

LEGISLATIVE BILL 881

Approved by the Governor May 26, 1999

Introduced by Speaker Kristensen, 37; Brashear, 4; Brown, 6; Engel, 17; D. Pederson, 42; C. Peterson, 35; Redfield, 12; Wehrbein, 2; Baker, 44; Bruning, 3; Crosby, 29; Jensen, 20; Quandahl, 31; Smith, 48; Dw. Pedersen, 39; Hilgert, 7; Jones, 43; at the request of the Governor

AN ACT relating to revenue and taxation; to amend sections 13-518, 77-1704.01, and 84-612, Revised Statutes Supplement, 1998, and section 77-1701, Reissue Revised Statutes of Nebraska, as amended by section 31, Legislative Bill 194, Ninety-sixth Legislature, First Session, 1999; to adopt the Relief to Property Taxpayers Act; to create funds; to provide for transfers of funds; to change provisions relating to tax statements and notices; to provide for allocation of certain funds to community college areas; to harmonize provisions; to provide severability; to repeal the original sections; and to declare an emergency.

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

Section 1. Sections 1 to 4 of this act shall be known and may be cited as the Relief to Property Taxpayers Act.

Sec. 2. The purpose of the Relief to Property Taxpayers Act is to provide property tax relief for property taxes levied against real property. The property tax relief will be made to owners of real property in the form of a property tax credit.

Sec. 3. The Relief to Property Taxpayers Cash Fund is created. The fund shall only be used pursuant to the Relief to Property Taxpayers Act. 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. 4. (1) For tax year 2000, the amount of relief granted under the Relief to Property Taxpayers Act shall be thirty-five million dollars. For tax years after 2001, the amount of relief granted under the act shall be equal to the amount appropriated or transferred to the Relief to Property Taxpayers Cash Fund by August 16. It is the intent of the Legislature to fund the Relief to Property Taxpayers Act for tax years 2001, 2002, and 2003 using available excess revenue. The relief shall be in the form of a property tax credit which appears on the property tax statement.

(2) To determine the amount of the property tax credit, the county treasurer shall multiply the amount disbursed to the county under subsection (4) of this section by the ratio of the real property valuation of the parcel to the total real property valuation in the county. The amount determined shall be the property tax credit for the property.

(3) If the real property owner qualifies for a homestead exemption under sections 77-3501 to 77-3529, the homestead owner shall also be qualified for the relief provided in the act to the extent of any remaining liability after calculation of the relief provided by the homestead exemption. If the credit results in a property tax liability on the homestead that is less than zero, the amount of the credit which cannot be used by the taxpayer shall be returned to the State Treasurer by July 1 of the year the amount disbursed to the county was disbursed. The State Treasurer shall immediately credit any funds returned under this section to the Tax Equity and Educational Opportunities Support Act Stabilization Fund until July 15, 2001, and to the Relief to Property Taxpayers Cash Fund on and after such date.

(4) The amount disbursed to each county shall be equal to the amount available for disbursement determined under subsection (1) of this section multiplied by the ratio of the real property valuation in the county to the real property valuation in the state. By September 15, the Property Tax Administrator shall determine the amount to be disbursed under this subsection to each county and certify such amounts to the State Treasurer and to each county. The disbursements to the counties shall occur in two equal payments, the first on or before January 31 and the second on or before April 1. After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit levying taxes on taxable property in the tax district in which the real property is located in the same proportion that the levy of such taxing unit bears to the total levy on taxable property of all the taxing units in the tax district in which the real property is located.

Sec. 5. On August 16, 2000, the State Treasurer shall transfer to the Tax Equity and Educational Opportunities Support Act Stabilization Fund any money appropriated for purposes of the Tax Equity and Educational Opportunities Support Act which is in excess of the certification made under section 79-1022. The Tax Equity and Educational Opportunities Support Act Stabilization Fund is created. 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. On July 15, 2001, the fund shall terminate and the State Treasurer shall transfer any money in the fund on such date to the General Fund for purposes of funding the Tax Equity and Educational Opportunities Support Act.

Sec. 6. Section 13-518, Revised Statutes Supplement, 1998, is amended to read:

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

(1) Allowable growth means (a) for governmental units other than community colleges, the percentage increase in taxable valuation in excess of the base limitation established under section 77-3446, if any, due to improvements to real property as a result of new construction, additions to existing buildings, any improvements to real property which increase the value of such property, and any increase in valuation due to annexation and any personal property valuation over the prior year and (b) for community colleges, the percentage increase in excess of the base limitation, 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;

(2) Capital improvements means (a) acquisition of real property or (b) acquisition, construction, or extension of any improvements on real property;

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

(4) Governmental unit means every political subdivision which has authority to levy a property tax or authority to request levy authority under section 77-3443 except sanitary and improvement districts which have been in existence for five years or less and school districts;

(5) Qualified sinking fund means a fund or funds maintained separately from the general fund to pay for acquisition or replacement of tangible personal property with a useful life of five years or more which is to be undertaken in the future but is to be paid for in part or in total in advance using periodic payments into the fund. The term includes sinking funds under subdivision (13) of section 35-508 for firefighting and rescue equipment or apparatus;

(6) 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, (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 (f) any funds excluded from restricted funds for the prior year because they were budgeted for capital improvements but which were not spent and are not expected to be spent for capital improvements; and

(7) 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, 60-3007, 77-27,136, and 77-27,139.04 and insurance premium tax paid to municipalities;

(c) For counties, state aid to counties paid pursuant to sections 39-2501 to 39-2520, 47-119.01, 60-3007, 77-27,136, and 77-3618 and insurance premium tax paid to counties;

(d) For community colleges, state aid to community colleges paid under sections 85-1536 to 85-1537 and section 10 of this act;

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

(f) For educational service units, state aid appropriated under section 79-1241.

Sec. 7. Section 77-1701, Reissue Revised Statutes of Nebraska, as amended by section 31, Legislative Bill 194, Ninety-sixth Legislature, First Session, 1999, is amended to read:

77-1701. (1) The county treasurer shall be ex officio county collector of all taxes levied within the county. The county board shall direct that a statement of the amount of taxes due and a notice that special assessments are due be mailed or otherwise delivered to the last-known address of the person, firm, association, or corporation against whom such taxes or

special assessments are assessed or to the lending institution or other party responsible for paying such taxes or special assessments. Such statement shall clearly indicate, for each political subdivision, the levy rate and the amount of taxes due as the result of principal or interest payments on bonds issued by the political subdivision and shall show such rate and amount separate from any other levy. Beginning with tax year 2000, when taxes on real property are delinquent for a prior year, the county treasurer shall indicate this information on the current year tax statement in bold letters. The information provided shall inform the taxpayer that delinquent taxes and interest are due for the prior year or years and shall indicate the specific year or years for which such taxes and interest remain unpaid. The language shall read "Back Taxes and Interest Due For", followed by numbers to indicate each year for which back taxes and interest are due. When taxes are delinquent for a prior year, the county treasurer shall indicate this information on such tax statement in a clearly defined space or in a separate notice. The separate notice shall be on a colored piece of paper and may be enclosed with the tax statement. The separate notice or information on such tax statement shall read: "ATTENTION: Taxes for a prior year are delinquent. Interest is accruing. Please contact the county treasurer's office immediately." Failure to receive such statement or notice shall not relieve the taxpayer from any liability to pay such taxes or special assessments and any interest or penalties accrued thereon. In any county in which a city of the metropolitan class is located, all statements of taxes shall also include notice that special assessments for cutting weeds, removing litter, and demolishing buildings are due.

(2) Notice that special assessments are due shall not be required for special assessments levied by sanitary and improvement districts organized under Chapter 31, article 7, except that such notice may be provided by the county at the discretion of the county board or by the sanitary and improvement district with the approval of the county board.

(3) A statement of the amount of taxes due and a notice that special assessments are due shall not be required to be mailed or otherwise delivered pursuant to subsection (1) of this section if the total amount of the taxes and special assessments due is less than two dollars. Failure to receive the statement or notice shall not relieve the taxpayer from any liability to pay the taxes or special assessments but shall relieve the taxpayer from any liability for interest or penalties. Taxes and special assessments of less than two dollars shall be added to the amount of taxes and special assessments due in subsequent years and shall not be considered delinquent until the total amount is two dollars or more.

Sec. 8. Section 77-1704.01, Revised Statutes Supplement, 1998, is amended to read:

77-1704.01. (1) The county treasurer shall include with each tax notice or receipt to every taxpayer the following information:

~~(1) (a)~~ (a) The total amount of aid from state sources appropriated to the county and each city, village, and school district in the county; ~~and~~

~~(2) (b)~~ (b) The net amount of property taxes to be levied by the county and each city, village, and school district in the county; ~~and~~

(c) Beginning with tax year 2000, for real property, the amount of taxes reflected on the statement that are levied by the county, city, village, school district, and other subdivisions for the tax year and for the immediately past year on the same parcel.

(2) The necessary form for furnishing ~~such~~ the information required by subdivisions (1)(a) and (b) of this section shall be prescribed by the Department of Revenue. The necessary information required by subdivision (1)(a) of this section shall be furnished to the county treasurer by the Department of Revenue prior to October 1 of each year. The form prescribed by the Department of Revenue shall contain the following statement:

THE AMOUNT OF STATE FUNDS SHOWN ABOVE WOULD HAVE BEEN ADDITIONAL PROPERTY TAXES IF NOT ALLOCATED TO THE COUNTY, CITY, VILLAGE, AND SCHOOL DISTRICT BY THE LEGISLATURE.

Sec. 9. Section 84-612, Revised Statutes Supplement, 1998, is amended to read:

84-612. (1) There is hereby created within the state treasury a fund known as the Cash Reserve Fund which shall be under the direction of the State Treasurer. The fund shall only be used pursuant to this section.

(2) The State Treasurer shall transfer funds from the Cash Reserve Fund to the General Fund upon certification by the Director of Administrative Services that the current cash balance in the General Fund is inadequate to meet current obligations. Such certification shall include the dollar amount to be transferred.

(3) Any transfers made pursuant to subsections (2) and (5) of this

section shall be reversed upon notification by the Director of Administrative Services that sufficient funds are available.

(4) On or before August 1, 1994, the State Treasurer shall transfer six million dollars from the Cash Reserve Fund to the Job Training Cash Fund.

(5) The State Treasurer shall transfer funds from the Cash Reserve Fund to the Roads Operations Cash Fund upon certification by the Director of Administrative Services that the current cash balance in the Roads Operations Cash Fund is inadequate to meet current obligations as the result of delayed receipt of federal funds. The certification shall include the dollar amount to be transferred. The authority to transfer funds pursuant to this subsection shall be in effect for the period July 1, 1998, through June 30, 1999.

(6) On or before September 1, 1998, the State Treasurer shall transfer four million five hundred thousand dollars from the Cash Reserve Fund to the General Fund.

(7) On or before September 1, 1998, the State Treasurer shall transfer two million dollars from the Cash Reserve Fund to the Reorganized School Assistance Fund.

(8) On June 15, 1999, the State Treasurer shall transfer twelve million dollars from the Cash Reserve Fund to the General Fund.

(9) On or before June 30, 1999, the State Treasurer shall transfer eighty million dollars from the Cash Reserve Fund to the General Fund.

(10) On June 15, 2001, the State Treasurer shall transfer twenty-eight million dollars from the Cash Reserve Fund to the General Fund.

(11) On August 16, 1999, the State Treasurer shall transfer thirty million dollars from the Cash Reserve Fund to the Relief to Property Taxpayers Cash Fund for the purposes of increased aid to community colleges.

(12) On August 16, 2000, the State Treasurer shall transfer thirty-five million dollars from the Cash Reserve Fund to the Relief to Property Taxpayers Cash Fund.

(13) On August 1, 2001, the State Treasurer shall transfer thirty-five million dollars from the Cash Reserve Fund to the General Fund for purposes of funding the Tax Equity and Educational Opportunities Support Act.

Sec. 10. If the Legislature appropriates more money for aid to community colleges than is necessary to fully fund the provisions of sections 85-1536 to 85-1537 for any fiscal year, the excess money shall be allocated to each community college area in the same proportion as the community college area's property valuation is to the state's total property valuation.

Sec. 11. If any section in this act or any part of any section is declared invalid or unconstitutional, the declaration shall not affect the validity or constitutionality of the remaining portions.

Sec. 12. Original sections 13-518, 77-1704.01, and 84-612, Revised Statutes Supplement, 1998, and section 77-1701, Reissue Revised Statutes of Nebraska, as amended by section 31, Legislative Bill 194, Ninety-sixth Legislature, First Session, 1999, are repealed.

Sec. 13. Since an emergency exists, this act takes effect when passed and approved according to law.