

LEGISLATURE OF NEBRASKA
NINETY-NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 356

Introduced by Janssen, 15

Read first time January 11, 2005

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 13-518 and 77-3442, Revised Statutes Supplement, 2004; to
3 redefine a term; to change levy limitations for cities,
4 villages, and counties; to repeal the original sections;
5 and to declare an emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-518, Revised Statutes Supplement,
2 2004, is amended to read:

3 13-518. For purposes of sections 13-518 to 13-522:

4 (1) Allowable growth means (a) for governmental units
5 other than community colleges, the percentage increase in taxable
6 valuation in excess of the base limitation established under
7 section 77-3446, if any, due to improvements to real property as a
8 result of new construction, additions to existing buildings, any
9 improvements to real property which increase the value of such
10 property, and any increase in valuation due to annexation and any
11 personal property valuation over the prior year and (b) for
12 community colleges, (i) for fiscal years prior to fiscal year
13 2003-04 and after fiscal year 2004-05, the percentage increase in
14 excess of the base limitation, if any, in full-time equivalent
15 students from the second year to the first year preceding the year
16 for which the budget is being determined, and (ii) for fiscal year
17 2003-04 and fiscal year 2004-05, the percentage increase in
18 full-time equivalent students from the second year to the first
19 year preceding the year for which the budget is being determined;

20 (2) Capital improvements means (a) acquisition of real
21 property, ~~or~~ (b) acquisition, construction, or extension of any
22 improvements on real property, (c) furnishing or equipping of any
23 improvement, except that routine maintenance and the acquisition of
24 any equipment with a useful life of less than five years shall not
25 be considered capital improvements, and (d) acquisition or
26 replacement of other tangible personal property with a useful life
27 of five years or more;

28 (3) Governing body has the same meaning as in section

1 13-503;

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

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

15 (6) Restricted funds means (a) property tax, excluding
16 any amounts refunded to taxpayers, (b) payments in lieu of property
17 taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e)
18 state aid, (f) transfers of surpluses from any user fee, permit
19 fee, or regulatory fee if the fee surplus is transferred to fund a
20 service or function not directly related to the fee and the costs
21 of the activity funded from the fee, (g) any funds excluded from
22 restricted funds for the prior year because they were budgeted for
23 capital improvements but which were not spent and are not expected
24 to be spent for capital improvements, (h) the tax provided in
25 sections 77-27,223 to 77-27,227 beginning in the second fiscal year
26 in which the county will receive a full year of receipts, and (i)
27 any excess tax collections returned to the county under section
28 77-1776; and

1 (7) State aid means:

2 (a) For all governmental units, state aid paid pursuant
3 to sections 60-360 and 77-3523;

4 (b) For municipalities, state aid to municipalities paid
5 pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3007,
6 77-27,136, and 77-27,139.04 and insurance premium tax paid to
7 municipalities;

8 (c) For counties, state aid to counties paid pursuant to
9 sections 39-2501 to 39-2520, 47-119.01, 60-3001 to 60-3007,
10 77-27,136, and 77-3618, insurance premium tax paid to counties, and
11 reimbursements to counties from funds appropriated pursuant to
12 section 29-3933;

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

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

17 (f) For educational service units, state aid appropriated
18 under section 79-1241; and

19 (g) For local public health departments as defined in
20 section 71-1626, state aid as distributed under section 71-1628.08.

21 Sec. 2. Section 77-3442, Revised Statutes Supplement,
22 2004, is amended to read:

23 77-3442. (1) Property tax levies for the support of
24 local governments for fiscal years beginning on or after July 1,
25 1998, shall be limited to the amounts set forth in this section
26 except as provided in section 77-3444.

27 (2) (a) Except as provided in subdivision (2) (b) of this
28 section, school districts and multiple-district school systems may

1 levy a maximum levy of (i) one dollar and five cents per one
2 hundred dollars of taxable valuation of property subject to the
3 levy for fiscal years 2003-04 through 2007-08 and (ii) one dollar
4 per one hundred dollars of taxable valuation of property subject to
5 the levy for all fiscal years except fiscal years 2003-04 through
6 2007-08. Excluded from this limitation are amounts levied to pay
7 for sums agreed to be paid by a school district to certificated
8 employees in exchange for a voluntary termination of employment and
9 amounts levied to pay for special building funds and sinking funds
10 established for projects commenced prior to April 1, 1996, for
11 construction, expansion, or alteration of school district
12 buildings. For purposes of this subsection, commenced means any
13 action taken by the school board on the record which commits the
14 board to expend district funds in planning, constructing, or
15 carrying out the project.

16 (b) Federal aid school districts may exceed the maximum
17 levy prescribed by subdivision (2)(a) of this section only to the
18 extent necessary to qualify to receive federal aid pursuant to
19 Title VIII of Public Law 103-382, as such title existed on
20 September 1, 2001. For purposes of this subdivision, federal aid
21 school district means any school district which receives ten
22 percent or more of the revenue for its general fund budget from
23 federal government sources pursuant to Title VIII of Public Law
24 103-382, as such title existed on September 1, 2001.

25 (c) For school fiscal year 2002-03 through school fiscal
26 year 2007-08, school districts and multiple-district school systems
27 may, upon a three-fourths majority vote of the school board of the
28 school district, the board of the unified system, or the school

1 board of the high school district of the multiple-district school
2 system that is not a unified system, exceed the maximum levy
3 prescribed by subdivision (2)(a) of this section in an amount equal
4 to the net difference between the amount of state aid that would
5 have been provided under the Tax Equity and Educational
6 Opportunities Support Act without the temporary aid adjustment
7 factor and if subdivision (3) of section 79-1007.02 and subsections
8 (2) and (5) of section 79-1008.01 had applied for the ensuing
9 school fiscal year for the school district or multiple-district
10 school system and the amount provided with the temporary aid
11 adjustment factor and if subdivision (4) of section 79-1007.02 and
12 subsections (3) and (6) of section 79-1008.01 had applied. The
13 State Department of Education shall certify to the school districts
14 and multiple-district school systems the amount by which the
15 maximum levy may be exceeded for the next school fiscal year
16 pursuant to subdivision (2)(c) of this section on or before
17 February 15 for school fiscal years 2004-05 through 2007-08.

18 (3) Community colleges may levy a maximum levy on each
19 one hundred dollars of taxable property subject to the levy of
20 seven cents for fiscal year 2000-01 and each fiscal year
21 thereafter, plus amounts allowed under subsection (7) of section
22 85-1536.01.

23 (4) Natural resources districts may levy a maximum levy
24 of four and one-half cents per one hundred dollars of taxable
25 valuation of property subject to the levy. Natural resources
26 districts shall also have the power and authority to levy a tax
27 equal to the dollar amount by which their restricted funds budgeted
28 to administer and implement ground water management activities and

1 integrated management activities under the Nebraska Ground Water
2 Management and Protection Act exceed their restricted funds
3 budgeted to administer and implement ground water management
4 activities and integrated management activities for FY2003-04, not
5 to exceed one cent on each one hundred dollars of taxable valuation
6 annually on all of the taxable property within the district.

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

10 (6) (a) Incorporated cities and villages which are not
11 within the boundaries of a municipal county may levy a maximum levy
12 of forty-five cents per one hundred dollars of taxable valuation of
13 property subject to the levy plus an additional five cents per one
14 hundred dollars of taxable valuation to provide financing for the
15 municipality's share of revenue required under an agreement or
16 agreements executed pursuant to the Interlocal Cooperation Act or
17 the Joint Public Agency Act. The maximum levy shall include
18 amounts levied to pay for sums to support a library pursuant to
19 section 51-201, museum pursuant to section 51-501, visiting
20 community nurse, home health nurse, or home health agency pursuant
21 to section 71-1637, or statue, memorial, or monument pursuant to
22 section 80-202.

23 (b) Incorporated cities and villages which are within the
24 boundaries of a municipal county may levy a maximum levy of ninety
25 cents per one hundred dollars of taxable valuation of property
26 subject to the levy. The maximum levy shall include amounts paid
27 to a municipal county for county services, amounts levied to pay
28 for sums to support a library pursuant to section 51-201, a museum

1 pursuant to section 51-501, a visiting community nurse, home health
2 nurse, or home health agency pursuant to section 71-1637, or a
3 statue, memorial, or monument pursuant to section 80-202.

4 (c) Property tax levies for capital improvements as
5 defined in section 13-518 are not included in the levy limits
6 established in this subsection.

7 (7) Sanitary and improvement districts which have been in
8 existence for more than five years may levy a maximum levy of forty
9 cents per one hundred dollars of taxable valuation of property
10 subject to the levy, and sanitary and improvement districts which
11 have been in existence for five years or less shall not have a
12 maximum levy. Unconsolidated sanitary and improvement districts
13 which have been in existence for more than five years and are
14 located in a municipal county may levy a maximum of eighty-five
15 cents per hundred dollars of taxable valuation of property subject
16 to the levy.

17 (8) Counties may levy or authorize a maximum levy of
18 fifty cents per one hundred dollars of taxable valuation of
19 property subject to the levy, except that five cents per one
20 hundred dollars of taxable valuation of property subject to the
21 levy may only be levied to provide financing for the county's share
22 of revenue required under an agreement or agreements executed
23 pursuant to the Interlocal Cooperation Act or the Joint Public
24 Agency Act. The maximum levy shall include amounts levied to pay
25 for sums to support a library pursuant to section 51-201 or museum
26 pursuant to section 51-501. The county may allocate up to fifteen
27 cents of its authority to other political subdivisions subject to
28 allocation of property tax authority under subsection (1) of

1 section 77-3443 and not specifically covered in this section to
2 levy taxes as authorized by law which do not collectively exceed
3 fifteen cents per one hundred dollars of taxable valuation on any
4 parcel or item of taxable property. The county may allocate to one
5 or more other political subdivisions subject to allocation of
6 property tax authority by the county under subsection (1) of
7 section 77-3443 some or all of the county's five cents per one
8 hundred dollars of valuation authorized for support of an agreement
9 or agreements to be levied by the political subdivision for the
10 purpose of supporting that political subdivision's share of revenue
11 required under an agreement or agreements executed pursuant to the
12 Interlocal Cooperation Act or the Joint Public Agency Act. If an
13 allocation by a county would cause another county to exceed its
14 levy authority under this section, the second county may exceed the
15 levy authority in order to levy the amount allocated. Property tax
16 levies for capital improvements as defined in section 13-518 are
17 not included in the levy limits established in this subsection.

18 (9) Municipal counties may levy or authorize a maximum
19 levy of one dollar per one hundred dollars of taxable valuation of
20 property subject to the levy. The municipal county may allocate
21 levy authority to any political subdivision or entity subject to
22 allocation under section 77-3443. Property tax levies for capital
23 improvements as defined in section 13-518 are not included in the
24 levy limits established in this subsection.

25 (10) Property tax levies for judgments, except judgments
26 or orders from the Commission of Industrial Relations, obtained
27 against a political subdivision which require or obligate a
28 political subdivision to pay such judgment, to the extent such

1 judgment is not paid by liability insurance coverage of a political
2 subdivision, for preexisting lease-purchase contracts approved
3 prior to July 1, 1998, for bonded indebtedness approved according
4 to law and secured by a levy on property, and for payments by a
5 public airport to retire interest-free loans from the Department of
6 Aeronautics in lieu of bonded indebtedness at a lower cost to the
7 public airport are not included in the levy limits established by
8 this section.

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

14 (12) Tax levies in excess of the limitations in this
15 section shall be considered unauthorized levies under section
16 77-1606 unless approved under section 77-3444.

17 (13) For purposes of sections 77-3442 to 77-3444,
18 political subdivision means a political subdivision of this state
19 and a county agricultural society.

20 Sec. 3. Original sections 13-518 and 77-3442, Revised
21 Statutes Supplement, 2004, are repealed.

22 Sec. 4. Since an emergency exists, this act takes effect
23 when passed and approved according to law.