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# Urban Affairs Committee

One Hundred Third Legislature  
Second Session 2014

## Summary and Report of Legislation

### Committee Members:

Senator Amanda McGill, Chairperson, District 26  
Senator Sue Crawford, Vice-Chairperson, District 45  
Senator Brad Ashford, District 20  
Senator Bob Krist, District 10  
Senator Colby Coash, District 27  
Senator Russ Karpisek, District 32  
Senator Scott Lautenbaugh, District 18

### Committee Staff:

Laurie Holman, Research Analyst  
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Table of Contents

|   |    |
|---|----|
| Report by Bill<br>Number.....               | 6  |
| Passed<br>Legislation.....                  | 9  |
| Indefinitely Postponed<br>Legislation.....  | 17 |
| Legislation Held by<br>Committee.....       | 24 |
| Committee Interim Study<br>Legislation..... | 31 |





## Report by Bill Number

| Introducer    | Bill Number | One Line Description   | Hearing Date | Exec Session Date | Amended | Status after Exec Session | Status after General File         | Status after Select File | Status after Final Reading | Governor Signed |
|---------------|-------------|--|--------------|-------------------|---------|---------------------------|-----------------------------------|--------------------------|----------------------------|-----------------|
| Mello         | LB 679      | Change notice requirements relating to zoning, redevelopment projects, and neighborhood associations                         | 1/21/14      | 1/21/14           | No      | Advanced to general file  | Consent calendar 3/24/14 advanced | Advanced 3/27/14         | 4/9/14                     | 4/10/14         |
| McGill        | LB 791      | Change procedures relating to declarations of nuisances in certain cities  | 1/21/14      | 2/4/14            | No      | Advanced to general file  | IPP 4/17/14                       |                          |                            |                 |
| Urban Affairs | LB 801      | Change procedures relating to declarations of nuisances in certain cities  | 1/21/14      | 2/4/14            | Yes     | Advanced to general file  | IPP 4/17/14                       |                          |                            |                 |
| Urban Affairs | LB 802      | Eliminate provisions for adopting future amendments of certain standard codes  | 1/21/14      | 1/21/14           | No      | Advanced to general file  | Consent calendar 3/24/14 advanced | Advanced 3/27/14         | 4/10/14                    | 4/10/14         |
| Urban Affairs | LB 803      | Change veto power provisions for mayors of first and second class cities   | 1/21/14      | 1/21/14           | No      | Advanced to general file  | Consent calendar 3/24/14 advanced | Advanced 3/27/14         | 4/10/14                    | 4/10/14         |
| Johnson       | LB 702      | Change provisions for organization of cities of the second class and villages  | 1/28/14      | 2/4/14            | Yes     | Advanced to general file  | Consent calendar 3/24/14          | Advanced 3/27/14         | 4/9/14                     | 4/10/14         |
| Crawford      | LB 915      | Provide for a person to accept city or village ordinance violation notices during mortgage foreclosure or trust deed default | 1/28/14      | 3/6/14            | Yes     | Advanced to general file  | IPP 4/17/14                       |                          |                            |                 |
| McGill        | LB 924      | Redefine terms under the Local Option Municipal Economic Development Act   | 1/28/14      | IPP 4/17/14       |         |                           |                                   |                          |                            |                 |
| Scheer        | LB 968      | Provide additional powers for certain sanitary and improvement districts   | 1/28/14      | IPP 4/17/14       |         |                           |                                   |                          |                            |                 |
| Janssen       | LB 1011     | Change the time limit on   | 2/4/14       | IPP               |         |                           |                                   |                          |                            |                 |

|             |               |  |         |                |     |  |                           |             |         |         |
|-------------|---------------|--|---------|----------------|-----|--|---------------------------|-------------|---------|---------|
|             |               | amending or repealing a municipal initiative   |         | 4/17/14        |     |  |                           |             |         |         |
| Schilz      | LB 1012       | Change provisions relating to blighted areas under the community development law   | 2/4/14  | 2/24/14        | No  | Committee priority bill advanced to general file | Advanced                  | Advanced    | 3/27/14 | 4/2/14  |
| Ashford     | LB 1096       | Change provisions for expansion of a business improvement district   | 2/4/14  | IPP<br>4/17/14 |     |  |                           |             |         |         |
| Murante     | LB 1014       | Change provisions for election of metropolitan utilities district board of directors   | 2/11/14 | 2/24/14        | No  | Committee priority bill advanced to general file | Advanced                  | Advanced    | 3/24/14 | 3/31/14 |
| Davis       | LB 1095       | Create the Tax-Increment financing division of the Department of Economic Development and change the community development law | 2/11/14 | IPP<br>4/17/14 |     |  |                           |             |         |         |
| Ashford     | LB 48 (2013)  | Change provisions relating to housing entities   | 1/22/13 | 2/4/14         | Yes | Advanced to general file                         | IPP 4/17/14               |             |         |         |
| Lautenbaugh | LB 823        | Terminate metropolitan utilities district on January 1, 2015   | 2/18/14 | IPP<br>4/17/14 |     |  |                           |             |         |         |
| McGill      | LB 404 (2013) | Change State Natural Gas Regulation Act provisions relating to infrastructure system replacement cost recovery charges         | 2/12/13 | 1/15/14        | Yes | Amended, advanced to general file                | IPP 4/17/14               |             |         |         |
| Adams       | LR 29 CA      | Constitutional Amendment to change provisions relating to redevelopment projects   | 2/12/13 | 2/13/13        | Yes | Amended, advanced to general file                | Amended, advanced 1/14/14 | IPP 4/17/14 |         |         |



## Passed Legislation

LB 679 (Mello): Change notice requirements relating to zoning, redevelopment projects, and neighborhood associations.

Date of Public Hearing: 1/21/2014

Committee Amendment: N/A

Other Amendments: N/A

Approved by Governor: 4/10/2014

### Bill Summary:

LB 679 changes the requirements for municipalities providing notice of zoning and redevelopment plan changes to neighborhood associations.

### Comments/Analysis:

Section one amends Neb.Rev.Stat. § 14-420 by requiring that the initial notice of a proposed zoning change to a specific property be sent at least ten working days prior to the hearing to any registered neighborhood association when the subject property is located within the boundary of the area of concern of the association. It requires the notice to be sent in the manner requested by the association, whether by email, or regular, certified, or registered mail, and requires the association provide the name and contact information for the individual who is to receive such notice on behalf of the association. The statutes amended in chapter 14 exclusively govern cities of the Metropolitan Class.

Section two of the bill amends Neb.Rev.Stat. § 18-2115, which is applicable to cities and villages of all classes, and requires the governing body of a city holding a public hearing on any redevelopment plan to provide notice of the hearing at least ten days prior to the hearing to each registered neighborhood association whose area of representation is located in whole or in part within a one-mile radius of the area to be redeveloped in the manner requested by the association. It also allows for the association to designate the manner in which it chooses to receive such notice, whether by email, or regular, certified, or registered mail, and requires each neighborhood association desiring to receive notice of hearing to provide the description of the area of representation of the association, and the name and contact information for the individual designated by the association to receive the notice on its behalf.

LB 802 (Urban Affairs): Eliminate provisions for adopting future amendments of certain standard codes.

Date of Public Hearing: 1/21/2014

Committee Amendment: N/A

Other Amendments: N/A

Approved by Governor: 4/10/2014

**Bill Summary:**

LB 802 eliminates language from statute that allowed cities of the first class, second class, and villages to adopt amendments to previously adopted standard codes by reference. This bill also removes similar language for counties. The Nebraska Supreme Court has declared that adoption of future codes or amendments by reference is an unconstitutional delegation of legislative authority, and this bill is part of our continuing effort to remove this language from code adoption statutes.

**Comments/Analysis:**

Section one amends Neb.Rev.Stat. §19-922 by removing the language that allowed amendments promulgated in the future to building codes to be included in what constituted the adoption of a standard code that had been adopted by ordinance by the governing body of the city of a first class, second class, or village. What may be adopted by ordinance has to be currently in writing, and it is the “amendments as may be made from time to time” language in the statute that is the most problematic portion of this section that is being eliminated. The Supreme Court stated in *Clemens v. Harvey*, 247 Neb. 77, 525 N.W.2d 185 (1994); that a legislative body may not adopt “the language of statutes, regulations, or other materials from another governmental entity or organization to be promulgated in the future, since that would constitute and improper delegation of the Legislature’s authority to the entity in question.” This also applies to city councils, village boards, and county boards.

Section two of the bill amends Neb.Rev.Stat. § 23-172 to remove this same language from the statutes governing counties.

LB 803 (Urban Affairs): Change veto power provisions for mayors of first and second class cities.

Date of Public Hearing: 1/21/2014

Committee Amendment: N/A

Other Amendments: N/A

Approved by Governor: 4/10/2014

**Bill Summary:**

LB 803 clarifies a mayor’s veto authority in cities of the first and second classes. Current law allows mayors in cities of the first and second classes to veto ordinances, but the procedure to do so is unclear and contradictory. This bill will establish a clear procedure for a veto similar to the language used for the Governor’s veto authority, and makes this veto authority the same in both classes of city.

**Comments/Analysis:**

Section one amends Neb.Rev.Stat. § 16-313 by adding new language to clarify the approval and veto procedures for a mayor of a city of the first class. It also strikes unclear language that has existed in the statute since 1901.

Section two amends Neb.Rev.Stat § 17-111 to add the new language and clarify the approval and veto procedures for a mayor of a city of the second class. Additionally, unclear language in the statute from 1879 is stricken to harmonize the language in this section of statute with that of the statute above for cities of the first class.

LB 702 (Johnson): Change provisions for organization of cities of the second class and villages.

Date of Public Hearing: 1/28/2014

Committee Amendments: AM 1738

Other Amendments: ER 203

Approved by Governor: 4/10/2014

#### Bill Summary:

LB 702 is a bill that clarifies and standardizes the procedure for a village to change to a city of the second class other than by population change. Under current law, a village may vote to retain village status even after they cross the population threshold of 800 inhabitants which would change their status to a city of the second class. However, there is currently NO procedure for a village board or citizen initiative to vote to change to a city of the second class later on in the future, after a vote to retain village status has been taken. LB 702 establishes a procedure for the citizens to vote on changing the municipal classification from a village to a city of the second class. The bill also standardizes the procedure for voting to change municipal classifications in other situations.

#### Comments/Analysis:

Section one amends Neb.Rev.Stat. §17-101 with small language changes to reflect the ability of a village to adopt or retain a village form of government, and the changes made by this bill in other sections of law.

Section two amends Neb.Rev.Stat. §17-201 by adding new language that harmonizes the process of a village voting to retain a village status as provided by this bill, which is established in full detail in section five.

Section three amends Neb.Rev.Stat §17-306 by clarifying the language which allows the registered voters of a city of the second class to vote to discontinue its organization as a city of the second class and organize as a village. New language in this section allows the issue to be placed before the voters by a resolution adopted by the city council or by a petition signed by one-fourth of the voters of the city. The petition is required to conform to §32-628 of the Election Act, and must be designed by the Secretary of State. Petition signers and circulators are required to conform to the requirements set forth in the Election Act, §32-629 and §32-630. The required number of signatures is set at one-fourth of the number of voters registered in the

village at the last statewide general election. The city council must determine whether the petitions are in proper form and signed by the required number of registered voters if the measure is being put on the ballot by petition, or after the resolution is adopted by the city council, the question must be submitted to the voters of whether to discontinue organization as a city of the second class and to reorganize as a village, either by special election or at the same time as a local or statewide primary or general election.

There is additional language at the end of this section which clarifies that a city of the second class shall reorganize as a village within sixty (60) days after such election, if a majority of the votes are For reorganization as a village, and will be governed under the laws of the state applicable to a village, unless, if at some future time the village then votes to be reorganized as a city of the second class in the manner provided for in section 4 of this bill.

Section four is new language, which creates in statute the process by which a village, which has had a vote in favor of retaining village status, may vote to discontinue organization as a village and reorganize as a city of the second class, if their population exceeds eight hundred inhabitants. The issue may be placed before the voters either by resolution of the village board of trustees or by petition signed by one-fourth of the registered voters of the village. The petition, again, is required to conform to the requirements set forth in §32-628 of the Election Act, as are the petition signers and petition circulators required to conform to §§ 32-629 and 32-631. The village board of trustees must submit the petitions to the election commissioner or county clerk for signature verification pursuant to §32-631. As in the above section, the required number of signatures to get this measure on the ballot is one-fourth of the voters registered in the village at the last statewide general election. The election commissioner or county clerk is required to notify the village board within thirty (30) days whether the required number of signatures has been gathered.

If it is determined that the petitions are in proper form, or after the adoption of the resolution by the village board of trustees, the question shall be submitted to the voters of whether to organize as a city of the second class at either a special election or at the same time as the primary or general election held in the village. If a majority of the votes cast are For reorganization as a city of the second class, it shall be certified by the Secretary of State, who shall by proclamation declare such village to have become a city of the second class, and shall be governed by the laws of this state applicable to cities of the second class.

The city then has eight months to hold a special election, for the purpose of electing new members of the governing body of the city, after the proclamation has been issued. All ordinances, bylaws, acts, rules regulations, obligations, and proclamations existing and in force within the village at the time of its incorporation as a city of the second class shall remain in full force after such incorporation, until repealed or modified by the city, within one year after the date of the filing of the certificate reorganizing the village as a city of the second class.

Section five amends Neb.Rev.Stat. §17-312, to clarify the language in statute which allows the citizens of a village to vote to retain a village form of government, once a village attains a population exceeding eight hundred inhabitants, by allowing the issue to be placed before the voters by a resolution adopted by the board of trustees or by petition signed by one fourth of the registered voters of the village. The petition must conform to the requirements as set forth in §32-628 as discussed in section 4 (above) of the bill. The petition form used must be designed by the Secretary of State and all requirements in §§32-629 and 32-631 must be met. The language in

this section mirrors section four of the bill with respect to the requirements of the election and the verification by the board of trustees.

Section six is new language establishing the procedure for a village to vote to reorganize as a city of the second class after a prior vote to retain village status. The registered voters of a village are permitted to vote to discontinue organization as a village and organize as a city of the second class under this section if the village population exceeds eight hundred inhabitants and the prior vote pursuant to §17-312 was in favor of retaining the village form of government. This section contains identical language regarding the requirements for petitions, petition signers and circulators, and requirements of the election act. The number of petition signers remains one fourth of the registered voters in the village at the last statewide general election.

If the petition process has been deemed proper, or the resolution of the board has been approved, the question shall be submitted to the voters as has been outlined previously. If the majority of votes cast are For reorganization as a city of the second class, this must be certified to the Secretary of State, who then declares the village a city of the second class by proclamation, and the city has eight months to hold a special election to elect new members of the city's governing body. Additionally, all ordinances, bylaws, acts, rules, regulations, obligations, and proclamations existing in the village at the time of its incorporation as a city of the second class remain in full force and effect after the reorganization as a city of the second class until repealed or modified within one year after the filing of the certificate which certifies the city has incorporated as a city of the second class.

Explanation of Amendments:

AM 1738 corrects a typing error on page 5, line 15, where it should say "village" instead of "city of the second class".

ER 203 corrects additional typing errors. On page 4, in lines 18 and 22, the word "village" is stricken and replaced with "city". On page 6, line 7, after "the" insert "number of"; on page 10, line 4, strike "(2)", show as stricken, and insert "(4)"; and in line 8 strike "(3)" and insert "(5)".

LB 1012 (Schilz): Change provisions relating to blighted areas under the community development law. (Committee Priority bill).

Date of Public Hearing: 2/4/2014

Committee Amendments: N/A

Other Amendments: N/A

Approved by Governor: 4/2/2014

Bill Summary:

LB 1012 is a bill to clarify that a redevelopment project involving a formerly used defense site does not count towards the percentage limitations on the amount of land the city can designate as blighted.

Comments/Analysis:

Section one amends Neb.Rev.Stat. §18-2103 by adding new language which states a redevelopment project involving a formerly used defense site as authorized under section 18-2123.01 shall not count towards the percentage limitations contained in this subdivision.

Currently, a city of the metropolitan class, primary class, and first class are not permitted by law to designate more than thirty five percent of the city as blighted. A city of the second class may not designate more than fifty percent of the city as blighted, and a village may not designate more than one hundred percent of the village as blighted. Cities indicated concern as to whether a redevelopment project undertaken by a city on a formerly used defense site would be included in their percentage calculations, as the formerly used defense sites are all outside the corporate boundaries of the city, and this question was not considered during the drafting and passage of LB 66 (2013).

LB 1014 (Murante): Change provisions for election of metropolitan utilities district board of directors.

Date of Public Hearing: 2/11/2014

Committee Amendments: N/A

Other Amendments: N/A

Approved by Governor: 3/31/2014

Bill Summary:

LB 1014 is a bill to allow the Board of Directors of a Metropolitan Utilities District to provide for the division of the district into seven election subdivisions, substantially equal in population and containing compact and contiguous territory.

Comments/Analysis:

Section one of the bill amends Neb.Rev.Stat. §14-2102 with new language providing that in the event the board of directors of the Metropolitan Utilities District, by resolution, divides the territory of the district into election subdivisions, a registered voter of the district shall be then eligible for the office of director from the election subdivision in which he or she resides.

Section two amends §14-2103 to add new language to clarify that any and all filings for office, including that of the board of directors of the metropolitan utilities district, must be made with the election commissioner of the county in which the city of the metropolitan class is located, notwithstanding that the person wishing to file lives in a county adjoining the one in which the city of the metropolitan class is located.

Section three of the bill amends §32-540, to include new language allowing the board of directors of a metropolitan to pass a resolution to provide for the division of the territory of the District into seven election subdivisions, that are composed of substantially equal population,

and be compact and contiguous territory, and to number the subdivisions consecutively. One member of the board will be elected from each subdivision.

This section also states that if the board undertakes this resolution prior to February 1, 2016, the board of directors shall assign each position on the board of directors to represent a numbered election subdivision for the remainder of the term of office for which the member is elected, REGARDLESS of whether the member resides in that subdivision, and shall make such assignments so that members representing elections one and two hold their offices until the first Tuesday after the first Monday in January 2019 or until their electors are elected and qualified. Members representing election subdivisions three, four and five will hold office until the first Tuesday after the first Monday in January 2021 or until their successors are elected and qualified, and members representing election subdivisions six and seven will hold office until the first Tuesday after the first Monday in January 2023, or until their successors are elected and qualified.

A successor who resides in the numbered election subdivision shall be nominated and elected at the statewide primary and general elections held in the calendar year prior to the expiration of the term of the member who represents such numbered election subdivision.

After each federal decennial census, the board of directors shall create new boundaries for the election subdivisions, and these shall follow county lines wherever practicable, and shall provide for the subdivisions to be composed of substantially equal population. These lines are also required to follow as nearly as possible the precinct lines created by the election commissioner or county clerk after each federal decennial census.



## Indefinitely Postponed Legislation

LB 791 (McGill): Authorize cities of the first and second class and villages to borrow from state chartered or federally chartered financial institutions.

Date of Public Hearing: 1/21/2014  
Sent to General File: 2/4/2014  
Committee Amendments: N/A  
Other Amendments: N/A

### Bill Summary:

LB 791 authorizes a city of the first class, a city of the second class, or a village to borrow money from a bank or other financial institution, for purchases of real or personal property for any purpose that a city or village is authorized by law to purchase property or construct improvements. This bill also allows the loan to be repaid in installment payments

### Comments/Analysis:

Section one creates a new section of law applicable to cities of the first class, and gives authority to the mayor and city council to borrow from a state-chartered or federally chartered bank, savings bank, building and loan association, or savings and loan association, to purchase real or personal property for any purpose for which the city is authorized by law.

Section two of the bill creates a new section of law to extend this authority to cities of the second class and villages.

LB 801 (Urban Affairs): Change procedures relating to declarations of nuisances in certain cities.

Date of Public Hearing: 1/21/2014  
Sent to General File: 2/4/2014  
Committee Amendments: AM 1842  
Other Amendments: N/A

### Bill Summary:

LB 801 establishes in statute a procedure for a property owner or occupant to appeal a nuisance citation in a city of the first class, second class, or village. Current law allows for an appeal, but does not specify the appeal procedure. Last year the legislature enacted LB 643 which established an appeal procedure for grass (weeds) and litter nuisance citations. This bill would extend the same appeal procedure to other nuisance citations.

### Comments/Analysis:

Section one amends Neb.Rev.Stat. § 16-207 by adding new language that requires the city to establish the method of notice of a nuisance to a resident by ordinance. If that notice is to be given by first class mail, the mail must be conspicuously marked as to its importance. It also allows the owner or occupant of the lot receiving notice of a nuisance five (5) days within which to request a hearing with the city to appeal the decision by filing a written appeal with the city clerk. A hearing on the appeal must be held within fourteen (14) days after the filing of the appeal and must be conducted by an elected or appointed officer as designated in the city ordinance. The hearing officer is required to render a decision on the appeal within five (5) business days after the hearing is concluded.

Section two amends Neb.Rev.Stat § 17-555 to add this same new language to create this same method of notice and appeal in cities of the second class and villages.

#### Explanation of Amendments:

The amendment changes the current language in both sections of the bill that provide a citizen five days after receipt of notice of a nuisance violation to appeal by requesting a hearing with the city or village by lengthening it to “five business days.”

LB 915 (Crawford): Provide for a person to accept city or village ordinance violation notices during mortgage foreclosure or trust deed default.

Date of Public Hearing: 1/28/2014  
 Sent to General File: 3/6/2014  
 Committee Amendments: AM 2095  
 Other Amendments: N/A

#### Bill Summary:

LB 915 is a bill that creates a notification process for code violations on foreclosed properties.

#### Comments/Analysis:

Section one amends Neb.Rev.Stat. §25-2142 by adding new language which would require the complaintant (person or entity filing the complaint/action to foreclose) to provide the name and address of a person to accept notices of violations committed by the owner of the property which is the subject of a filing of a complaint for the foreclosure or satisfaction of a mortgage. The name and address must be provided within five days after the receipt of a written request by a representative of the city or village the property being foreclosed on is located within. The purpose of this is so that the city or village has a permanent contact name and address they can use to send notice of violations to, in situations where the house or property is being foreclosed on and the owner of the property cannot be located to accept the notice of violations from the city or village.

This section also specifically states that failure to provide the name and address required shall not void, invalidate, or affect in any way a notice of default filed under this section.

Section two amends Neb.Rev.Stat. §76-1006 to include this exact same language and requirement for a trustee or the attorney for the trustee, when handling a default filing for trust deeds, including providing the name and address of a person designated by the beneficiary of the trust deed to accept notices of violation of ordinances by the owner of the property, that come from the city or village within which the property is located. Additionally, failure to provide this information does not void, invalidate, or affect the notice of default filed in this section. Section three amends Neb.Rev.Stat. §76-1012 to include a reference to the changes in numbering the sections made in 76-1006 for notice of default under trust deeds.

#### Explanation of Amendments:

The amendment is drafted to clarify that there is no duty to maintain the property imposed upon the compliantant who is required to provide the name and address of a person designated by the complaintant to accept notices of ordinance violations from the incorporated city or village that has jurisdiction over the mortgaged property.

This same language is applied in both sections of the Nebraska Revised Statutes that are changed by LB 915, to apply also to trust property that has a notice of default filed, ensuring that no duty to maintain the trust property is imposed upon the beneficiary, trustee, or attorney for the trustee.

The amendment language also provides that the designation of a representative to accept notices from the city shall terminate upon transfer of fee title ownership to the property.

LB 48 (2013) (Ashford): Change provisions relating to housing agencies.

Date of Public Hearing: 1/22/2013

Sent to General File: 2/4/2014

Committee Amendments: AM 1868

Other Amendments: N/A

#### Bill Summary:

LB 48 is a bill to require Housing Board members which represent cities to have specific areas of professional experience. The bill further prohibits any individual from holding political office and serving on the housing board.

#### Comments/Analysis:

Section one amends §71-1594 to change the requirements for a city of the metropolitan class when appointing members of the housing agency board. Currently, a chief elected official of a city with a local housing agency can appoint at least five and not more than seven members to the board. The changes to this section would require the chief elected official of a city of the metropolitan class to appoint at least five persons to the board. It also adds new language to restrict the chief elected official in cities of the metropolitan class to not appoint more than one resident of the same city council district to serve at the same time as a member of the board of a local housing agency created by the city. A restriction is also placed on county boards that elect

members of the county board by district to not allow more than one resident of the same county board district to be appointed to the board of a housing authority created by that county.

Section two amends §71-1598 to change the language regarding housing agencies boards which have more than five members. It changes “seventh commissioner” to “additional commissioners” when discussing the length of terms served by such commissioners.

Section three amends §71-15,101 with respect to the qualifications for commissioner of the board of housing authority. It adds new language requiring a person serving as a commissioner of a local housing agency for a city of the metropolitan class or county to attain a commissioner's certification from the National Association of Housing and Redevelopment Officials, or equivalent certification from a nationally recognized professional association in the housing and redevelopment field, within twelve (12) months after the date of appointment or by December 31, 2014, whichever is later, or shall be deemed to have resigned his or her position.

Section four amends §71-15,102 to require that certain professional experience be held by members who are appointed commissioners to a board of a housing authority in a city of the metropolitan class. They include real estate development or management, accounting, banking or finance, real estate brokerages, chief executive officer of a for profit corporation or nonprofit agency, and law or business management. The same professional experience is listed for members to be appointed commissioners of a county housing authority board. This section also establishes that no elected official shall be a member of a housing authority in a city of the first or metropolitan class or a county.

Section five amends §71-15,103. It currently allows the governing body of a city to appoint one of its members to serve as one of the five commissioners on the board of the housing agency. This section changes this to not allow cities of the first and metropolitan classes to appoint a member of their city council to serve on the housing agency.

Section six amends §71-15,140 to allow a housing agency to dispose of personal property left behind following any termination of lease or abandonment within twenty one days, instead of the currently required forty five days.

#### Explanation of Amendments:

The amendment removes counties from consideration for the changes the bill is making. Page two, lines 20 through 24, new language referencing counties that elect members of the housing board by district are removed. Page four, line 8, the reference to county is also removed.

Additionally, in section four of the bill, for the following professions to be represented by the commissioners to the housing authority, in (v), replace “Chief executive officer of a for profit corporation or nonprofit agency” with “Human Services” in lines 4-5 on page five; and on lines 17-18 on page five, replace (v) “Chief executive officer of a for profit corporation or nonprofit agency” with “Human Services”.

LB 404 (2013) (McGill): Change State Natural Gas Regulation Act provision relating to infrastructure system replacement cost recovery charges.

Date of Public Hearing: 2/12/2013

Sent to General File: 1/15/2014

Committee Amendments: AM 1642

Other Amendments: N/A

#### Bill Summary:

LB 404 would amend the State Natural Gas Act by removing the cap which currently prevents the utility company from charging more than fifty cents per month to residential customers over their base rates for any infrastructure system replacement cost recovery charges. It would also remove language that prevents any subsequent filing (a minimum of 12 months later) for any infrastructure system replacement cost recovery charge rate from increasing more than fifty cents per month per residential customer. Essentially, the law as it currently stands does not allow a natural gas company to charge more than 50 cents per month per residential customer for infrastructure system replacement cost recovery charge rates. This bill would remove this cap from the statute.

There are currently two caps in the statute for infrastructure system replacement cost recovery charges. The first is in Section 66-1865 and is not changed by LB 404. This first cap is a requirement that the public service commission shall not approve any infrastructure system replacement cost recovery charge rate schedules IF such schedules would produce total annualized infrastructure replacement cost revenue BELOW the lesser of one million dollars or one-half percent of the jurisdictional utility's base revenue level approved by the commission in the jurisdictional utility's most recent general rate proceeding. The commission is further prohibited from approving infrastructure system replacement cost recovery charge rate schedules if those rate schedules would produce total annualized infrastructure replacement cost revenue EXCEEDING ten percent of the jurisdictional utility's base revenue level approved by the commission in the most recent general rate proceeding.

The second cap is the monthly "not more than" fifty cent over base rate per customer charge discussed above that this bill is seeking to remove from §§66-1866 and 66-1867.

#### Comments/Analysis:

§66-1866 applies to applications for an infrastructure system replacement cost recovery charge by a jurisdictional utility whose last general rate filing was NOT the subject of negotiations with affected cities as provided for in 66-1838.

§66-1867 applies to applications for an infrastructure system replacement cost recovery charge by a jurisdictional utility whose last general rate filing WAS the subject of negotiations with affected cities as provided for in 66-1838.

§66-1838 is the section of the Natural Gas Act that details all the provisions of general rate filings.

Explanation of Amendments:

The committee amendment would allow the increase to the statutory monthly charge a jurisdictional utility may charge their customers be reduced from one dollar in the original bill to seventy-five cents per residential customer per month over the base rates in effect at the time of the initial filing for their infrastructure replacement cost recovery. The seventy-five cent increase can only be imposed once every 12 months, for a maximum of 5 years (sixty months) before a full rate case must be filed by the jurisdictional utility. A jurisdictional utility is required by statute to file a full rate case a minimum of once every 5 years.

This applies to jurisdictional utilities whose last general rate filing was not the subject of negotiations with affected cities as provided for in §66-1838 and also to jurisdictional utilities whose last general rate filing was the subject of negotiations with affected cities as provided for in §66-1838.

LR 29 CA (2013) (Adams): Constitutional Amendment to change provisions relating to redevelopment projects.

Date of Public Hearing: 2/12/2013

Sent to General File: 2/13/2013

Committee Amendments: AM 273

Other Amendments: N/A

Bill Summary:

LR 29 CA is a constitutional amendment to change certain elements of Tax Increment Financing.

Comments/Analysis:

Section one of the bill amends Article VIII, section 12 of the Nebraska Constitution by striking the language “substandard and blighted” and replacing it with “property in need of rehabilitation or redevelopment” in a redevelopment project.

It also changes the repayment period for bonds to a period of twenty years. The current repayment period is fifteen years.

Explanation of Amendments:

The amendment retains the current constitutional repayment period for Tax Increment Financing bonds for fifteen years, and removes the language that would have extended it to twenty years.



## Legislation Held by Committee

LB 924 (McGill): Redefine terms under the Local Option Municipal Economic Development Act.

Date of Public Hearing: 1/28/2014

Committee Amendments: N/A

Other Amendments: N/A

### Bill Summary:

LB 924 amends the Local Option Municipal Economic Development Act to clarify that grants and loans made under this program are intended to be given specifically to qualifying businesses to engage in the approved activities that qualify as part of an economic development program under this act. The bill further clarifies that the definition of a qualifying business that is eligible to receive funds from a city does not include a political subdivision, a state agency, or any other governmental entity.

### Comments/Analysis:

Section one amends Neb.Rev.Stat. §18-2705 by adding language to emphasize that funds for job training and relocation incentives for new residents must be given to qualifying businesses that are a part of an LB 840 plan that has been approved by the voters.

Section two amends Neb.Rev.Stat. §18-2709 by adding a new section to the definition of what a qualifying business is. In the new (5), it is clearly stated that a qualifying business does not include a political subdivision, a state agency, or any other governmental entity.

LB 968 (Scheer): Provide additional powers for certain sanitary and improvement districts.

Date of Public Hearing: 1/28/2014

Committee Amendments: N/A

Other Amendments: N/A

### Bill Summary:

LB 968 is a bill to provide limited additional powers for certain sanitary and improvement districts (SIDs), subject to municipal approval, and only if the SID meets certain requirements based on its location.

### Comments/Analysis:

Section one of the bill amends Neb.Rev.Stat. §31-727. The new language added grants additional powers to a sanitary and improvement district (SID), subject to the approval and restrictions established by a city council or village board within who's zoning jurisdiction the SID is located.

To be a qualifying SID, the SID must be located in a county with a population greater than five thousand and less than eight thousand inhabitants, be located in a county different from the county the municipality is located within, but be within the zoning jurisdiction of that municipality, the SID must be unable to incorporate due to its close proximity to a municipality, and be unable to be annexed by a municipality with zoning jurisdiction because the SID is not adjacent or contiguous to such municipality.

The additional powers granted to an SID that meets the above requirements are as follows: (1) to have the power to regulate and license dogs and other animals, (2) to regulate and provide for streets and sidewalks, including the removal of obstructions and encroachments, (3) to regulate parking on public roads and rights of way relating to snow removal and access by emergency vehicles, and (4) to regulate the parking of abandoned motor vehicles.

LB 1011 (Janssen): Change the time limit on amending or repealing a municipal initiative.

Date of Public Hearing: 2/4/2014

Committee Amendments: N/A

Other Amendments: N/A

Bill Summary:

LB 1011 is a bill that amends the time within which a municipality may amend or repeal a voter-approved initiative, and requires the initiative to have been fully implemented by the municipality before an attempt to repeal it can be made.

Comments/Analysis:

Section one of the bill amends Neb.Rev.Stat. §18-2526 to change the timeframe that the city has to adhere to if they want to amend or repeal an initiative measure that has been approved by the voters. Currently in state law, a city may not make an attempt to amend or repeal an initiative within one year from the passage of the measure by the electors. LB 1011 would change this to two years after the passage of the measure by the electors and adds new language requiring full implementation of the measure by the municipal subdivision in addition to the two year time requirement before an attempt can be made to repeal it.

LB 1096 (Ashford): Change provisions for expansion of a business improvement district.

Date of Public Hearing: 2/4/2014

Committee Amendments: N/A

Other Amendments: N/A

Bill Summary:

LB 1096 is a bill to allow Business Improvement Districts to expand their current boundaries.

Comments/Analysis:

Section one of the bill adds a new section to Neb.Rev.Stat. §19-4015 that provides for the boundaries of a business improvement district to be changed in the manner provided in this new section. The board of the business improvement district approves the boundary change, and then must submit the question of the boundary change to each owner of taxable property within the current district boundaries (as shown on the latest tax rolls of the county treasurer). If a majority of the property owners approve the change, the question of the boundary change must then be submitted to each owner of property within the new area of the proposed district boundaries (also as shown on the latest tax rolls of the county treasurer of the county). If a majority of those property owners approve the change, the boundaries of the district will then be changed. If a majority of the property owners within the new areas of the proposed district boundaries do not approve the change, the boundaries shall not be changed.

Notice of the proceedings must be given according to the manner provided in §19-4025, including publication in a newspaper of general circulation in the city and mailing a complete copy of each resolution of intention to each owner of taxable property.

LB 1095 (Davis): Create the Tax-Increment Financing division of the Department of Economic Development and change the Community Development Law.

Date of Public Hearing: 2/11/2014

Committee Amendments: N/A

Other Amendments: N/A

Bill Summary:

LB 1095 is a bill that creates a new office of Tax Increment Financing Division within the Department of Economic Development.

Comments/Analysis:

Section one of the bill amends Neb.Rev.Stat. §18-2102.01 by adding new language requiring the members of the community redevelopment authority (that is created by the city or village) be local stakeholders with clear accountability, leadership, and authority relative to tax-increment financing and can include city staff, members of the local governing body, representatives of other taxing bodies that levy property taxes, experts in the area of economic development, and members of the public.

Additional new language under (5) of section one requires the redevelopment authority to establish and publish on the website of the city creating the authority “measureable metrics for each redevelopment project” that uses TIF financing under §18-2147, which metrics shall reflect the priorities of the general plan for the development of the city. This section further requires the authority to establish and publish on the website of the city creating the authority performance thresholds based off the metrics described in the above section to determine the success of any redevelopment project that uses TIF financing.

Section two of the bill amends §18-2103 to add a new definition to this section, the definition of the Tax-increment financing division of the Department of Economic Development.

Section three amends §18-2113 by requiring the community development authority to follow the procedures established by the TIF Division when conducting a cost-benefit analysis for each redevelopment project, and strikes the current language which required cities to use a cost benefit model developed for use by local projects. Also stricken from this section are the factors listed that are currently used by cities when making such cost-benefit analyses.

Section four of the bill amends §18-2116 by requiring a governing body of a city to follow the procedures established by the Tax-Increment Financing Division when making its findings to determine whether to approve a redevelopment plan.

Section five amends §18-2117.01 by adding new language that requires each city which has approved one or more redevelopment plans that are financed in whole or in part through the use of TIF dollars, on or before December 1 of each year, to 1) provide a report to the tax-increment financing division on each redevelopment plan, which must include i) the economic impact of the redevelopment plan and how such impacts compare to the accountability standards developed in section one of the bill (§18-2102.01), ii) strategies and priorities for the following year for the use of tax-increment financing; and iii) a summary of how the use of tax-increment financing is contributing to the local economy; and 2) publish a list on the city's webpage of the recipients of tax-increment financing who are not in compliance with their commitments.

Section six of the bill amends §81-1201.01, the state administrative departments sequence, to include references in the new section nine of the act to be included within the definitions as laid out in this sequence of statute.

Section seven amends §81-1201.03, which includes placing the Tax-increment financing division under the Director of Economic Development, and grants the director the authority to employ staff to effectively carry out the requirements of this new section within the appropriations provided by the Legislature.

Section eight of the bill amends §81-1201.07 by adding a Tax-increment Financing Division to the list of divisions that may be included within the Department of Economic Development.

Section nine of the bill is new language creating the Tax-increment financing division of the Department of Economic Development. This section states the primary responsibility of this Division shall be to provide state-level oversight of tax-increment financing projects that are approved under the Community Development Law. The division shall establish statewide procedures that must be followed for any redevelopment project under the Community Development law which plan includes the use of funds authorized by §18-2147. These procedures must include several factors listed, including standard categories of justification that a city or village must use to determine whether a redevelopment project is eligible for TIF funding, economic factors that must be considered when conducting a cost-benefit analysis, tax shifts resulting from the use of TIF dollars, impacts on the community, including employers, employees, both within the TIF redevelopment zone and throughout the city outside of the

redevelopment zone, and penalties that the Tax-increment Financing Division shall impose when the accountability standards created by the division are not met.

The TIF Division is charged with creating a well-defined and transparent TIF financing guide that is available to the public, which will provide information on the TIF certification process, the financial metrics that must be used in evaluating TIF proposals, the definition of the “but-for” test and how it must be used in determining project eligibility, the oversight process and the timing of the TIF financing certification process.

Lastly, the Tax-increment Financing Division is charged with establishing a fee structure for tax-increment financing projects in an amount sufficient to cover the costs of the division.

Section ten amends §81-1201.20, requiring the department of economic development to adopt and promulgate rules and regulations to carry out section nine of this act.

LB 823 (Lautenbaugh): Terminate metropolitan utilities districts on January 1, 2015.

Date of Public Hearing: 2/18/2014

Committee Amendments: N/A

Other Amendments: N/A

Bill Summary:

LB 823 is a bill to eliminate the Metropolitan Utilities District.

Comments/Analysis:

Section one of the bill amends Neb.Rev.Stat. §14-2102. This section is the statutory creation of the board of directors of the Metropolitan Utilities District (MUD). The new language added to this section terminates the terms of the board members serving as of December 31, 2014 on January 1, 2015.

Section two amends §14-2157, first by striking all of the language that currently provides the method of termination of a metropolitan utilities district by a petition of the people living in the district and a vote at the general election, and it replaces with new language stating that the existence of each metropolitan utilities district terminates on January 1, 2015 definitively. The new language continues, requiring the board of directors of each metropolitan utilities district to prepare for the termination of the district as of the effective date of this act. Additionally, preparation for the termination must include meetings with affected municipalities, sanitary and improvement districts, and residents of unincorporated areas served by the MUD, at which the sale of assets and use of proceeds are determined. The board of directors is given all of the powers necessary to wind up the business of the metropolitan utilities district prior to January 1, 2015, and are required to provide regular updates on their process to the Urban Affairs Committee of the Legislature.

Section three states that sections 14-2101 to 14-2156 will terminate on January 1, 2015.

Section four is the repealer section, and Section five of the bill contains an emergency clause.



### Committee Interim Study Resolutions

LR 585 (Crawford): Study and review the Nebraska Statutes relating to cities of the first class.

LR 595 (McGill): Examine the impact of Nebraska changing to a Home Rule state in matters of local concern.

LR 599 (Davis): Examine issues surrounding the use of tax increment financing under the Community Development Law in Nebraska.

LR 555 (Crawford): Examine how cities and villages provide services to residents located in the extraterritorial jurisdiction or sanitary improvement districts of such cities and villages.

LR 593 (McGill): Investigate and review matters and issues arising during the interim which are within the jurisdiction of the Urban Affairs Committee.