns for delinquent taxes of previous years, and a double column, showing in the first column thereof the amount of delinquent taxes due on the day the first installment thereof becomes due, as provided by law, and in the second column and the amount of delinquent taxes due on the day the second installment thereof becomes due, as provided by law, in the event the taxpayer elects to pay taxes in two equal semiannual installments.

Any county board may, in its discretion, direct the county clerk to transcribe the assessments of the several precincts, townships, cities, or villages into unit tax ledgers, and whenever such board exercises the discretion conferred in this section, it shall be the duty of the county clerk to prepare unit tax ledgers in lieu of the tax lists. Unit tax ledgers shall be furnished at the expense of the county, shall be properly ruled and headed to reflect ownership, the description of the lands, all changes of ownership or description, number of acres and value, number of city and village lots and their value, taxable value of taxable personal property, and each description of tax, and shall have adequate space for entering the payments of annual or semiannual installments and adequate space for delinquent taxes of previous years.

Sec. 50. Section 77-1613.01, Reissue Revised Statutes of Nebraska, is amended to read:

77-1613.01. The county official who prepares the tax list of each county assessor or county clerk shall certify to the Property Tax Administrator, on or before December 15 of each year, the total taxable valuation, and the respective levies, the total amount of all general taxes, county, municipal, school, and local, and, for statistical purposes, any other information deemed necessary by the Property Tax Administrator Certificate of

Taxes Levied. The certificate shall be used for statistical purposes and shall specify the information necessary to determine the total taxable value, tax levies, and total property taxes requested by the political subdivisions for the current year on forms prescribed and furnished by the Property Tax Administrator. The certificate shall include for each political subdivision a statement of the amount of property taxes sought and the tax levy made for (1) the payment of principal or interest on bonds issued by the political subdivision and (2) all other purposes.

Sec. 51. If any county assessor refuses or neglects to prepare a Certificate of Taxes Levied for his or her county and forward it to the Property Tax Administrator as required in section 77-1613.01, he or she shall forfeit to the state the sum of one hundred dollars, to be recovered in an action before the Tax Equalization and Review Commission. The petition of the Property Tax Administrator, setting forth the failure of the county assessor to comply with the provisions of such section, shall be prima facie evidence of such refusal or neglect on the hearing of such action.

Sec. 52. Section 77-1616, Reissue Revised Statutes of Nebraska, is amended to read:

77-1616. The tax list, or unit tax ledgers in counties that shall adopt or have adopted the use thereof, in their original compilation, or the annual additions thereto, shall be completed and delivered to the county treasurer on or before December 1, the first day of November annually for personal property and on or before the first day of December annually for real property. At the same time the county assessor, or the county clerk in those counties having unit tax ledgers which are prepared by the county clerk, shall transmit a warrant, which warrant shall be signed by the county assessor, or the county clerk in those counties having unit tax ledgers which are prepared by the county clerk, and shall in general terms command the treasurer to collect taxes therein mentioned according to law. No informality therein, and no delay in the transmitting of the same after the time above specified, shall affect the validity of any taxes or sales, or other proceedings for the collection of taxes as provided for in this chapter. Whenever it shall be discovered that the warrant provided for in this section was not at the proper time attached to any tax list, or was not transmitted as herein provided for any preceding year or years, in the hands of the county treasurer, the county assessor, or the county clerk in those counties having unit tax ledgers which are prepared by the county clerk, shall forthwith attach or transmit such warrant, which shall be in the same form and have the same force and effect as if it had been attached to such tax list, or transmitted as herein provided, before the delivery thereof to the county treasurer.

Sec. 53. Section 77-1706, Reissue Revised Statutes of Nebraska, is amended to read:

77-1706. All receipts issued by the county treasurer for taxes paid to him or her shall be numbered consecutively, commencing with the number one on the first sheet issued for the taxes for any one year. The county treasurer shall not receipt for more than one year's taxes on the same property in one tax receipt but shall keep a separate and distinct series of numbers of receipts issued for the taxes of each year for which the taxes have been levied and assessed. The numbering of the tax receipts shall be done by the county clerk or printer before they are delivered to the county treasurer. They shall be firmly bound in book form. The original and duplicate of these receipts shall be attached together as one, and each duplicate of each original receipt shall bear the same number as the original.

In counties which shall adopt or have adopted the unit tax ledger, as provided for in section 77-1613, it shall not be necessary to bind the original and duplicate tax receipts together in book form. Such tax receipts may be prewritten, and the cost of so preparing such tax receipts shall be paid for by the county board of such county out of the county general fund.

Sec. 54. Section 77-27,139.02, Reissue Revised Statutes of Nebraska, is amended to read:

77-27,139.02. For purposes of sections 77-27,139.01 to 77-27,139.04:

(1) Average per capita property tax levy means the total property taxes levied by all incorporated municipalities in each population group for the immediately preceding fiscal year, except for the amount of property tax levies committed to provide for principal and interest payments on the indebtedness of all incorporated municipalities, divided by the current population of all incorporated municipalities, as determined by the Department of Revenue pursuant to section 77-27,137.01. The average per capita property tax levy shall be calculated separately for each population group.

(2) Average property tax levy means the total property taxes levied by all incorporated municipalities for the prior year, except for the amount

of property tax levies committed to provide for principal and interest payments on the indebtedness of all incorporated municipalities, divided by the total amount of valuation subject to property tax in all incorporated municipalities for the immediately preceding fiscal year;

(3) Population means the population of a municipality as determined in section 77-3,119; and

(4) Population group means one of three groupings of municipalities for which the aid established by sections 77-27,139.01 to 77-27,139.04 is calculated based on the average per capita property tax levy calculated separately for each group. The three population groups shall be (a) municipalities with a population of five thousand inhabitants or more, (b) municipalities with a population between eight hundred and five thousand inhabitants, and (c) municipalities with a population of eight hundred inhabitants or less. Qualifying municipality means any municipality whose property tax levy for operational purposes in the immediately preceding fiscal year was greater than or equal to the statewide average property tax levy for the immediately preceding fiscal year.

Sec. 55. Section 77-27,139.03, Reissue Revised Statutes of Nebraska, is amended to read:

77-27,139.03. (1) State aid provided to municipalities pursuant to sections 77-27,139.01 to 77-27,139.04 shall be calculated by determining the average property tax levy for operational purposes other than for principal and interest payments on the indebtedness of all incorporated municipalities.

(2) Each qualifying municipality shall receive state aid from the Municipal Equalization Fund equal to (a) the product of the average per capita property tax levy of the appropriate population group multiplied by the current population of the municipality minus (b) the product of the average property tax levy multiplied by the certified valuation within the incorporated municipality, except that a municipality shall not receive any aid under this section if the calculation results in a negative number.

(3) If a municipal tax levy for operational purposes was less than forty cents per one hundred dollars of valuation in the immediately preceding fiscal year, the state aid provided to such municipality shall be reduced by twenty percent for each one-cent increment the levy was below forty cents.

(4) If the amount of money in the Municipal Equalization Fund is less than the total amount of state aid for all qualifying municipalities as required by the allocation formula in subsection (2) of this section, the money in the fund shall be allocated on a prorated basis to such municipalities. If the amount of money in the fund is more than the total amount of state aid for municipalities as required by the allocation formula, the excess money in the fund shall be transferred to and distributed from the Municipal Infrastructure Redevelopment Fund.

Sec. 56. Section 77-3442, Reissue Revised Statutes of Nebraska, is amended to read:

77-3442. (1) Property tax levies for the support of local governments for fiscal years beginning on or after July 1, 1998, shall be limited to the amounts set forth in this section except as provided in section 77-3444.

(2)(a) Except as provided in subdivision (2)(b) of this section, school districts and multiple-district school systems may levy a maximum levy of (i) one dollar and ten cents per one hundred dollars of taxable valuation of property subject to the levy until fiscal year 2001-02 and (ii) one dollar per one hundred dollars of taxable valuation of property subject to the levy for fiscal year 2001-02 and all subsequent fiscal years. Excluded from this limitation are amounts levied to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment and amounts levied to pay for special building funds and sinking funds established for projects commenced prior to April 1, 1996, for construction, expansion, or alteration of school district buildings. For purposes of this subsection, commenced means any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the project.

(b) Federal aid school districts may exceed the maximum levy prescribed by subdivision (2)(a) of this section only to the extent necessary to qualify to receive federal aid pursuant to Title VIII of Public Law 103-382. For the purposes of this subdivision, federal aid school district means any school district which receives ten percent or more of the revenue for its general fund budget from federal government sources pursuant to Title VIII of Public Law 103-382.

(3) Community colleges may levy a maximum levy on each one hundred dollars of taxable property subject to the levy of (a) eight cents for fiscal year 1998-99 and fiscal year 1999-2000 and (b) seven cents for fiscal year

2000-01 and each fiscal year thereafter, eight cents per one hundred dollars of taxable valuation subject to the levy until fiscal year 2001-02 and (b) four cents per one hundred dollars of taxable valuation of property subject to the levy for fiscal year 2001-02 and all subsequent fiscal years.

(4) Natural resources districts may levy a maximum levy of four and one-half cents per one hundred dollars of taxable valuation of property subject to the levy.

(5) Educational service units may levy a maximum levy of one and one-half cents per one hundred dollars of taxable valuation of property subject to the levy.

(6) Incorporated cities and villages may levy a maximum levy of forty-five cents per one hundred dollars of taxable valuation of property subject to the levy plus an additional five cents per one hundred dollars of taxable valuation to provide financing for the municipality's share of revenue required under an agreement executed pursuant to the Interlocal Cooperation Act.

(7) Sanitary and improvement districts which have been in existence for more than five years may levy a maximum levy of forty cents per one hundred dollars of taxable valuation of property subject to the levy, and sanitary and improvement districts which have been in existence for five years or less shall not have a maximum levy.

(8) Counties may levy or authorize a maximum levy of fifty cents per one hundred dollars of taxable valuation of property subject to the levy, except that five cents per one hundred dollars of taxable valuation of property subject to the levy may only be levied to provide financing for the county's share of revenue required under an agreement executed pursuant to the Interlocal Cooperation Act. The county may allocate up to fifteen cents of its authority to all other political subdivisions not specifically covered in this section to levy taxes as authorized by law which do not collectively exceed fifteen cents per one hundred dollars of taxable valuation on any parcel or item of taxable property. The county may allocate to one or more other political subdivisions subject to allocation of property tax authority by the county under subsection (1) of section 77-3443 some or all of the county's five cents per one hundred dollars of valuation authorized for support of an interlocal agreement to be levied by the political subdivision for the purpose of supporting that political subdivision's share of revenue required under an agreement executed pursuant to the Interlocal Cooperation Act.

(9) Property tax levies for judgments obtained against a political subdivision which require or obligate a political subdivision to pay such judgment, to the extent such judgment is not paid by liability insurance coverage of a political subdivision, for preexisting lease-purchase contracts approved prior to July 1, 1998, and for bonded indebtedness approved according to law and secured by a levy on property are not included in the levy limits established by this section.

(10) The limitations on tax levies provided in this section are to include all other general or special levies provided by law. Notwithstanding other provisions of law, the only exceptions to the limits in this section are those provided by or authorized by sections 77-3442 to 77-3444.

(11) Tax levies in excess of the limitations in this section shall be considered unauthorized levies under section 77-1606 unless approved under section 77-3444.

Sec. 57. Section 77-3443, Reissue Revised Statutes of Nebraska, is amended to read:

77-3443. (1) All (a) political subdivisions other than school districts, community colleges, natural resources districts, educational service units, cities, villages, counties, and sanitary and improvement districts and (b) political subdivisions subject to municipal allocation under subsection (2) of this section and all county agricultural societies may levy taxes as authorized by law which are authorized by the county board and are counted in the county levy limit provided in section 77-3442 and which do not collectively total more than fifteen cents per one hundred dollars of taxable valuation on any parcel or item of taxable property, except that such limitation shall not apply to property tax levies for preexisting lease-purchase contracts approved prior to July 1, 1998, and for bonded indebtedness approved according to law and secured by a levy on property. The county board shall review and approve or disapprove the levy request of all political subdivisions and county agricultural societies subject to this section subsection. The county board may approve all or a portion of the levy request, but the county board shall not and may approve a levy request that would allow the requesting political subdivision or county agricultural society to levy a tax at a levy greater than that permitted by law. The

county board of a county which contains a transit authority created pursuant to section 14-1803 shall allocate no less than three cents per one hundred dollars of taxable property within the city subject to the levy to the transit authority if requested by such authority. The levy request must be made on or before September 30. The county board of equalization shall set certify all levies by October 15 31 to insure that the taxes levied by political subdivisions and county agricultural societies subject to this section subsection do not exceed the allowable limit for any parcel or item of taxable property. The levy allocated by the county may be exceeded as provided in section 77-3444.

(2) All city airport authorities established under the Cities Airport Authorities Act, community redevelopment authorities established under the Community Development Law, transit authorities established under the Transit Authority Law, offstreet parking districts established under the Offstreet Parking District Act, public libraries or museums organized by a city or village pursuant to section 51-201 or 51-501, cities or villages employing visiting community nurses or home health nurses or establishing home health agencies, and cities or villages erecting statues, monuments, or memorials pursuant to section 80-202 may be allocated property taxes as authorized by law which are authorized by the city or village and are counted in the city or village levy limit provided by section 77-3442, except that such limitation shall not apply to property tax levies for preexisting lease-purchase contracts approved prior to July 1, 1998, and for bonded indebtedness approved according to law and secured by a levy on property. The city council of a city which has created a transit authority pursuant to section 14-1803 shall allocate no less than three cents per one hundred dollars of taxable property subject to the levy to the transit authority if requested by such authority. The city council or village board shall review and approve or disapprove the levy request of the political subdivisions subject to this subsection. The city council or village board may approve all or a portion of the levy request and may approve a levy request that would allow a levy greater than that permitted by law. The levy request must be made on or before September 30. The city council or village board shall set all levies by October 31.

Sec. 58. Section 77-3444, Reissue Revised Statutes of Nebraska, is amended to read:

77-3444. (1) A political subdivision may exceed the limits provided in section 77-3442 by an amount not to exceed a maximum levy approved by a majority of registered voters voting in a primary, general, or special election at which the issue is placed before the registered voters. A vote to exceed the limits provided in section 77-3442 must be approved prior to September 30 of the fiscal year which is to be the first to exceed the limits. The governing body of the political subdivision may call for the submission of the issue to the voters (a) by passing a resolution calling for exceeding the limits by a vote of at least two-thirds of the members of the governing body and delivering a copy of the resolution to the county clerk or election commissioner of every county which contains all or part of the political subdivision or (b) upon receipt of a petition by the county clerk or election commissioner of every county containing all or part of the political subdivision requesting an election signed by at least five percent of the registered voters residing in the political subdivision. The resolution or petition shall include the amount of levy which would be imposed in excess of the limits provided in section 77-3442 and the duration of the excess levy. The excess levy shall not have a duration greater than five years. The county clerk or election commissioner shall place the issue on the ballot at an election as called for in the resolution or petition which is at least thirty days after receipt of the resolution or petition. The election shall be held pursuant to the Election Act. Any excess levy approved under this section shall terminate pursuant to its terms, on a vote of the governing body of the political subdivision to terminate the authority to levy more than the limits, or at the end of the fourth fiscal year following the first year in which the levy exceeded the limit, whichever is earliest.

(2) In lieu of the election procedures in subsection (1) of this section, any political subdivision subject to section 77-3443 and villages may approve a levy in excess of the limits in section 77-3442 or the allocation provided by the county board in section 77-3443 for a period of one year at a meeting of the residents of the political subdivision or village, called after notice is published in a newspaper of general circulation in the political subdivision or village at least twenty days prior to the meeting. At least ten percent of the registered voters residing in the political subdivision or village shall constitute a quorum for purposes of taking action to exceed the limits. If a majority of those casting votes at the meeting vote in favor of

exceeding the limits, a copy of the record of that action shall be forwarded to the county board prior to September 30 and the county board shall authorize a levy as approved by the residents for the year.

(3) For purposes of this section, when the political subdivision is a sanitary and improvement district, registered voter means a person qualified to vote as provided in section 31-735. Any election conducted under this section for a sanitary and improvement district shall be conducted and counted as provided in sections 31-735 to 31-735.06.

Sec. 59. Section 79-528, Reissue Revised Statutes of Nebraska, is amended to read:

79-528. (1) On or before July 20 in all school districts, the secretary of the school board or board of education shall deliver to the county superintendent, to be filed in the county superintendent's office, a report under oath showing the number of children from birth through twenty years of age belonging to the school district according to the census taken as provided in sections 79-524 and 79-578. The report shall identify the number of boys and the number of girls in each of the respective age categories. Each Class I school district which is part of a Class VI school district offering instruction (a) in grades kindergarten through six shall report children from birth through eleven years of age and (b) in grades kindergarten through eight shall report children from birth through thirteen years of age. Each Class VI school district offering instruction (i) in grades seven through twelve shall report children who are twelve through twenty years of age and (ii) in grades nine through twelve children who are fourteen through twenty years of age. Each Class I district which has affiliated in whole or in part shall report children from birth through thirteen years of age. Each Class I district which is not in whole or in part a part of a Class VI district and which has not affiliated in whole or in part shall report children from birth through twenty years of age. Each Class II, III, IV, or V district shall report children who are fourteen through twenty years of age residing in Class I districts or portions thereof which have affiliated with such district. The board of any district neglecting to take and report the enumeration shall be liable to the school district for all school money which such district may lose by such neglect.

(2) On or before July 15 in all school districts, the secretary of the school board or board of education shall deliver to the county superintendent, to be filed in the county superintendent's office, a report under oath described as an end-of-the-school-year annual statistical summary showing (a) the number of children attending school during the year under five years of age and also the number twenty-one years of age and older, (b) the length of time the school has been taught during the year by a qualified teacher, (c) the length of time taught by each substitute teacher, and (d) such other information as the Commissioner of Education directs.

(3) On or before October 15 in Class I school districts, the secretary of the school board shall submit to the county superintendent, to be filed in the county superintendent's office, and on or before November 1 in Class II, III, IV, V, and VI school districts, the secretary of the school board or board of education shall submit to the county superintendent and to the Commissioner of Education, to be filed in their offices, a report under oath described as the annual financial report showing (a) the amount of money received from all sources during the year and the amount of money expended by the school district during the year, (b) the rate of tax levied for all school purposes, (c) the amount of bonded indebtedness, (d) such other information as shall be necessary to fulfill the requirements of sections 79-1003, 79-1004, 79-1006, 79-1008, 79-1011 to 79-1013, 79-1015 to 79-1030, and 79-1114, and (e) such other information as the Commissioner of Education directs.

(4) On or before October 15 of each year, the secretary of each school board or board of education shall deliver to the county superintendent and to the State Department of Education the fall school district membership report, which report shall include the number of children from birth through twenty years of age enrolled in the district on the last Friday in September of a given school year. The report shall enumerate (a) resident students by grade level and nonresident students by grade level and classification, including, but not limited to, option students as defined in section 79-233, wards of the court, or contract students, (b) school district levies for the current fiscal year, (c) the amount of the levy for special building funds and sinking funds exempted under subdivision (2)(a) of section 77-3442 for projects commenced prior to April 1, 1996, and the duration of the exemptions, and (e) (d) total assessed valuation for the current fiscal year. When any school district fails to submit its fall school district membership report by November 1, the commissioner shall, after notice to the district and an opportunity to be heard, direct that any state aid granted pursuant to the Tax

Equity and Educational Opportunities Support Act be withheld until such time as the report is received by the department. In addition, the commissioner shall notify the county superintendent to direct the county treasurer to withhold all school money belonging to the school district until such time as the commissioner notifies the county superintendent of receipt of such report. The county treasurer shall withhold such money.

Sec. 60. Section 79-1008, Reissue Revised Statutes of Nebraska, is amended to read:

79-1008. (1) Except as provided in section 79-1011 for reorganized districts which become reorganized districts on or before June 30, 2005, and except as provided in subsections (2) through (6) of this section and sections 79-1009 and 79-1010, each district shall receive equalization aid in the amount that the total formula need of each district, as determined pursuant to subsections (5) and (6) of this section and sections 79-1006, 79-1007, 79-1013, and 79-1014, exceeds its total formula resources as determined pursuant to subsections (5) and (6) of this section and sections 79-1015 to 79-1018.

(2) A district shall not receive state aid for each of the school years 1992-93, 1993-94, and 1994-95 which is less than one hundred percent of the amount of aid received pursuant to the School Foundation and Equalization Act for school year 1989-90.

(3) No district shall receive equalization aid in an amount such that total state aid received would result in such district having a general fund tax levy of less than sixty percent of the local effort rate as computed pursuant to section 79-1015. The calculation shall be based on valuation, state aid, and levy data from the current school year, and:

(a) For the calculation of state aid in school fiscal year 1996-97 and each school fiscal year thereafter, for districts which have an adjusted valuation per formula student of less than forty percent of the statewide adjusted valuation divided by the number of formula students in the state, the calculation shall also take into consideration an amount equal to sixty percent of the local effort rate multiplied by the difference between the district's adjusted valuation per formula student and forty percent of the statewide adjusted valuation per formula student. Each district which meets the qualifications of this subdivision shall certify to the department, by the date provided in subsection (1) of section 13-508, the general fund tax request for the year in which the aid is to be paid. If such general fund tax request is not equal to at least ninety percent of the local effort rate multiplied by the adjusted valuation, the district shall not qualify for the provisions of this subdivision in the following year; and

(b) If a district identified in subdivision (a) of this subsection had actual general fund operating expenditures of more than fifteen percent above the target budget level established pursuant to section 79-1026, in the most recently available complete data year, subdivision (a) of this subsection shall not apply.

(4) For the calculation of state aid to be paid in school year 1993-94 and each school year thereafter in Class I districts which have more than one general fund levy in the current year, the department shall base the calculation on a derived general fund levy for the district computed by adding the general fund property tax yield for all portions of the district and dividing the result by the total assessed valuation of the district in hundreds.

(5) For school districts or portions thereof in Class VI school systems as defined in section 79-4,100, equalization aid to be paid in school year 1995-96 and each school year thereafter shall be computed as follows:

(a) For Class I districts, the total formula need and total formula resources shall be allocated to each Class VI school system based upon the proportion of such Class I district's adjusted valuation contained in each Class VI school system;

(b) For the Class VI district and each Class I district or portion thereof allocated pursuant to subdivision (a) of this subsection, the total formula resources shall be subtracted from the total formula need, except that the difference shall never be less than zero;

(c) Each district's total formula need, total formula resources, and difference calculated pursuant to subdivision (b) of this subsection shall be added to arrive at system formula need, system formula resources, and system total difference;

(d) System equalization aid shall equal the amount by which the system formula need exceeds system formula resources; and

(e) Each district's share of the system equalization aid shall be calculated by dividing the district's difference calculated pursuant to subdivision (b) of this subsection by the system total difference and

multiplying the result by the system equalization aid.

(6) For school districts in affiliated school systems as defined in section 79-4,100, equalization aid to be paid in school year 1992-93 and each school year thereafter shall be computed as follows:

(a) For affiliated Class I districts, the total formula need and total formula resources shall be allocated to each affiliated school system based upon the proportion of such Class I district's adjusted valuation contained in each system with which it is affiliated;

(b) For the high school district and each Class I district or portion thereof allocated pursuant to subdivision (a) of this subsection, the total formula resources shall be subtracted from the total formula need, except that the difference shall never be less than zero;

(c) Each district's total formula need, total formula resources, and difference calculated pursuant to subdivision (b) of this subsection shall be added to arrive at system formula need, system formula resources, and system total difference;

(d) System equalization aid shall equal the amount by which the system formula need exceeds system formula resources; and

(e) Each district's share of the system equalization aid shall be calculated by dividing the district's difference calculated pursuant to subdivision (b) of this subsection by the system total difference and multiplying the result by the system equalization aid.

Sec. 61. Section 79-1024, Reissue Revised Statutes of Nebraska, is amended to read:

79-1024. (1) The department may require each district to submit to the department a duplicate copy of such portions of the district's budget statement as the Commissioner of Education directs. The department may verify any data used to meet the requirements of the Tax Equity and Educational Opportunities Support Act. The Auditor of Public Accounts shall make necessary changes in the budget documents for districts to effectuate the budget limitations imposed pursuant to sections 79-1023 to 79-1030.

(2) If a school district fails to submit to the department or the auditor the budget documents required pursuant to subsection (1) of this section by the date established in subsection (1) of section 13-508 or fails to make any corrections of errors in the documents pursuant to section 13-504, the commissioner, upon notification from the auditor or upon his or her own knowledge that the required budget documents and any required corrections of errors from any school district have not been properly filed in accordance with the Nebraska Budget Act and after notice to the district and an opportunity to be heard, shall direct that any state aid granted pursuant to the Tax Equity and Educational Opportunities Support Act be withheld until such time as the required budget documents or corrections of errors are received by the department. In addition, the commissioner shall notify the county superintendent to direct the county treasurer to withhold all school money belonging to the school district until such time as the commissioner notifies the county superintendent of receipt of the required budget documents or corrections of errors. The county treasurer shall withhold such money.

Sec. 62. Section 79-1078, Reissue Revised Statutes of Nebraska, is amended to read:

79-1078. Commencing with the 1995-96 school year, the general fund property tax requirement of the Class VI school district and each Class I school district or portion thereof in a Class VI school system shall be certified to the county superintendent and county clerk for computation of a Class VI school system tax levy which shall not exceed the limit in section 77-3442. The proceeds of such levy, upon collection by the county, shall be distributed to the districts in the Class VI school system in amounts which are in proportion to the amounts of the general fund property tax requirement certified by such districts to the county superintendent and county clerk. Such levy shall be computed as follows: The sum of the property tax requirements necessary to fund the general fund property tax requirement of the Class VI school system shall be divided by the assessed valuation, in hundreds, of the system. If only a portion of a Class I district is part of the Class VI district, such Class I district's general fund property tax requirement shall be apportioned to respective portions of such Class I district for purposes of this computation based on each portion's assessed taxable valuation in relation to the total assessed valuation of the entire Class I district.

Sec. 63. Section 80-202, Reissue Revised Statutes of Nebraska, is amended to read:

80-202. The board of supervisors or commissioners of any county, the electors of any township at the annual or special township meeting, or the commissioners, council, or trustees of any city or village may by proper

resolution, motion, or ordinance decide to erect or aid in the erection of any such statue, monument, or other memorial. Such resolution, motion, or ordinance shall specify the general features and plan of such statue, monument, or other memorial, the proposed location, the probable cost, and the amount thereof to be paid by such county, township, city, or village. The resolution, motion, or ordinance shall thereafter be published once in the official paper of the county, city, or village, and twenty days after the publication date of the publication, the proper authorities may levy a tax, in addition to the taxes otherwise authorized to be levied upon the taxable property of such county, township, city, or village, to pay the amount so to be paid by such county, township, city, or village, in like manner as general taxes are levied, or to pay such amount from the general fund. The levy by a county or township shall be subject to section 77-3443.

Sec. 64. Section 80-407, Reissue Revised Statutes of Nebraska, is amended to read:

80-407. Each county veterans service committee shall cooperate with and assist the Department of Veterans' Affairs in the performance and discharge of its duties and functions. Each such county veterans service committee shall appoint, subject to confirmation by the county board, a county veterans service officer for its county after the applicant has been certified as eligible according to section 80-410 by the Director of Veterans' Affairs. Service officers appointed prior to March 27, 1969, shall also be certified as eligible. The county veterans service committee, in cooperation with the Department of Veterans' Affairs, shall issue a certificate of appointment, and establish a service center for the assistance of veterans, and is authorized to accept, for the purpose of carrying out its program of assistance to veterans, grants of funds from the county, municipalities, veterans, civic, religious, and fraternal organizations and groups, and private citizens. The county veterans service committee and the director boards of the counties involved, after meeting with the affected veterans service committees, are authorized to join two or more of the smaller counties in the appointment of a county veterans service officer for a given area with the expenses to be shared by the counties involved. The county board and the county veterans service committee shall be authorized to appoint or place any veterans service officer on a part-time basis if such officer's service shall not require forty hours per week. Members of the county veterans service committee shall be ineligible to serve as county veterans service officers or assistant county veterans service officers. Each county veterans service committee shall report quarterly, on September 30, December 31, March 31, and June 30 its doings and expenditures to the Department of Veterans' Affairs and to the county, municipalities, organizations, and agencies which have contributed funds for the work of such county veterans service committee.

Sec. 65. Section 81-1113, Reissue Revised Statutes of Nebraska, is amended to read:

81-1113. The budget division shall prepare the executive budget in accordance with the wishes and policies of the Governor. The budget division shall have the following duties, powers, and responsibilities:

(1) Shall prescribe the forms and procedures to be employed by all departments and agencies of the state in compiling and submitting their individual budget requests and shall set up a budget calendar which shall provide for (a) the date, not later than July 15 of each even-numbered year, for distribution of instructions, (b) the date by which time requests for appropriations by each agency shall be submitted, and (c) the period during which such public hearings as the Governor may elect shall be held for each department and agency. The budget request shall be submitted no later than on or before September 15 of each even-numbered year, shall include the intended receipts and expenditures by programs, subprograms, and activities and such additional information as the administrator may deem appropriate for each fiscal year, shall be made upon a biennial basis, and shall include actual receipts and actual expenditures for each fiscal year of the most recently completed biennium and the first year of the current biennium and estimates for the second year of the current biennium and each year of the next ensuing biennium;

(2) Shall work with each governmental department and agency in developing performance standards for each program, subprogram, and activity to measure and evaluate present as well as projected levels of expenditures;

(3) Shall, following passage of legislative appropriations, be responsible for the administration of the approved budget through budgetary allotments;

(4) Shall be responsible for a monthly budgetary report for each department and agency showing comparisons between actual expenditures and allotments which report shall be subject to review by the director and budget

administrator; and

(5) Shall be responsible for the authorization of employee positions. Such authorizations shall be based on the following:

(a) A requirement that a sufficient budget program appropriation and salary limitation exist to fully fund all authorized positions;

(b) A requirement that permanent full-time positions which have been vacant for ninety days or more be reviewed and reauthorized prior to being filled. If requested by the budget division, the personnel division of the Department of Administrative Services shall review such vacant position to determine the proper classification for the position;

(c) A requirement that authorized positions accurately reflect legislative intent contained in legislative appropriation and intent bills; and

(d) Other relevant criteria as determined by the budget administrator; and

(6) Shall, beginning on July 1, 2000, administer any grant approved by the Nebraska Commission on Local Government Innovation and Restructuring which extends beyond June 30, 2000.

Sec. 66. Section 85-1501, Reissue Revised Statutes of Nebraska, is amended to read:

85-1501. The Legislature hereby declares that for a community college to be truly responsible to the people it serves, primary control of such colleges shall be placed in the citizens within the local area so served subject to coordination by the Coordinating Commission for Postsecondary Education.

It is the intent and purpose of sections 85-1501 to 85-1540 and sections 67 and 76 of this act to create locally governed and locally supported community college areas with the major educational emphasis on occupational education. Each community college area is intended to be an independent, local, unique, and vital segment of postsecondary education separate from both the established elementary and secondary school system and from other institutions of postsecondary education and is not to be converted into a four-year, baccalaureate-degree-granting institution.

Sec. 67. The Legislature recognizes the need for and importance of a strong partnership with the community colleges to assure the continued economic growth of the state. In recognition of that partnership, the Legislature affirms that community colleges should be financed through a funding partnership from property tax, state aid, tuition, and other sources of revenue.

Sec. 68. Section 85-1503, Revised Statutes Supplement, 1996, is amended to read:

85-1503. For purposes of sections 85-1501 to 85-1540 and sections 67 and 76 of this act, unless the context otherwise requires:

(1) Community college shall mean an educational institution operating and offering programs pursuant to such sections;

(2) Community college area shall mean an area established by section 85-1504;

(3) Board shall mean the Community College Board of Governors for each community college area;

(4) Full-time equivalent student shall mean, in the aggregate, the equivalent of a registered student who in a twelve-month period is enrolled in (a) thirty semester credit hours or forty-five quarter credit hours of classroom, laboratory, clinical, practicum, or independent study course work or cooperative work experience or (b) nine hundred contact hours of classroom or laboratory course work for which credit hours are not offered or awarded. Avocational and recreational community service programs or courses shall not be included in determining full-time equivalent students or student enrollment;

(5) Contact hour shall mean an educational activity consisting of sixty minutes minus break time and required time to change classes;

(6) Credit hour shall mean the unit used to ascertain the educational value of course work offered by the institution to students enrolling for such course work, earned by such students upon successful completion of such course work, and for which tuition is charged. A credit hour may be offered and earned in any of several instructional delivery systems, including, but not limited to, classroom hours, laboratory hours, clinical hours, practicum hours, cooperative work experience, and independent study. A credit hour shall consist of a minimum of: (a) Ten quarter or fifteen semester classroom contact hours per term of enrollment; (b) twenty quarter or thirty semester academic transfer and academic support laboratory hours per term of enrollment; (c) thirty quarter or forty-five semester vocational laboratory hours per term of enrollment; (d) thirty quarter or forty-five semester clinical or practicum contact hours per term of

enrollment; or (e) forty quarter or sixty semester cooperative work experience contact hours per term of enrollment. An institution may include in a credit hour more classroom, laboratory, clinical, practicum, or cooperative work experience hours than the minimum required in this subdivision. The institution shall publish in its catalog, or otherwise make known to the student in writing prior to the student enrolling or paying tuition for any courses, the number of credit or contact hours offered in each such course. Such published credit or contact hour offerings shall be used to determine whether a student is a full-time equivalent student pursuant to subdivision (4) of this section;

(7) Classroom hour shall mean a minimum of fifty minutes of formalized instruction on campus or off campus in which a qualified instructor applying any combination of instructional methods such as lecture, directed discussion, demonstration, or the presentation of audiovisual materials is responsible for providing an educational experience to students;

(8) Laboratory hour shall mean a minimum of fifty minutes of educational activity on campus or off campus in which students conduct experiments, perfect skills, or practice procedures under the direction of a qualified instructor;

(9) Clinical hour shall mean a minimum of fifty minutes of educational activity on campus or off campus during which the student is assigned practical experience under constant supervision at a health-related agency, receives individual instruction in the performance of a particular function, and is observed and critiqued in the repeat performance of such function. Adjunct professional personnel, who may or may not be paid by the college, may be used for the directed supervision of students and for the delivery of part of the didactic phase of the experience;

(10) Practicum hour shall mean a minimum of fifty minutes of educational activity on campus or off campus during which the student is assigned practical experiences, receives individual instruction in the performance of a particular function, and is observed and critiqued by an instructor in the repeat performance of such function. Adjunct professional personnel, who may or may not be paid by the college, may be used for the directed supervision of the students;

(11) Cooperative work experience shall mean an internship or on-the-job training, designed to provide specialized skills and educational experiences, which is coordinated, supervised, observed, and evaluated by qualified college staff or faculty and may be completed on campus or off campus, depending on the nature of the arrangement;

(12) Independent study shall mean an arrangement between an instructor and student in which the instructor is responsible for assigning work activity or skill objectives to the student, personally providing needed instruction, assessing the student's progress, and assigning a final grade. Credit hours shall be assigned according to the practice of assigning credits in similar courses;

(13) Full-time equivalent student enrollment total shall mean the total of full-time equivalent students enrolled in a community college in any fiscal year;

(14) General academic transfer course shall mean a course offering in a one-year or two-year degree-credit program, at the associate degree level or below, intended by the offering institution for transfer into a baccalaureate program. The completion of the specified courses in a general academic transfer program may include the award of a formal degree;

(15) Applied technology or occupational course shall mean a course offering in an instructional program, at the associate degree level or below, intended to prepare individuals for immediate entry into a specific occupation or career. The primary intent of the institutions offering an applied technology or occupational program shall be that such program is for immediate job entry. The completion of the specified courses in an applied technology or occupational program may include the award of a formal degree, diploma, or certificate;

(16) Academic support course shall mean a general education academic course offering which may be necessary to support an applied technology or occupational program;

(17) Class 1 course shall mean an applied technology or occupational course offering which requires the use of equipment, facilities, or instructional methods easily adaptable for use in a general academic transfer program classroom or laboratory;

(18) Class 2 course shall mean an applied technology or occupational course offering which requires the use of specialized equipment, facilities, or instructional methods not easily adaptable for use in a general academic transfer program classroom or laboratory;

(19) Reported aid equivalent student shall mean a full-time equivalent student subject to the following limitations:

(a) The number of credit hours which can be counted for each student per semester or quarter shall be limited to eighteen credit hours;

(b) For students enrolled for more than eighteen credit hours, credit hours for each course shall be prorated as the eighteen-credit-hour limit is to the student's total credit hours for the semester or quarter;

(c) The credit-hour limit for a special instructional term shall be prorated on the same ratio that a fifteen-week term is to eighteen semester credit hours or a ten-week term is to eighteen quarter credit hours; and

(d) The number of credit hours which shall be counted by any community college area in which a tribally controlled community college is located shall include credit hours awarded by such tribally controlled community college to students for which such institution received no federal reimbursement pursuant to the Tribally Controlled Community College Assistance Act, Public Law 95-471 as reauthorized by Public Law 99-428;

(20) Reported aid equivalent total shall mean the total of all reported aid equivalents accumulated in a community college area in any fiscal year;

(21) Reimbursable educational unit shall mean a reported aid equivalent student multiplied by (a) for a general academic transfer course or an academic support course, a factor of one, (b) for a Class 1 course, a factor of one and fifty-hundredths, (c) for a Class 2 course, a factor of one and eight-tenths for fiscal year 1995-96 and for the three-year averages, a factor of one and nine-tenths for fiscal year 1996-97 and for the three-year averages, and a factor of two for fiscal year 1997-98 and each fiscal year thereafter and for the three-year averages, (d) for a tribally controlled community college general academic transfer course or academic support course, a factor of two, (e) for a tribally controlled community college Class 1 course, a factor of three, and (f) for a tribally controlled community college Class 2 course, a factor of three and six-tenths for fiscal year 1995-96 and for the three-year averages, a factor of three and eight-tenths for fiscal year 1996-97 and for the three-year averages, and a factor of four for fiscal year 1997-98 and each fiscal year thereafter and for the three-year averages;

(22) Reimbursable educational unit total shall mean the total of all reimbursable educational units accumulated in a community college area in any fiscal year;

(23) Special instructional term shall mean any term which is less than fifteen weeks for community colleges using semesters or ten weeks for community colleges using quarters;

(24) Tribally controlled community college shall mean an educational institution operating and offering programs pursuant to the Tribally Controlled Community College Assistance Act, Public Law 95-471 as reauthorized by Public Law 99-428; and

(25) Tribally controlled community college state aid amount shall mean the quotient of the amount of state aid to be distributed pursuant to sections 85-1536 and 85-1537 for the current fiscal year to a community college area in which a tribally controlled community college is located divided by the average of the reimbursable educational unit totals for such community college area for the immediately preceding three fiscal years, with such quotient then multiplied by the average reimbursable educational units derived pursuant to subdivision (19)(d) of this section for the immediately preceding three fiscal years.

Sec. 69. Section 85-1511, Reissue Revised Statutes of Nebraska, is amended to read:

85-1511. In addition to any other powers and duties imposed upon the community college system or its areas, campuses, or boards by sections 85-917 to 85-966 and 85-1501 to 85-1540 and sections 67 and 76 of this act and any other provision of law, each board shall:

(1) Have general supervision, control, and operation of each community college within its jurisdiction;

(2) Subject to coordination by the Coordinating Commission for Postsecondary Education as prescribed in the Coordinating Commission for Postsecondary Education Act, develop and offer programs of applied technology education, academic transfer programs, academic support courses, and such other programs and courses as the needs of the community college area served may require. The board shall avoid unnecessary duplication of existing programs and courses in meeting the needs of the students and the community college area;

(3) Employ, for a period to be fixed by the board, executive officers, members of the faculty, and such other administrative officers and employees as may be necessary or appropriate and fix their salaries and

duties;

(4) Subject to coordination by the Coordinating Commission for Postsecondary Education as prescribed in the Coordinating Commission for Postsecondary Education Act, construct, lease, purchase, operate, maintain, equip, and maintain facilities;

(5) Contract for services connected with the operation of the community college area as needs and interest demand;

(6) Cause an examination and comprehensive audit of the books, accounts, records, and affairs, including full-time equivalent student enrollment totals, reported aid equivalent totals, and reimbursable educational unit totals as defined in section 85-1503, to be made annually covering the most recently completed fiscal year. The audit of each area shall include the full-time equivalent student enrollment totals, reported aid equivalent totals, and reimbursable educational unit totals for the three most recently completed fiscal years which shall be used for calculation of aid to the community college areas as prescribed in section 85-1536. The audit shall also include the county-certified property valuations for the community college area for the three most recently completed fiscal years which shall be used for calculation of aid to such community college areas. Such examination and audit of the books, accounts, records, and affairs shall be completed and filed with the Auditor of Public Accounts and the Department of Administrative Services on or before October 15 of each year. The examination and audit of the full-time equivalent student enrollment totals, reported aid equivalent totals, and reimbursable educational unit totals shall be completed and filed with the Auditor of Public Accounts and the Department of Administrative Services on or before August 15 of each year;

(7) Establish fees and charges for the facilities authorized by sections 85-1501 to 85-1540 and sections 67 and 76 of this act. Each board may enter into agreements with owners of facilities to be used for housing regarding the management, operation, and government of such facilities and may employ necessary employees to govern, manage, and operate such facilities;

(8) Receive such gifts, grants, conveyances, and bequests of real and personal property from public or private sources as may be made from time to time, in trust or otherwise, whenever the terms and conditions thereof will aid in carrying out the community college programs as specified by law. Each board may sell, lease, exchange, invest, or expend such gifts, grants, conveyances, and bequests or the proceeds, rents, profits, and income therefrom according to the terms and conditions thereof and adopt and promulgate rules and regulations governing the receipt and expenditure of such proceeds, rents, profits, and income, except that acceptance of such gifts, grants, or conveyances shall not be conditioned on matching state or local funds;

(9) Prescribe the courses of study for any community college under its control and publish such catalogs and bulletins as may be necessary;

(10) Grant to every student upon graduation or completion of a course of study a suitable diploma, associate degree, or certificate;

(11) Adopt and promulgate such rules and regulations and perform all other acts as the board may deem necessary or appropriate to the administration of the community college area. Such rules and regulations shall include, but not be limited to, rules and regulations relating to facilities, housing, scholarships, discipline, and pedestrian and vehicular traffic on property owned, operated, or maintained by the community college area;

(12) Employ, for a period to be fixed by the board, an executive officer for the community college area and, by written order filed in its office, delegate to such executive officer any of the powers and duties vested in or imposed upon it by sections 85-1501 to 85-1540 and sections 67 and 76 of this act. Such delegated powers and duties may be exercised in the name of the board;

(13) Acquire real property by eminent domain pursuant to sections 76-701 to 76-724;

(14) Acquire real and personal property and sell, convey, or lease such property whenever the community college area will be benefited thereby. The sale, conveyance, or lease of any real estate owned by a community college area shall be effective only when authorized by an affirmative vote of at least two-thirds of all the members of the board;

(15) Enter into agreements for services, facilities, or equipment and for the presentation of courses for students when such agreements are deemed to be in the best interests of the education of the students involved;

(16) Transfer tribally controlled community college state aid amounts to a tribally controlled community college located within its community college area;

(17) Invest, after proper consideration of the requirements for the availability of money, funds of the community college in securities the nature of which individuals of prudence, discretion, and intelligence acquire or retain in dealing with the property of another;

(18) Establish tuition rates for courses of instruction offered by each community college within its community college area. Separate tuition rates shall be established for students who are nonresidents of the State of Nebraska;

(19) Establish a fiscal year for the community college area which conforms to the fiscal year of the state; and

(20) Exercise any other powers, duties, and responsibilities necessary to carry out sections 85-1501 to 85-1540 and sections 67 and 76 of this act.

Sec. 70. Section 85-1515, Revised Statutes Supplement, 1996, is amended to read:

85-1515. Each board may issue and sell revenue bonds and general obligation bonds for the purchase, construction, reconstruction, equipping, demolition, or alteration of capital assets, including accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110, and the acquisition of sites, rights-of-way, easements, improvements, or appurtenances and other facilities connected with the operation of the community colleges. Each board may establish in its budget a capital improvement and bond sinking fund. Such fund shall be used (1) first for the retirement of bonds assumed by the board in accordance with the provisions of such bonds, (2) then for (a) renewal work and deferred maintenance as defined in section 81-173, (b) handicapped access and life safety improvements made to existing structures or grounds including accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110, and (c) projects designed to prevent or correct a waste of energy, including measures taken to utilize alternate energy sources, all in accordance with the capital facilities plan of the community college area, (3) then for the retirement of bonds issued pursuant to this section, and (4) then for the purchasing, purchasing on contract, constructing, and improving of facilities necessary to carry out sections 85-1501 to 85-1540 and sections 67 and 76 of this act. Revenue bonds issued shall be subject to sections 85-1520 to 85-1527. No general obligation bonds shall be issued without the approval by a majority vote of the qualified electors of the community college area voting in an election called for such purpose pursuant to section 85-1518. No bonds issued under sections 85-1501 to 85-1540 and sections 67 and 76 of this act shall be an obligation of the State of Nebraska, and no state tax shall be levied to raise funds for the payment thereof or interest thereon.

Sec. 71. Section 85-1516, Reissue Revised Statutes of Nebraska, is amended to read:

85-1516. Each board may issue warrants in an amount necessary to finance the operating expenses of the community college area until the proceeds of the tax levy as provided in section 85-1517 are received. The amount of such warrants plus interest shall not exceed the amount of the money to be received from the property tax levy. Whenever such warrants are issued, they shall be the general obligation of the community college area and the full faith and credit of the community college area shall be pledged to retire such warrants. In addition the board shall set aside from the proceeds of the property tax levied pursuant to sections 85-1501 to 85-1540 and sections 67 and 76 of this act an amount sufficient to pay the warrants and the interest on such warrants. Such warrants shall be subject to registration as provided in sections 77-2201 to 77-2215.

Sec. 72. Section 85-1517, Revised Statutes Supplement, 1996, is amended to read:

85-1517. (1) The board may certify to the county board of equalization of each county within the community college area a tax levy not to exceed seven cents for fiscal year 1998-99 and fiscal year 1999-00 and six cents for fiscal year 2000-01 and all subsequent fiscal years, on each one hundred dollars on the taxable valuation of all property subject to the levy within the community college area, uniform throughout such area, for the purpose of supporting operating expenditures of the community college area. The levy shall be subject to the limits established in section 77-3442.

(2)(a) As part of in addition to the levy provided in subsection (1) of this section, the board may certify to the county board of equalization of each county within the community college area a tax levy of not to exceed one and eight-tenths cents cent on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area, for the purpose of establishing a capital improvement

fund and bond sinking fund as provided in section 85-1515.

(b) In addition to the levy provided in subdivision (a) of this subsection, the board may also certify to the county board of equalization of each county within the community college area a tax levy on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area, in the amount which will produce funds only in the amount necessary to pay for funding accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110. Such tax levy shall not be so certified unless approved by an affirmative vote of a majority of the board taken at a public meeting of the board following notice and a hearing. The board shall give at least seven days' notice of such public hearing and shall publish such notice once in a newspaper of general circulation in the area to be affected by the increase.

(3) The levy provided by subdivision (2)(a) of this section may be exceeded by that amount necessary to retire the general obligation bonds assumed by the community college area or issued pursuant to section 85-1515 according to the terms of such bonds or for any obligation pursuant to section 85-1535 entered into prior to January 1, 1997.

(4) Such tax shall be levied and assessed in the same manner as other property taxes and entered on the books of the county treasurer. The proceeds of such tax, as collected, shall be remitted to the treasurer of the board not less frequently than once each month.

Sec. 73. Section 85-1521, Reissue Revised Statutes of Nebraska, is amended to read:

85-1521. Each board may, by resolution or agreement, pledge all or any part of the revenue and fees derived from the operation of the dormitories, residence halls, single-dwelling units, multiple-dwelling units, buildings, and other facilities for housing, boarding, medical care, and other activities of students, faculty, or employees of the institution under its control erected or acquired or previously erected or acquired by any such board and contract as to the care, insurance, management, and operation of such buildings and facilities and the charges to be made and the rights of the holders of the revenue bonds. When any board contracts that the operation of any building or facility or part thereof shall be performed other than by the board itself, such board shall at all times maintain supervision of and control over the fees and charges imposed for the use of such building, facility, or part. In issuing revenue bonds and pledging revenue therefor, the board may pledge all or any part of the revenue and fees from buildings and facilities other than the building or facility to be constructed. Bonds issued under sections 85-1520 to 85-1527 shall not be an obligation of the State of Nebraska, and no tax shall ever be levied to raise funds for the payment thereof or interest thereon. The bonds shall constitute limited obligations of the board issuing the same and shall be paid solely out of money derived from the revenue and earnings pledged as provided in sections 85-1501 to 85-1540 and sections 67 and 76 of this act.

Sec. 74. Section 85-1535, Reissue Revised Statutes of Nebraska, is amended to read:

85-1535. A board of a community college area with a population of less than one hundred thousand according to the last federal decennial census and a campus located on a former military base may enter into contracts with any person, firm, or corporation providing for the implementation of any project for the constructing and improving of facilities to house applied technology educational programs necessary to carry out sections 85-1501 to 85-1540 and sections 67 and 76 of this act and providing for the long-term payment of the cost of such project.

In no case shall any such contract run for a period longer than twenty years or shall the aggregate of existing contracts exceed four million five hundred thousand dollars for each area exclusive of administrative costs, credit enhancement costs, financing costs, capitalized interest, and reserves dedicated to secure payment of contracts.

No contract shall be entered into pursuant to this section without prior approval by a resolution of the board and the approval of the Coordinating Commission for Postsecondary Education.

The long-term payment of the cost of such project shall be paid from revenue to be raised pursuant to subdivision (2)(a) of section 85-1517. Any board entering into such contract for the construction and improvement of facilities from revenue to be raised pursuant to such subdivision shall make annual appropriations for amounts sufficient to pay annual obligations under such contract for the duration of such contract.

The board may also convey or lease and lease back all or any part of the project and the land on which such project is situated to such person,

firm, or corporation as the board may contract with pursuant to this section to facilitate the long-term payment of the cost of such project. Any such conveyance or lease shall provide that when the cost of such project has been paid, together with interest and other costs thereon, such project and the land on which such project is located shall become the property of the community college area.

Sec. 75. Section 85-1536, Revised Statutes Supplement, 1996, is amended to read:

85-1536. (1) The Legislature, in an effort to promote quality postsecondary education and to avoid excessive and disproportionate taxation upon the taxable property of each community college area, may appropriate each biennium from such funds as may be available an amount for aid and assistance to the community colleges. The Legislature recognizes that education, as an investment in human resources, is fundamental to the quality of life and the economic prosperity of Nebraskans and that aid to the community colleges furthers these goals. It is the intent of the Legislature that such appropriations, in particular equalization aid provided in this section and section 76 of this act, reflect the commitment of the Legislature to join with local governing bodies in a strong and continuing partnership to further advance the quality, responsiveness, access, and equity of Nebraska's community colleges and to foster high standards of performance and service so that every citizen, community, and business will have the opportunity to receive quality educational programs and services regardless of the size, wealth, or geographic location of the community college area or tribally controlled community college by which that citizen, community, or business is served. Such funds so appropriated by the Legislature shall be allocated, adjusted, and distributed to the boards by the Department of Administrative Services as follows:

(a) Fifty-two percent of such funds appropriated by the Legislature for each fiscal year shall be allocated to the community college areas as follows:

(i) For fiscal year 1995-96, in the same proportion as the first one thousand seven hundred twenty-five audited reimbursable educational units or portion thereof of the three-year average for each community college area, calculated by taking the average of the audited reimbursable educational units for the three most recently completed fiscal years, is to the first one thousand seven hundred twenty-five audited reimbursable educational units or portion thereof of the three-year average of all community college areas combined for such fiscal year;

(ii) For fiscal year 1996-97, in the same proportion as the first one thousand seven hundred fifty audited reimbursable educational units or portion thereof of the three-year average for each community college area, calculated as provided in subdivision (a)(i) of this subsection by taking the average of the audited reimbursable educational units for the three most recently completed fiscal years, is to the first one thousand seven hundred fifty audited reimbursable educational units or portion thereof of the three-year average of all community college areas combined for such fiscal year; and

(iii) (i) For fiscal year 1997-98 and each fiscal year thereafter, in the same proportion as the first one thousand seven hundred seventy-five audited reimbursable educational units or portion thereof of the three-year average for each community college area, calculated as provided in subdivision (a)(i) of this subsection, is to the first one thousand seven hundred seventy-five audited reimbursable educational units or portion thereof of the three-year average of all community college areas combined for such fiscal year;

(b) Thirty-eight percent of such funds for each fiscal year shall be distributed to the community college areas as follows:

(i) For fiscal year 1995-96, in the same proportion as the three-year average of all audited reimbursable educational units in excess of one thousand nine hundred twenty-five for each community college area, calculated by taking the average of the audited reimbursable educational units for the three most recently completed fiscal years, is to the audited reimbursable educational units in excess of one thousand nine hundred twenty-five for all community college areas, calculated by taking such average, combined for such fiscal year;

(ii) For fiscal year 1996-97, in the same proportion as the three-year average of all audited reimbursable educational units in excess of one thousand nine hundred fifty for each community college area, calculated as provided in subdivision (b)(i) of this subsection by taking the average of the audited reimbursable educational units for the three most recently completed fiscal years, is to the audited reimbursable educational units in excess of

one thousand nine hundred fifty for all community college areas, calculated by taking such average, combined for such fiscal year; and

(iii) (ii) For fiscal year 1997-98 and each fiscal year thereafter, in the same proportion as the three-year average of all audited reimbursable educational units in excess of one thousand nine hundred seventy-five for each community college area, calculated as provided in subdivision (b)(i) of this subsection, is to the audited reimbursable educational units in excess of one thousand nine hundred seventy-five for all community college areas, calculated by taking such average, combined for such fiscal year; and

(c) The balance of such funds for each fiscal year shall be distributed pursuant to section 76 of this act, to the community college areas in inverse proportion to the amount of the three-year average valuation for taxable property in the community college area, calculated by taking the average of each community college area's three most recently completed fiscal years of county-certified property valuation, divided by the three-year average number of reported aid equivalent students in the community college area, calculated by taking the average of each community college area's three most recently completed fiscal years of reported aid equivalent students.

(2) The Department of Administrative Services shall distribute the total of such appropriated and allocated funds from subdivisions (1)(a) and (b) of this section to the boards in ten as nearly as possible equal monthly payments between the fifth and twentieth day of each month beginning in September of each year.

(3) The Department of Administrative Services shall reduce the amount of the distribution to a board by the amount of funds used by the community college area to provide a program or capital construction project as such term is defined in section 85-1402 which has not been approved or has been disapproved by the Coordinating Commission for Postsecondary Education pursuant to the Coordinating Commission for Postsecondary Education Act.

Sec. 76. (1) The Community College Property Tax Relief and Equalization Program is created. The Legislature recognizes the need for a state and local partnership for the funding of community colleges. The Legislature also understands that some community college areas have a better ability than other areas to raise revenue through property taxes because of larger and growing valuation bases.

(2) It is the intent of the Legislature to appropriate funds beginning with fiscal year 1998-99 to provide property tax relief to those areas that (a) have levied the maximum allowable property tax levy as described in subsection (1) of section 85-1517 and cannot generate forty percent of their operating revenue or (b) do not receive forty percent of their operating revenue from state aid pursuant to subdivisions (1)(a) and (b) of section 85-1536 and levy the maximum allowable property tax levy as described in subsection (1) of section 85-1517 or the greater of a minimum levy of six and three-tenths cents per one hundred dollars of valuation for fiscal year 1998-99 and fiscal year 1999-00 and five and three-tenths cents per one hundred dollars of valuation for fiscal year 2000-01 and all subsequent fiscal years or a levy that raises forty percent of its operating revenue.

(3) Each eligible community college area which qualifies pursuant to subdivision (2)(a) of this section shall receive funds equal to the difference between the property tax revenue raised and forty percent of its operating revenue. Each eligible community college area which qualifies pursuant to subdivision (2)(b) of this section shall receive funds equal to the difference between state aid pursuant to subdivisions (1)(a) and (b) of section 85-1536 and forty percent of its operating revenue, and any community college area which raises in excess of forty percent of its operating revenue from property tax shall have such excess serve as an offset to payments received from this program. Any community college area which qualifies under both subdivisions (2)(a) and (b) of this section shall receive funds as calculated for both subdivisions. The base year for calculating forty percent of operating revenue shall be fiscal year 1997-98, with future adjustments reflecting increases equal to two percent plus the percentage increase, if any, in full-time equivalent students eligible for state aid from the second year to the first year preceding the year for which the aid is being determined. Each community college area shall submit its levy and valuation certification to the Department of Administrative Services by September 20 each year. After verifying valuations and general fund revenue amounts established from FTE-REU audits, which general fund revenue amounts are derived from the uniform budget form, the department shall distribute funds to those community college areas that have qualified for property tax relief and equalization. If the Legislature fails to appropriate adequate funds for the program, the funds appropriated shall be apportioned on a pro rata basis to the areas that

qualify.

(4) The department shall distribute the total of such appropriated and allocated funds to the boards in nine as nearly as possible equal monthly payments between the fifth and twentieth day of each month beginning in October of each year.

Sec. 77. Sections 1, 2, 4 to 9, 17, 19, 21, 30 to 33, 37 to 40, 54 to 58, 62, 63, 66 to 76, and 79 of this act become operative on July 1, 1998. The other sections of this act become operative on their effective date.

Sec. 78. Original sections 13-807, 14-1813, 77-201, 77-203, 77-913, 77-1601 to 77-1601.02, 77-1606 to 77-1610, 77-1613, 77-1613.01, 77-1616, 77-1706, 79-528, 79-1008, 79-1024, 80-407, and 81-1113, Reissue Revised Statutes of Nebraska, sections 2-2428, 13-508, 13-518, 13-804, 13-2304, 13-2305, 13-2307, 18-2107, 22-402, 22-402.03, 22-402.04, 22-405, 22-405.01, 22-416, and 22-417, Revised Statutes Supplement, 1996, and section 23-153, Revised Statutes Supplement, 1996, as amended by section 1, Legislative Bill 40, Ninety-fifth Legislature, First Session, 1997, are repealed.

Sec. 79. Original sections 3-504.02, 14-1805, 71-1637, 71-1638, 77-1340, 77-27,139.02, 77-27,139.03, 77-3442, 77-3443, 77-3444, 79-1078, 80-202, 85-1501, 85-1511, 85-1516, 85-1521, and 85-1535, Reissue Revised Statutes of Nebraska, sections 2-958, 3-504, 3-613, 13-318, 13-322, 13-323, 14-1821, 19-3315, 51-201, 51-501, 85-1503, 85-1515, 85-1517, and 85-1536, Revised Statutes Supplement, 1996, and section 2-203.01, Revised Statutes Supplement, 1996, as amended by section 8, Legislative Bill 469, Ninety-fifth Legislature, First Session, 1997, are repealed.

Sec. 80. The following sections are outright repealed: Sections 18-801 to 18-807, 77-205, 77-206, and 79-1073, Reissue Revised Statutes of Nebraska, sections 13-320 and 13-321, Revised Statutes Supplement, 1996, and section 23-278, Reissue Revised Statutes of Nebraska, as amended by section 3, Legislative Bill 40, Ninety-fifth Legislature, First Session, 1997.

Sec. 81. Since an emergency exists, this act takes effect when passed and approved according to law.