

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 525

Introduced by Friend, 10.

Read first time January 21, 2009

Committee: Urban Affairs

A BILL

1 FOR AN ACT relating to cities and villages; to amend sections
2 13-315, 18-2705, 18-2709, and 18-2717, Reissue Revised
3 Statutes of Nebraska; to change provisions relating to
4 tax levies and economic development programs; and to
5 repeal the original sections.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-315, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 13-315 The city commissioners or council of any city,
4 the board of trustees of any village, and the county board of any
5 county in the state shall have the power to appropriate or expend
6 annually from the general funds or from revenue received from any
7 proprietary functions of their respective political subdivision an
8 amount not to exceed ~~four-tenths~~ five-tenths of one percent of
9 the taxable valuation of the city, village, or county for the
10 purpose of encouraging immigration, new industries, and investment
11 and to conduct and carry on a publicity campaign, including a
12 publicity campaign conducted for the purpose of acquiring from any
13 source a municipal electrical distribution system or exploiting and
14 advertising the various agricultural, horticultural, manufacturing,
15 commercial, and other resources, including utility services, of the
16 city, village, or county. Such sum may be expended directly by the
17 city, village, or county or may be paid to the chamber of commerce
18 or other commercial organization or a similar county organization
19 or multicounty organization or local development corporation to be
20 expended for the purposes enumerated in this section under the
21 direction of the board of directors of the organization. The total
22 amount levied including the appropriation or expenditure made under
23 this section shall not exceed the amount limited by law.

24 Sec. 2. Section 18-2705, Reissue Revised Statutes of
25 Nebraska, is amended to read:

1 18-2705 Economic development program shall mean any
2 project or program utilizing funds derived from local sources of
3 revenue for the purpose of providing direct or indirect financial
4 assistance to a qualifying business or the payment of related
5 costs and expenses or both, without regard to whether that business
6 is identified at the time the project or program is initiated
7 or is to be determined by specified means at some time in the
8 future. An economic development program may include, but shall not
9 be limited to, the following activities: Direct loans or grants
10 to qualifying businesses for fixed assets or working capital or
11 both; loan guarantees for qualifying business; grants for public
12 works improvements which are essential to the location or expansion
13 of, or the provision of new services by, a qualifying business;
14 grants or loans for job training; the purchase of real estate,
15 options for such purchases, and the renewal or extension of such
16 options; the issuance of bonds as provided for in the Local Option
17 Municipal Economic Development Act; ~~and~~ payments for salaries
18 and support of city staff to implement the economic development
19 program or the contracting of such to an outside entity; and
20 community marketing, private tourism developments, and workforce
21 retention and attraction. For cities of the first and second class
22 and villages, an economic development program may also include
23 grants or loans for the construction or rehabilitation for sale
24 or lease of housing. No more than thirty percent of the total
25 revenue generated pursuant to the act for an economic development

1 program by a city of the first or second class or village in any
2 twelve-month period may be used for housing projects. for persons
3 ~~of low or moderate income.~~ An economic development program may be
4 conducted jointly by two or more cities after the approval of the
5 program by the voters of each participating city.

6 Sec. 3. Section 18-2709, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 18-2709 Qualifying business shall mean any corporation,
9 partnership, limited liability company, or sole proprietorship
10 which derives its principal source of income from any of the
11 following: The manufacture of articles of commerce; the conduct
12 of research and development; the processing, storage, transport,
13 or sale of goods or commodities which are sold or traded in
14 interstate commerce; the sale of services in interstate commerce;
15 headquarters facilities relating to eligible activities as
16 listed in this section; telecommunications activities, including
17 services providing advanced telecommunications capability; or
18 tourism-related activities. In cities of the first and second class
19 and villages, a business shall also be a qualifying business if
20 it derives its principal source of income from the construction or
21 rehabilitation of housing. In cities with a population of more than
22 two thousand five hundred inhabitants and less than ten thousand
23 inhabitants, a business shall also be a qualifying business if it
24 derives its principal source of income from retail trade, except
25 that no more than forty percent of the total revenue generated

1 pursuant to the Local Option Municipal Economic Development Act
2 for an economic development program in any twelve-month period,
3 ~~and no more than twenty percent of the total revenue generated~~
4 ~~pursuant to the act for an economic development program in any~~
5 ~~five-year period,~~ commencing from the date of municipal approval of
6 an economic development program, shall be used by the city for or
7 devoted to the use of retail trade businesses. For purposes of this
8 section, retail trade shall mean a business which is principally
9 engaged in the sale of goods or commodities to ultimate consumers
10 for their own use or consumption and not for resale. In cities with
11 a population of two thousand five hundred inhabitants or less, a
12 business shall be a qualifying business even though it derives its
13 principal source of income from activities other than those set
14 out in this section.

15 If a business which would otherwise be a qualifying
16 business employs people and carries on activities in more than
17 one city in Nebraska or will do so at any time during the first
18 year following its application for participation in an economic
19 development program, it shall be a qualifying business only if, in
20 each such city, it maintains employment for the first two years
21 following the date on which such business begins operations in the
22 city as a participant in its economic development program at a
23 level not less than its average employment in such city over the
24 twelve-month period preceding participation.

25 A qualifying business need not be located within the

1 territorial boundaries of the city from which it is or will be
2 receiving financial assistance.

3 Sec. 4. Section 18-2717, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 18-2717 (1) No city shall appropriate from funds derived
6 directly from local sources of revenue for all approved economic
7 development programs, in each year during which such programs are
8 in existence, an amount in excess of ~~four-tenths~~ five-tenths of one
9 percent of the taxable valuation of the city in the year in which
10 the funds are collected.

11 ~~(2) Notwithstanding the provisions of subsections (1) and~~
12 ~~(3) of this section, no city of the metropolitan or primary class~~
13 ~~shall appropriate from funds derived directly from local sources of~~
14 ~~revenue more than three million dollars for all approved economic~~
15 ~~development programs in any one year, no city of the first class~~
16 ~~shall appropriate from funds derived directly from local sources~~
17 ~~of revenue more than two million dollars for all approved economic~~
18 ~~development programs in any one year, and no city of the second~~
19 ~~class or village shall appropriate from funds derived directly from~~
20 ~~local sources of revenue more than one million dollars for all~~
21 ~~approved economic development programs in any one year.~~

22 ~~(3)~~ (2) Notwithstanding the provisions of subsections
23 subsection (1) and ~~(2)~~ of this section, no city shall appropriate
24 from funds derived directly from local sources of revenue an amount
25 for an economic development program in excess of the total amount

1 approved by the voters at the election or elections in which the
2 economic development program was submitted or amended.

3 ~~(4)~~ (3) The restrictions on the appropriation of funds
4 from local sources of revenue as set out in subsections (1) ~~through~~
5 ~~(3)~~ and (2) of this section shall apply only to the appropriation
6 of funds derived directly from local sources of revenue. Sales tax
7 collections in excess of the amount which may be appropriated as
8 a result of the restrictions set out in such subsections shall be
9 deposited in the city's economic development fund and invested as
10 provided for in section 18-2718. Any funds in the city's economic
11 development fund not otherwise restricted from appropriation by
12 reason of the city's ordinance governing the economic development
13 program or this section may be appropriated and spent for the
14 purposes of the economic development program in any amount and
15 at any time at the discretion of the governing body of the city
16 subject only to section 18-2716.

17 ~~(5)~~ (4) The restrictions on the appropriation of
18 funds from local sources of revenue shall not apply to the
19 reappropriation of funds which were appropriated but not expended
20 during previous fiscal years.

21 Sec. 5. Original sections 13-315, 18-2705, 18-2709, and
22 18-2717, Reissue Revised Statutes of Nebraska, are repealed.