

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 628

Introduced by Dierks, 40

Read first time January 17, 2007

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 13-518 and 77-3442, Revised Statutes Cumulative
3 Supplement, 2006; to change provisions relating to the
4 Nebraska Budget Act; to change levy limitations for
5 cities, villages, and counties; to repeal the original
6 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 Cumulative
2 Supplement, 2006, 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, 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
16 year for which the budget is being determined, and (ii) for fiscal
17 year 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
24 of any equipment with a useful life of less than five years shall
25 not be considered capital improvements, and (d) acquisition or

1 replacement of other tangible personal property with a useful life
2 of five years or more;

3 (3) Governing body has the same meaning as in section
4 13-503;

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

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

18 (6) Restricted funds means (a) property tax, excluding
19 any amounts refunded to taxpayers, (b) payments in lieu of property
20 taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e)
21 state aid, (f) transfers of surpluses from any user fee, permit
22 fee, or regulatory fee if the fee surplus is transferred to fund a
23 service or function not directly related to the fee and the costs
24 of the activity funded from the fee, (g) any funds excluded from
25 restricted funds for the prior year because they were budgeted for

1 capital improvements but which were not spent and are not expected
2 to be spent for capital improvements, (h) the tax provided in
3 sections 77-27,223 to 77-27,227 beginning in the second fiscal year
4 in which the county will receive a full year of receipts, and (i)
5 any excess tax collections returned to the county under section
6 77-1776; and

7 (7) State aid means:

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

10 (b) For municipalities, state aid to municipalities
11 paid pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3,190,
12 77-27,136, and 77-27,139.04 and insurance premium tax paid to
13 municipalities;

14 (c) For counties, state aid to counties paid pursuant
15 to sections 39-2501 to 39-2520, 47-119.01, 60-3,184 to 60-3,190,
16 77-27,136, and 77-3618, insurance premium tax paid to counties,
17 and reimbursements to counties from funds appropriated pursuant to
18 section 29-3933;

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

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

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

25 (g) For local public health departments as defined in

1 section 71-1626, state aid as distributed under section 71-1628.08.

2 Sec. 2. Section 77-3442, Revised Statutes Cumulative
3 Supplement, 2006, is amended to read:

4 77-3442 (1) Property tax levies for the support of local
5 governments for fiscal years beginning on or after July 1, 1998,
6 shall be limited to the amounts set forth in this section except as
7 provided in section 77-3444.

8 (2)(a) Except as provided in subdivision (2)(d) of this
9 section, school districts and multiple-district school systems,
10 except learning communities and school districts that are members
11 of learning communities, may levy a maximum levy of one dollar and
12 five cents per one hundred dollars of taxable valuation of property
13 subject to the levy.

14 (b) Except as provided in subdivision (2)(d) of this
15 section, for fiscal year 2008-09 and each fiscal year thereafter,
16 (i) learning communities may levy a maximum levy for the general
17 fund budgets of member school districts equal to the ratio of the
18 aggregate difference of one hundred ten percent of the formula
19 needs as calculated pursuant to section 79-1007.02 minus the amount
20 of state aid certified pursuant to section 79-1022 and minus the
21 other actual receipts included in local system formula resources
22 pursuant to section 79-1018.01 for each member school district for
23 such school fiscal year divided by each one hundred dollars of
24 taxable property subject to the levy, except that such levy shall
25 not exceed one dollar and two cents on each one hundred dollars

1 of taxable property subject to the levy, and (ii) school districts
2 that are members of learning communities may levy a maximum levy
3 of the difference of one dollar and two cents on each one hundred
4 dollars of taxable property subject to the levy minus the learning
5 community levy pursuant to this subdivision for purposes of such
6 school district's general fund budget and special building funds.

7 (c) Excluded from the limitations in subdivisions (a) and
8 (b) of this subsection are amounts levied to pay for sums agreed to
9 be paid by a school district to certificated employees in exchange
10 for a voluntary termination of employment and amounts levied
11 to pay for special building funds and sinking funds established
12 for projects commenced prior to April 1, 1996, for construction,
13 expansion, or alteration of school district buildings. For purposes
14 of this subsection, commenced means any action taken by the school
15 board on the record which commits the board to expend district
16 funds in planning, constructing, or carrying out the project.

17 (d) Federal aid school districts may exceed the maximum
18 levy prescribed by subdivision (2)(a) or (b) of this section
19 only to the extent necessary to qualify to receive federal aid
20 pursuant to Title VIII of Public Law 103-382, as such title existed
21 on September 1, 2001. For purposes of this subdivision, federal
22 aid school district means any school district which receives ten
23 percent or more of the revenue for its general fund budget from
24 federal government sources pursuant to Title VIII of Public Law
25 103-382, as such title existed on September 1, 2001.

1 (e) For school fiscal year 2002-03 through school fiscal
2 year 2007-08, school districts and multiple-district school systems
3 may, upon a three-fourths majority vote of the school board of
4 the school district, the board of the unified system, or the
5 school board of the high school district of the multiple-district
6 school system that is not a unified system, exceed the maximum
7 levy prescribed by subdivision (2)(a) of this section in an amount
8 equal to the net difference between the amount of state aid that
9 would have been provided under the Tax Equity and Educational
10 Opportunities Support Act without the temporary aid adjustment
11 factor as defined in section 79-1003 for the ensuing school fiscal
12 year for the school district or multiple-district school system
13 and the amount provided with the temporary aid adjustment factor.
14 The State Department of Education shall certify to the school
15 districts and multiple-district school systems the amount by which
16 the maximum levy may be exceeded for the next school fiscal year
17 pursuant to this subdivision (e) of this subsection on or before
18 February 15 for school fiscal years 2004-05 through 2007-08.

19 (f) For fiscal year 2008-09 and each fiscal year
20 thereafter, learning communities may levy a maximum levy of two
21 cents on each one hundred dollars of taxable property subject to
22 the levy for special building funds for member school districts.

23 (g) For fiscal year 2008-09 and each fiscal year
24 thereafter, learning communities may levy a maximum levy of one
25 cent on each one hundred dollars of taxable property subject to the

1 levy for the learning community budget and for projects approved by
2 the learning community coordinating council.

3 (3) Community colleges may levy a maximum levy on each
4 one hundred dollars of taxable property subject to the levy of
5 seven cents, plus amounts allowed under subsection (7) of section
6 85-1536.01, except that any community college whose valuation per
7 reported aid equivalent student as defined in section 85-1503 was
8 less than eighty-two percent of the average valuation per statewide
9 reimbursable reported aid equivalent total as defined in section
10 85-1503 for all community colleges for fiscal year 1997-98 may levy
11 up to an additional one-half cent for each of fiscal years 2005-06
12 and 2006-07 upon a three-fourths majority vote of the board.

13 (4) Natural resources districts may levy a maximum levy
14 of four and one-half cents per one hundred dollars of taxable
15 valuation of property subject to the levy. Natural resources
16 districts shall also have the power and authority to levy a
17 tax equal to the dollar amount by which their restricted funds
18 budgeted to administer and implement ground water management
19 activities and integrated management activities under the Nebraska
20 Ground Water Management and Protection Act exceed their restricted
21 funds budgeted to administer and implement ground water management
22 activities and integrated management activities for FY2003-04,
23 not to exceed one cent on each one hundred dollars of taxable
24 valuation annually on all of the taxable property within the
25 district. In addition, natural resources districts located in a

1 river basin, subbasin, or reach that has been determined to be
2 fully appropriated pursuant to section 46-714 or designated as
3 overappropriated pursuant to section 46-713 by the Department of
4 Natural Resources shall also have the power and authority to
5 levy a tax equal to the dollar amount by which their restricted
6 funds budgeted to administer and implement ground water management
7 activities and integrated management activities under the Nebraska
8 Ground Water Management and Protection Act exceed their restricted
9 funds budgeted to administer and implement ground water management
10 activities and integrated management activities for FY2005-06, not
11 to exceed three cents on each one hundred dollars of taxable
12 valuation on all of the taxable property within the district for
13 fiscal year 2006-07 and not to exceed two cents on each one
14 hundred dollars of taxable valuation annually on all of the taxable
15 property within the district for fiscal years 2007-08 and 2008-09.

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

19 (6)(a) Incorporated cities and villages which are not
20 within the boundaries of a municipal county may levy a maximum levy
21 of forty-five cents per one hundred dollars of taxable valuation
22 of property subject to the levy plus an additional five cents per
23 one hundred dollars of taxable valuation to provide financing for
24 the municipality's share of revenue required under an agreement
25 or agreements executed pursuant to the Interlocal Cooperation Act

1 or the Joint Public Agency Act. The maximum levy shall include
2 amounts levied to pay for sums to support a library pursuant
3 to section 51-201, museum pursuant to section 51-501, visiting
4 community nurse, home health nurse, or home health agency pursuant
5 to section 71-1637, or statue, memorial, or monument pursuant to
6 section 80-202.

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

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

19 (7) Sanitary and improvement districts which have been in
20 existence for more than five years may levy a maximum levy of forty
21 cents per one hundred dollars of taxable valuation of property
22 subject to the levy, and sanitary and improvement districts which
23 have been in existence for five years or less shall not have
24 a maximum levy. Unconsolidated sanitary and improvement districts
25 which have been in existence for more than five years and are

1 located in a municipal county may levy a maximum of eighty-five
2 cents per hundred dollars of taxable valuation of property subject
3 to the levy.

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

1 required under an agreement or agreements executed pursuant to the
2 Interlocal Cooperation Act or the Joint Public Agency Act. If an
3 allocation by a county would cause another county to exceed its
4 levy authority under this section, the second county may exceed the
5 levy authority in order to levy the amount allocated. Property tax
6 levies for capital improvements as defined in section 13-518 are
7 not included in the levy limits established in this subsection.

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

15 (10) Property tax levies for judgments, except judgments
16 or orders from the Commission of Industrial Relations, obtained
17 against a political subdivision which require or obligate a
18 political subdivision to pay such judgment, to the extent such
19 judgment is not paid by liability insurance coverage of a
20 political subdivision, for preexisting lease-purchase contracts
21 approved prior to July 1, 1998, for bonded indebtedness approved
22 according to law and secured by a levy on property, and for
23 payments by a public airport to retire interest-free loans from the
24 Department of Aeronautics in lieu of bonded indebtedness at a lower
25 cost to the public airport are not included in the levy limits

1 established by this section.

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

7 (12) Tax levies in excess of the limitations in this
8 section shall be considered unauthorized levies under section
9 77-1606 unless approved under section 77-3444.

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

13 Sec. 3. Original sections 13-518 and 77-3442, Revised
14 Statutes Cumulative Supplement, 2006, are repealed

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