

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
SECOND SESSION
LEGISLATIVE BILL 1007

Introduced by Dierks, 40.

Read first time January 16, 2008

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 13-520, Revised Statutes Cumulative Supplement, 2006, and
3 sections 13-518 and 77-3442, Revised Statutes Supplement,
4 2007; to change provisions relating to the Nebraska
5 Budget Act; to change levy limitations; to repeal the
6 original sections; and to declare an emergency.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-518, Revised Statutes Supplement,
2 2007, 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
8 a result of new construction, additions to existing buildings,
9 any improvements to real property which increase the value of
10 such property, and any increase in valuation due to annexation
11 and any personal property valuation over the prior year and (b)
12 for community colleges, (i) for fiscal years prior to fiscal year
13 2003-04 and after fiscal year 2004-05 until fiscal year 2007-08,
14 the percentage increase in excess of the base limitation, if
15 any, in full-time equivalent students from the second year to
16 the first year preceding the year for which the budget is being
17 determined, (ii) for fiscal year 2003-04 and fiscal year 2004-05,
18 the percentage increase in full-time equivalent students from the
19 second year to the first year preceding the year for which the
20 budget is being determined, and (iii) for fiscal year 2007-08 and
21 each fiscal year thereafter, community college areas may exceed the
22 base limitation to equal base revenue need calculated pursuant to
23 section 85-2223;

24 (2) Capital improvements means (a) acquisition of real
25 property, ~~or~~ (b) acquisition, construction, or extension of any

1 improvements on real property, (c) furnishing or equipping of any
2 improvement, except that routine maintenance and the acquisition
3 of any equipment with a useful life of less than five years shall
4 not be considered capital improvements, and (d) acquisition or
5 replacement of other tangible personal property with a useful life
6 of five years or more;

7 (3) Governing body has the same meaning as in section
8 13-503;

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

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

22 (6) Restricted funds means (a) property tax, excluding
23 any amounts refunded to taxpayers, (b) payments in lieu of property
24 taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e)
25 state aid, (f) transfers of surpluses from any user fee, permit

1 fee, or regulatory fee if the fee surplus is transferred to fund a
2 service or function not directly related to the fee and the costs
3 of the activity funded from the fee, (g) any funds excluded from
4 restricted funds for the prior year because they were budgeted for
5 capital improvements but which were not spent and are not expected
6 to be spent for capital improvements, (h) the tax provided in
7 sections 77-27,223 to 77-27,227 beginning in the second fiscal year
8 in which the county will receive a full year of receipts, and (i)
9 any excess tax collections returned to the county under section
10 77-1776; and

11 (7) State aid means:

12 (a) For all governmental units, state aid paid pursuant
13 to sections 60-3,202 and 77-3523;

14 (b) For municipalities, state aid to municipalities
15 paid pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3,190,
16 77-27,136, and 77-27,139.04 and insurance premium tax paid to
17 municipalities;

18 (c) For counties, state aid to counties paid pursuant
19 to sections 39-2501 to 39-2520, 47-119.01, 60-3,184 to 60-3,190,
20 77-27,136, and 77-3618, insurance premium tax paid to counties,
21 and reimbursements to counties from funds appropriated pursuant to
22 section 29-3933;

23 (d) For community colleges, state aid to community
24 colleges paid under the Community College Foundation and
25 Equalization Aid Act;

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

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

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

7 Sec. 2. Section 13-520, Revised Statutes Cumulative
8 Supplement, 2006, is amended to read:

9 13-520 The limitations in section 13-519 shall not apply
10 to (1) restricted funds budgeted for capital improvements, (2)
11 restricted funds expended from a qualified sinking fund for
12 acquisition or replacement of tangible personal property with a
13 useful life of five years or more, (3) restricted funds pledged
14 to retire bonded indebtedness, used by a public airport to retire
15 interest-free loans from the Department of Aeronautics in lieu of
16 bonded indebtedness at a lower cost to the public airport, or used
17 to pay other financial instruments that are approved and agreed to
18 before July 1, 1999, in the same manner as bonds by a governing
19 body created under section 35-501, (4) restricted funds budgeted
20 in support of a service which is the subject of an agreement or
21 a modification of an existing agreement whether operated by one
22 of the parties to the agreement or by an independent joint entity
23 or joint public agency, (5) restricted funds budgeted to pay for
24 repairs to infrastructure damaged by a natural disaster which is
25 declared a disaster emergency pursuant to the Emergency Management

1 Act, (6) restricted funds budgeted to pay for judgments, except
2 judgments or orders from the Commission of Industrial Relations,
3 obtained against a governmental unit which require or obligate a
4 governmental unit to pay such judgment, to the extent such judgment
5 is not paid by liability insurance coverage of a governmental unit,
6 ~~or~~ (7) the dollar amount by which restricted funds budgeted by a
7 natural resources district to administer and implement ground water
8 management activities and integrated management activities under
9 the Nebraska Ground Water Management and Protection Act exceed
10 its restricted funds budgeted to administer and implement ground
11 water management activities and integrated management activities
12 for FY2003-04, or (8) restricted funds budgeted to pay for any
13 drug prevention or drug enforcement costs in excess of the amount
14 budgeted for such costs for fiscal year 2007-08.

15 Sec. 3. Section 77-3442, Revised Statutes Supplement,
16 2007, is amended to read:

17 77-3442 (1) Property tax levies for the support of local
18 governments for fiscal years beginning on or after July 1, 1998,
19 shall be limited to the amounts set forth in this section except as
20 provided in section 77-3444.

21 (2)(a) Except as provided in subdivision (2)(e) of this
22 section, school districts and multiple-district school systems,
23 except learning communities and school districts that are members
24 of learning communities, may levy a maximum levy of one dollar and
25 five cents per one hundred dollars of taxable valuation of property

1 subject to the levy.

2 (b) For each fiscal year, learning communities may levy
3 a maximum levy for the general fund budgets of member school
4 districts equal to the local effort rate prescribed in section
5 79-1015.01 for such fiscal year. The proceeds from the levy
6 pursuant to this subdivision shall be distributed pursuant to
7 section 79-1073.

8 (c) Except as provided in subdivision (2)(e) of this
9 section, for each fiscal year, school districts that are members
10 of learning communities may levy for purposes of such districts'
11 general fund budget and special building funds a maximum combined
12 levy of the difference of one dollar and five cents on each one
13 hundred dollars of taxable property subject to the levy minus
14 the learning community levies pursuant to subdivisions (2)(b) and
15 (2)(g) of this section for such learning community.

16 (d) Excluded from the limitations in subdivisions (2)(a)
17 and (2)(c) of this section are amounts levied to pay for
18 sums agreed to be paid by a school district to certificated
19 employees in exchange for a voluntary termination of employment
20 and amounts levied to pay for special building funds and sinking
21 funds established for projects commenced prior to April 1, 1996,
22 for construction, expansion, or alteration of school district
23 buildings. For purposes of this subsection, commenced means any
24 action taken by the school board on the record which commits
25 the board to expend district funds in planning, constructing, or

1 carrying out the project.

2 (e) Federal aid school districts may exceed the maximum
3 levy prescribed by subdivision (2)(a) or (2)(c) of this section
4 only to the extent necessary to qualify to receive federal aid
5 pursuant to Title VIII of Public Law 103-382, as such title existed
6 on September 1, 2001. For purposes of this subdivision, federal
7 aid school district means any school district which receives ten
8 percent or more of the revenue for its general fund budget from
9 federal government sources pursuant to Title VIII of Public Law
10 103-382, as such title existed on September 1, 2001.

11 (f) For school fiscal year 2002-03 through school fiscal
12 year 2007-08, school districts and multiple-district school systems
13 may, upon a three-fourths majority vote of the school board of
14 the school district, the board of the unified system, or the
15 school board of the high school district of the multiple-district
16 school system that is not a unified system, exceed the maximum
17 levy prescribed by subdivision (2)(a) of this section in an amount
18 equal to the net difference between the amount of state aid that
19 would have been provided under the Tax Equity and Educational
20 Opportunities Support Act without the temporary aid adjustment
21 factor as defined in section 79-1003 for the ensuing school fiscal
22 year for the school district or multiple-district school system
23 and the amount provided with the temporary aid adjustment factor.
24 The State Department of Education shall certify to the school
25 districts and multiple-district school systems the amount by which

1 the maximum levy may be exceeded for the next school fiscal year
2 pursuant to this subdivision (f) of this subsection on or before
3 February 15 for school fiscal years 2004-05 through 2007-08.

4 (g) For each fiscal year, learning communities may levy a
5 maximum levy of two cents on each one hundred dollars of taxable
6 property subject to the levy for special building funds for member
7 school districts. The proceeds from the levy pursuant to this
8 subdivision shall be distributed pursuant to section 79-1073.01.

9 (h) For each fiscal year, learning communities may levy
10 a maximum levy of five cents on each one hundred dollars of
11 taxable property subject to the levy for elementary learning center
12 facilities and for up to fifty percent of the estimated cost for
13 capital projects approved by the learning community coordinating
14 council pursuant to section 79-2111.

15 (3) Community colleges may levy a maximum levy calculated
16 pursuant to the Community College Foundation and Equalization Aid
17 Act on each one hundred dollars of taxable property subject to the
18 levy.

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

22 (b) Natural resources districts shall also have the power
23 and authority to levy a tax equal to the dollar amount by which
24 their restricted funds budgeted to administer and implement ground
25 water management activities and integrated management activities

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

7 (c) In addition, natural resources districts located in
8 a river basin, subbasin, or reach that has been determined to
9 be fully appropriated pursuant to section 46-714 or designated
10 as overappropriated pursuant to section 46-713 by the Department
11 of Natural Resources shall also have the power and authority to
12 levy a tax equal to the dollar amount by which their restricted
13 funds budgeted to administer and implement ground water management
14 activities and integrated management activities under the Nebraska
15 Ground Water Management and Protection Act exceed their restricted
16 funds budgeted to administer and implement ground water management
17 activities and integrated management activities for FY2005-06, not
18 to exceed three cents on each one hundred dollars of taxable
19 valuation on all of the taxable property within the district for
20 fiscal year 2006-07 and each fiscal year thereafter through fiscal
21 year 2011-12.

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

25 (6)(a) Incorporated cities and villages which are not

1 within the boundaries of a municipal county may levy a maximum levy
2 of forty-five cents per one hundred dollars of taxable valuation
3 of property subject to the levy plus an additional five cents per
4 one hundred dollars of taxable valuation to provide financing for
5 the municipality's share of revenue required under an agreement
6 or agreements executed pursuant to the Interlocal Cooperation Act
7 or the Joint Public Agency Act. The maximum levy shall include
8 amounts levied to pay for sums to support a library pursuant
9 to section 51-201, museum pursuant to section 51-501, visiting
10 community nurse, home health nurse, or home health agency pursuant
11 to section 71-1637, or statue, memorial, or monument pursuant to
12 section 80-202.

13 (b) Incorporated cities and villages which are within the
14 boundaries of a municipal county may levy a maximum levy of ninety
15 cents per one hundred dollars of taxable valuation of property
16 subject to the levy. The maximum levy shall include amounts paid
17 to a municipal county for county services, amounts levied to pay
18 for sums to support a library pursuant to section 51-201, a museum
19 pursuant to section 51-501, a visiting community nurse, home health
20 nurse, or home health agency pursuant to section 71-1637, or a
21 statue, memorial, or monument pursuant to section 80-202.

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

25 (7) Sanitary and improvement districts which have been in

1 existence for more than five years may levy a maximum levy of forty
2 cents per one hundred dollars of taxable valuation of property
3 subject to the levy, and sanitary and improvement districts which
4 have been in existence for five years or less shall not have
5 a maximum levy. Unconsolidated sanitary and improvement districts
6 which have been in existence for more than five years and are
7 located in a municipal county may levy a maximum of eighty-five
8 cents per hundred dollars of taxable valuation of property subject
9 to the levy.

10 (8) Counties may levy or authorize a maximum levy of
11 fifty cents per one hundred dollars of taxable valuation of
12 property subject to the levy, except that five cents per one
13 hundred dollars of taxable valuation of property subject to the
14 levy may only be levied to provide financing for the county's
15 share of revenue required under an agreement or agreements executed
16 pursuant to the Interlocal Cooperation Act or the Joint Public
17 Agency Act. The maximum levy shall include amounts levied to pay
18 for sums to support a library pursuant to section 51-201 or museum
19 pursuant to section 51-501. The county may allocate up to fifteen
20 cents of its authority to other political subdivisions subject
21 to allocation of property tax authority under subsection (1) of
22 section 77-3443 and not specifically covered in this section to
23 levy taxes as authorized by law which do not collectively exceed
24 fifteen cents per one hundred dollars of taxable valuation on any
25 parcel or item of taxable property. The county may allocate to

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

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

21 (10) Property tax levies for judgments, except judgments
22 or orders from the Commission of Industrial Relations, obtained
23 against a political subdivision which require or obligate a
24 political subdivision to pay such judgment, to the extent such
25 judgment is not paid by liability insurance coverage of a

1 political subdivision, for preexisting lease-purchase contracts
2 approved prior to July 1, 1998, for bonded indebtedness approved
3 according to law and secured by a levy on property, ~~and~~ for
4 payments by a public airport to retire interest-free loans from
5 the Department of Aeronautics in lieu of bonded indebtedness at a
6 lower cost to the public airport, and for any drug prevention or
7 drug enforcement costs in excess of the amount budgeted for such
8 costs for fiscal year 2008-09 are not included in the levy limits
9 established by this section.

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

15 (12) Tax levies in excess of the limitations in this
16 section shall be considered unauthorized levies under section
17 77-1606 unless approved under section 77-3444.

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

21 Sec. 4. Original section 13-520, Revised Statutes
22 Cumulative Supplement, 2006, and sections 13-518 and 77-3442,
23 Revised Statutes Supplement, 2007, are repealed.

24 Sec. 5. Since an emergency exists, this act takes effect
25 when passed and approved according to law.