

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 615

Introduced by Cornett, 45.

Read first time January 21, 2009

Committee: Revenue

A BILL

1 FOR AN ACT relating to cities and counties; to amend sections
2 18-2601, 18-2602, 18-2603, 18-2604, 18-2605, 18-2606,
3 18-2607, 18-2608, 18-2609, 23-2901, 23-2902, 23-2903,
4 23-2904, 23-2905, 23-2906, 23-2907, 23-2908, 23-2909,
5 23-2911, 31-763, 31-764, 31-765, and 31-766, Reissue
6 Revised Statutes of Nebraska, and sections 77-2602 and
7 77-27,137.01, Revised Statutes Cumulative Supplement,
8 2008; to adopt the Family Entertainment and Sports
9 Attraction Act; to rename the Municipal Infrastructure
10 Redevelopment Fund Act; to expand the act to include
11 counties; to rename a fund; to change and eliminate
12 provisions relating to cigarette tax distributions for
13 purposes of county and municipal infrastructure funding;
14 to provide and change provisions relating to purpose,

1 building uses, districts, petitions, hearings, notice,
2 boundaries, boards of trustees, taxes, warrants, and
3 annexation regarding county community buildings; to
4 harmonize provisions; to provide operative dates; to
5 repeal the original sections; to outright repeal section
6 77-2602.04, Revised Statutes Cumulative Supplement, 2008;
7 and to declare an emergency.

8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 11 of this act shall be known
2 and may be cited as the Family Entertainment and Sports Attraction
3 Act.

4 Sec. 2. The Legislature finds the following facts related
5 to and the purposes of the Family Entertainment and Sports
6 Attraction Act:

7 (1) There exist undeveloped or underdeveloped areas in
8 this state that are well suited for family entertainment and
9 sports activities or facilities which attract and retain spectator
10 sports franchises and events as long-term occupants or permit the
11 development of substantial facilities upgrades for intercollegiate
12 spectator sports teams and the ongoing related economic development
13 therefrom;

14 (2) In order to maximize the opportunities presented by
15 attracting and retaining spectator sports franchises and events as
16 long-term occupants of facilities in this state or permitting the
17 development of substantial facilities upgrades for intercollegiate
18 spectator sports teams, it is appropriate to develop family
19 entertainment and sports attraction destinations which will provide
20 greater opportunities for economic development and job growth.
21 Such development of family entertainment and sports attraction
22 destinations will be facilitated by the ability of the government
23 acting to bring about critical mass to the totality of a
24 development;

25 (3) It is a matter of state public policy and public

1 interest to facilitate the ability to attract and retain spectator
2 sports franchises and events as long-term occupants of facilities
3 in this state or to permit the development of substantial
4 facilities upgrades for intercollegiate spectator sports teams as a
5 means to encourage economic and job growth. As such, it is in the
6 public interest to provide the means to assist the development of
7 undeveloped and underdeveloped areas through reasonable financial
8 assistance to enable the key elements of critical mass that will
9 bring about the establishment and long-term occupancy of family
10 entertainment and sports attraction districts; and

11 (4) It is declared to be the purpose of the act to
12 promote the long-term general and economic welfare of the state and
13 its communities and to assist in the development of such areas by
14 authorizing cities, counties, or joint entities to acquire certain
15 property and to issue special obligation bonds for the financing of
16 development projects that promote the establishment or expansion of
17 family entertainment and sports attraction districts and to provide
18 reasonable financial assistance as necessary to accomplish such
19 purpose.

20 Sec. 3. For purposes of the Family Entertainment and
21 Sports Attraction Act:

22 (1) Attract a spectator sports franchise or event means
23 to provide facilities for which a spectator sports franchise
24 or event not currently operating in the state will agree to a
25 long-term occupancy agreement within the state, except that no

1 application under the act shall be approved to attract a spectator
2 sports franchise that participates in the same sport as a spectator
3 sports franchise already operating in the same county or a county
4 that is part of the same metropolitan statistical area as defined
5 by the United States Census Bureau in 65 Federal Register 82238;

6 (2) Board means a board consisting of the Governor, the
7 State Treasurer, and the chairperson of the Nebraska Investment
8 Council;

9 (3) Bonds means any bonds, including refunding bonds,
10 notes, interim certificates, debentures, or other obligations used
11 to pay all or a portion of development project costs;

12 (4) City means any city of the metropolitan, primary,
13 first, or second class or any incorporated village of this state;

14 (5) Company means any person required to collect sales
15 taxes under section 77-2708;

16 (6) Contracting public body means the city, county, or
17 joint entity that builds a development project or enters into a
18 project agreement with a public authority or company under section
19 5 of this act;

20 (7) Development project means an approved project to
21 implement a development project plan to acquire, construct, and
22 equip a family entertainment and sports attraction facility within
23 a family entertainment and sports attraction district;

24 (8) Development project area means the location of a
25 development project;

1 (9) Development project costs means those costs necessary
2 to implement a development project, including, but not limited
3 to, costs incurred for: (a) Acquisition of property for the
4 development project area; (b) construction of publicly owned family
5 entertainment and sports attraction facilities; (c) equipment and
6 other personal property purchases and leases; (d) payment of
7 relocation assistance; (e) site preparation, including utility
8 relocations, demolition of existing improvements, environmental
9 remediation and abatement, and sanitary sewer relocation; (f)
10 sanitary and storm sewers; (g) overpasses, bridges, and street
11 grading and paving; (h) street and pedestrian light fixtures,
12 connections, and facilities; (i) gas, water, heating, electrical,
13 and telecommunications services and connections located within the
14 public right-of-way; (j) sidewalks and pedestrian networks; (k)
15 plazas and arcades; (l) parking facilities; (m) landscaping, water
16 features, shelters, benches, sculptures, decorations, directional
17 signage, and similar amenities; (n) engineering, architecture, and
18 other designated planning expenses incurred in connection with the
19 development project; and (o) all related expenses to develop and
20 finance the development project;

21 (10) Development project plan means the plan adopted by
22 a contracting public body for the development of a development
23 project which conforms with section 5 of this act;

24 (11) Eligible area means an area in which, by reason of
25 the existence of significant areas of undeveloped or underdeveloped

1 land or the location of the land in relation to major highways
2 or other specific family entertainment and sports attraction
3 activities or other factors that make such area a viable location
4 for development or expansion of family entertainment and sports
5 attraction activities, there exists (a) the opportunity to utilize
6 substantial land areas at better uses as a result of attaining a
7 critical mass of related development, (b) a high proportion of real
8 property that is not on the tax rolls at levels at least equal
9 to commercial and industrial valuation levels, (c) an abundance of
10 undeveloped real property, or (d) any combination of such factors;

11 (12) Employee means a person employed at a development
12 project;

13 (13) Equivalent employees means the number of employees
14 computed by dividing (a) the total hours paid in a year by (b) the
15 product of forty times the number of weeks in a year;

16 (14) Family entertainment and sports attraction district
17 means an eligible area, not to exceed two hundred acres for a
18 project within the boundaries of a city and not to exceed four
19 hundred acres for any other project, that is declared to be
20 an area in which the city, county, or joint entity may develop
21 a development project under section 5 of this act and receive
22 financial assistance under section 6 of this act;

23 (15) Governing body means the city council, board of
24 trustees, county board, other legislative body, or person charged
25 with the powers and duties of the governing public body;

1 (16) Intercollegiate spectator sports team means a team
2 participating in intercollegiate sports that is classified in the
3 division of intercollegiate competition requiring the highest level
4 of commitment of resources and is expected, in the reasonable
5 judgment of the contracting public body based on either the report
6 of a consultant with expertise in such matters or no less than
7 five years of experience in holding such events, to attract no less
8 than one hundred thousand spectators each year of occupancy of a
9 facility;

10 (17) Investment means the value of qualified property
11 incorporated into or used at the development project area after
12 the date the development project plan application is approved
13 regardless of whether it is funded publicly or privately and with
14 or without state or local financial assistance as contemplated by
15 the Family Entertainment and Sports Attraction Act. For qualified
16 property, the value is the original cost of the property. For
17 leased qualified property, the value is the average net annual
18 rent multiplied by the number of years of the lease for which the
19 company was originally bound, not to exceed ten years. The rental
20 of real property included in and incidental to the leasing of a
21 building is not excluded from the computation;

22 (18) Joint entity means a joint entity created pursuant
23 to the Interlocal Cooperation Act or a joint public agency created
24 pursuant to the Joint Public Agency Act. Such joint entity shall
25 have all of the powers set forth in the Family Entertainment and

1 Sports Attraction Act and the Interlocal Cooperation Act or Joint
2 Public Agency Act;

3 (19) Local sales taxes means sales and use taxes imposed
4 under the Local Option Revenue Act or sections 13-318 to 13-326;

5 (20) Long-term occupancy agreement means an agreement to
6 occupy a facility for no less than twenty years;

7 (21) Number of new employees means the excess of (a) the
8 number of equivalent employees employed in the development project
9 area during a year over (b) the number of equivalent employees
10 at the time immediately preceding the approval of the development
11 project plan application;

12 (22) Obligee means any bondholder or agent or trustee for
13 any bondholder or lessor demising to any public body the property
14 used in connection with a development project or any assignee or
15 assignees of such lessor's interest or any part thereof;

16 (23) Person means any individual, firm, partnership,
17 corporation, company, association, joint-stock association,
18 limited liability company, subchapter S corporation, or body
19 politic and includes any trustee, receiver, assignee, or similar
20 representative;

21 (24) Project means construction of one or more family
22 entertainment and sports attraction facilities and related
23 infrastructure and facilities;

24 (25) Project agreement means the project agreement
25 provided for in the Family Entertainment and Sports Attraction

1 Act between the company or public authority and the applicable
2 contracting public body;

3 (26) Public authority means a political subdivision or
4 a public body created by one or more political subdivisions with
5 the power to operate recreation, family entertainment, and related
6 facilities for the political subdivisions;

7 (27) Public body means the governing body of any
8 political subdivision or joint entity;

9 (28) Qualified activities means any activities conducted
10 by a public authority or company engaged in family entertainment,
11 spectator sports, or other activities that are expected to be a
12 significant contributor to attracting or retaining spectator sports
13 franchises and events as long-term occupants of the facilities or
14 to permitting the development of substantial facilities upgrades
15 for intercollegiate spectator sports teams;

16 (29) Qualified property means any tangible property of
17 the type subject to depreciation, amortization, or other recovery
18 under the Internal Revenue Code or the components of such
19 property that will be located and used in the development project
20 area. Qualified property does not include aircraft, barges, motor
21 vehicles, railroad rolling stock, or watercraft or property that is
22 rented by the company that is party to the project agreement to
23 another person;

24 (30) Retain a spectator sports franchise or event means
25 to provide facilities for a spectator sports franchise or event

1 currently operating in the state, but for which there are not, in
2 the reasonable judgment of the contracting public body based on the
3 report of a consultant with expertise in such matters, facilities
4 within the state that are comparable to the facilities for which
5 comparable franchises or events agree to enter long-term occupancy
6 agreements;

7 (31) Real property has the same meaning as in section
8 77-103;

9 (32) Retailer has the same meaning as in section
10 77-2701.32;

11 (33) Spectator sports event means a sporting event or
12 series or season of events held at least once per year for which
13 the public can purchase tickets and which, in the reasonable
14 judgment of the contracting public body based on either the report
15 of a consultant with expertise in such matters or no less than five
16 years of experience in holding such events, is expected to attract
17 no less than one hundred thousand spectators each year of occupancy
18 of a facility;

19 (34) Spectator sports franchise means an entity engaged
20 in participating in sporting events with similar franchises located
21 in other cities for which the public can purchase tickets and
22 which, in the reasonable judgment of the contracting public body
23 based on either the report of a consultant with expertise in such
24 matters or no less than five years of experience in holding such
25 events, is expected to attract no less than one hundred thousand

1 spectators each year of occupancy of a facility;

2 (35) Substantial facilities upgrades means, with respect
3 to an intercollegiate spectator sports team, development of
4 facilities for such team that, in the reasonable judgment of
5 the contracting public body based on a report of a consultant
6 with expertise in such matters, bring the facilities for such
7 team from a state demonstrably below the state of facilities
8 of comparable intercollegiate spectator sports teams with which
9 the intercollegiate spectator sports team is in most direct
10 competition, to a state in which the facilities of the team would
11 be comparable or superior to those of such competing teams;

12 (36) State sales and use taxes means taxes imposed under
13 sections 77-2701.04 to 77-2713; and

14 (37) Year means the taxable year of a company.

15 Sec. 4. (1) Any city, county, or joint entity may
16 apply to the board to designate an eligible area as a family
17 entertainment and sports attraction district under the Family
18 Entertainment and Sports Attraction Act. If the applicant is a
19 county, such area shall not be within the zoning jurisdiction of
20 a city of the metropolitan, primary, first, or second class or
21 village. If the applicant is a city, such area shall be within the
22 zoning jurisdiction of the city.

23 (2) To apply for such designation, the city, county,
24 or joint entity shall file a family entertainment and sports
25 attraction district application with the board. The family

1 entertainment and sports attraction district application shall
2 contain: (a) The proposed boundaries of the area to be designated
3 as the family entertainment and sports attraction district; (b)
4 a description of the characteristics of such area that cause it
5 to be an eligible area under the act; (c) a statement that such
6 city, county, or joint entity intends that such area be designated
7 by the board as a family entertainment and sports attraction
8 district in order to allow for or assist in the completion of
9 one or more potential development projects which will cause such
10 area to attract or retain spectator sports franchises or events as
11 long-term occupants of the facilities or permit the development
12 of substantial facilities upgrades for intercollegiate spectator
13 sports teams, as contemplated by the act; (d) a description of the
14 specific development project plan for which a designation has been
15 requested, if any. If a specific development project plan has been
16 filed with the city, county, or joint entity, no other development
17 project plan shall be initiated if such designation is approved,
18 nor shall any substantial change in the development project plan be
19 made without again making application to the board; (e) such other
20 information as the board determines is necessary to determine if
21 the area is an eligible area under the act so as to be designated
22 as a family entertainment and sports attraction district; and
23 (f) if applicable, a request for state financial assistance in
24 accordance with a specific development project as contemplated in
25 section 5 of this act. Any such request shall be evaluated in

1 accordance with section 6 of this act.

2 (3) Upon receipt of a family entertainment and sports
3 attraction district application, the board shall schedule a public
4 hearing to be held within fifteen days after such receipt to
5 receive public input. The board shall publish notice of the
6 public hearing for five business days in advance of the hearing
7 in a newspaper of general circulation near the proposed family
8 entertainment and sports attraction district. The notice shall list
9 the name of the city, county, or joint entity that filed the
10 family entertainment and sports attraction district application and
11 the legal or other sufficient description of the proposed family
12 entertainment and sports attraction district and shall state that
13 the area is proposed to be designated as a family entertainment and
14 sports attraction district under the act.

15 (4) The board shall determine by majority vote no sooner
16 than fifteen days but no later than sixty days after the date of
17 filing of the family entertainment and sports attraction district
18 application whether to approve or disapprove the request for
19 designation of such area as a family entertainment and sports
20 attraction district.

21 (5) The address of the board shall be the address of the
22 Department of Revenue.

23 (6) The board may approve the family entertainment
24 and sports attraction district application if the proposed
25 family entertainment and sports attraction district fits within

1 the definition of such an eligible area under the act, if
2 the board determines that approving the family entertainment
3 and sports attraction district application will lead to the
4 attraction or retention of spectator sports franchises or events
5 as long-term occupants of the facilities or permit the development
6 of substantial facilities upgrades for intercollegiate spectator
7 sports teams, if the applicant applied appropriate judgment in
8 determining that the application satisfied the specifications in
9 the act, and if such family entertainment and sports attraction
10 district application is in the public interest. If approved,
11 such designation shall remain in effect for development project
12 applications filed within two years after the designation if, at
13 the time of any development project application being submitted,
14 the family entertainment and sports attraction district continues
15 to satisfy the criteria relied upon in making the original
16 designation.

17 (7) The board may modify the family entertainment and
18 sports attraction district application or approve a smaller family
19 entertainment and sports attraction district that is contained
20 within the area proposed in the family entertainment and sports
21 attraction district application without additional notice or
22 publication if the board determines such action to be in the public
23 interest and if such smaller area is within the definition of an
24 eligible area under the act.

25 (8) The family entertainment and sports attraction

1 district application and all supporting information shall be
2 considered public information.

3 Sec. 5. (1) A public authority or company, or any
4 combination of one or more thereof, may file a development project
5 plan application with a city, county, or joint entity that (a)
6 has previously filed a family entertainment and sports attraction
7 district application with the board or (b) agrees to file a
8 family entertainment and sports attraction district application
9 with the board upon approval of the public authority's or company's
10 development project plan application. The development project plan
11 application shall be the formal request that the city, county,
12 or joint entity undertake and complete a development project in
13 a proposed or approved family entertainment and sports attraction
14 district and obtain financial assistance as provided under the
15 Family Entertainment and Sports Attraction Act for such development
16 project.

17 (2) The development project plan application shall
18 contain: (a) The exact name of all applicants and any related
19 companies and any anticipated development projects contemplated by
20 the applicants and any related companies which will be included
21 in the development project; (b) a statement describing in detail
22 the nature of the applicant's activities, including whether the
23 applicant engages in qualified activities and, if not, how the
24 public authority's or company's activities relate to promoting
25 tourism in the state; (c) a legal description of the development

1 project area; (d) a detailed narrative that describes the proposed
2 development project, including the development project costs and
3 how the project will encourage the attraction or retention of
4 spectator sports franchises or events as long-term occupants of
5 the facilities or permit the development of substantial facilities
6 upgrades for intercollegiate spectator sports teams, and the
7 development related thereto; (e) a request that the proposed
8 development project be considered for approval by such city,
9 county, or joint entity; (f) a copy of the applicant's internal
10 authorization for the proposed development project; (g) the names
11 of the owners of real property located within the proposed
12 development project area; (h) the number of current employees in
13 the proposed development project area and the expected number of
14 new employees, including the expected timing of the hiring of the
15 new employees, the anticipated timing and anticipated amounts of
16 new investment in buildings, equipment, and other real property and
17 personal property, and the average salaries expected by category
18 for the new employees to be employed in the proposed development
19 project area; and (i) a detailed plan outlining the financing
20 of the proposed development project, including the amount to be
21 obtained from any public entity, tax proceeds, or bond issue.

22 (3) Not later than twenty calendar days before approving
23 or disapproving the development project plan application, the city,
24 county, or joint entity shall, by United States mail, postage
25 prepaid, mail a written notice stating that a development project

1 plan application has been filed with the city, county, or joint
2 entity, the date, time, and location of the public hearing on
3 the development project plan application, and where additional
4 information may be obtained, to the following individuals and
5 entities: (a) The owners of real property described in the
6 development project plan application as being within the proposed
7 development project area; and (b) any electric utility serving
8 the proposed development project area. The written notice to the
9 owners of real property shall include a statement that the property
10 owned by such person is proposed to be included in the development
11 project area of a development project under the act and shall be
12 sent as their names appear and at the address indicated in the
13 records of the county assessor for property tax purposes on the
14 business day immediately prior to the date of the mailing. The
15 city, county, or joint entity may, but shall not be required to,
16 send the notice by certified or registered United States mail.
17 The notice shall also be published once in a newspaper of general
18 circulation in the development project area not less than one week
19 and not more than two weeks before the date fixed for the public
20 hearing. Substantial compliance with this notice requirement shall
21 be deemed sufficient for purposes of the act.

22 (4) The date fixed for the public hearing shall be no
23 sooner than twenty days after the notice is mailed as required
24 by subsection (3) of this section. At the public hearing a
25 representative of the city, county, or joint entity shall present

1 the proposed development project. Following the presentation of the
2 proposed development project, all interested persons shall be given
3 an opportunity to be heard. The city, county, or joint entity for
4 good cause may recess such hearing to a time and date certain which
5 shall be fixed in the presence of persons in attendance at the
6 hearing.

7 (5) If the city, county, or joint entity determines that
8 the application describes a project eligible under subsection (7)
9 of this section, such city, county, or joint entity shall no sooner
10 than twenty days after the filing of such development project plan
11 application and no later than sixty days after the filing of such
12 development project plan application approve or disapprove such
13 development project plan application by a majority vote.

14 (6) The city, county, or joint entity shall determine
15 whether to approve the applicant's development project plan
16 application based on its determination as to whether the
17 development project will sufficiently help enable the state and
18 local communities to accomplish the purposes of the act. Within ten
19 days after receipt of the written notice required by subsection (3)
20 of this section, any owner of real property within the proposed
21 development project area may file a written objection with the
22 city, county, or joint entity which the city, county, or joint
23 entity shall consider in its decision as to whether to approve the
24 development project plan application. The city, county, or joint
25 entity shall also be governed by and shall take into consideration

1 all of the following factors in making such determination: (a) The
2 timing, number, wage levels, employee benefit package, and types
3 of new jobs to be created by the development project; (b) whether
4 the activities contemplated by the public authority or company in
5 the development project area are qualified activities and would
6 lead to the attraction or retention of spectator sports franchises
7 or events as long-term occupants of the facilities within the
8 family entertainment and sports attraction district or permit the
9 development of substantial facilities upgrades for intercollegiate
10 spectator sports teams, and whether related development will occur
11 as a result; (c) the timing, amount of, and types of investment
12 in qualified property to be made at the development project; (d)
13 whether the city, county, or joint entity believes the development
14 project would occur in this state regardless of whether the
15 development project plan application was approved; and (e) whether
16 the benefits allowed by the act for the development project,
17 when compared to the local tax revenue and fees generated by the
18 development project investment and employment, both on a direct and
19 indirect multiplier basis, provide an adequate net benefit to the
20 public bodies affected by such development project.

21 (7) A development project shall be considered eligible
22 under the act and may be approved by the city, county, or joint
23 entity only if the development project plan application defines a
24 development project (a) which is consistent with the purposes of
25 the act, (b) which provides for the engagement in one or more

1 qualified activities within the proposed development project area,
2 and (c) that will result at the proposed development project area
3 in the investment in qualified property of at least twenty million
4 dollars and the hiring of at least seventy-five new employees,
5 and when such new investment and employment will occur by the
6 end of the third year after the year the development project
7 plan application was filed. These thresholds shall constitute the
8 required levels of employment and investment for purposes of the
9 act.

10 (8) If the development project plan application is
11 approved by the city, county, or joint entity, the city, county,
12 or joint entity shall as the contracting public body enter
13 into a written project agreement with the applicants unless
14 the contracting public body and public authority are the same
15 entity. The project agreement shall be executed on behalf of the
16 contracting public body by the person normally or specifically
17 authorized to execute agreements on behalf of such entity. In
18 the project agreement, the applicants shall agree to complete the
19 development project, to obtain the required levels of employment
20 and investment at the development project by the end of the third
21 year after the year of application, and to maintain the required
22 levels of employment and investment for four years after the year
23 the applicants first reach the required levels, and the contracting
24 public body shall designate the approved development project plan
25 of the applicants as a development project.

1 (9) In consideration of the contracting public body's
2 agreement, the applicants shall agree that the public authority
3 or company shall reimburse the state and any local government
4 a portion of any financial assistance deposited by the Tax
5 Commissioner into the Family Entertainment and Sports Attraction
6 District Fund under section 6 of this act from retailers doing
7 business within the family entertainment and sports attraction
8 district if the development project fails to satisfy or maintain
9 the required levels of employment and investment. The reimbursement
10 shall equal all financial assistance deposited during the calendar
11 year that the development project fails to satisfy or maintain
12 the required levels of employment or investment multiplied by a
13 fraction equal to (a) one minus the result of the number of new
14 employees divided by seventy-five plus (b) one minus the result of
15 the dollar amount of investments divided by twenty million dollars,
16 except that the sum shall not exceed one. The applicants shall
17 reimburse for any year that such applicants fail to satisfy or
18 maintain the required levels of employment and investment within
19 the four years after the year the public authority or company first
20 reaches the required levels of employment and investment. Such
21 reimbursement shall be deemed to be an underpayment of tax, shall
22 be immediately due and payable, and shall constitute a lien on the
23 assets of the public authority or company. When reimbursement is
24 due for more than one year, the reimbursement due for the most
25 recent year shall be recovered first, and then reimbursement due

1 for earlier years, up to the extent of the required reimbursement.
2 The reimbursement required by this subsection shall not occur
3 if the failure to maintain the required levels of employment or
4 investment was caused by an act of God or a national emergency.

5 (10) In consideration of the applicants' agreement, the
6 contracting public body shall also agree that to the extent not
7 previously obtained, such entity shall apply to the board to
8 have an area containing the development project area designated
9 as a family entertainment and sports attraction district and
10 shall further agree (a) to request financial assistance from the
11 board regarding the development project and (b) to the provisions
12 relating to incurring indebtedness as provided for in the act.
13 The contracting public body shall not incur indebtedness under
14 the project agreement except for the purposes of financing the
15 development project costs associated with the development project
16 plan. The project agreement shall contain such other terms as
17 the city, county, or joint entity and the public authority or
18 company determine are appropriate or necessary to protect the
19 affected public bodies and to carry out the purposes of the act
20 and may contain terms for a recapture or other remedy if the
21 public authority or company fails to attain the required levels of
22 employment and investment within the time period contained in the
23 act. The development project plan application shall be considered
24 as part of the project agreement.

25 (11) Any substantial change to the development project

1 plan as adopted shall be subject to a public hearing following
2 publication of notice thereof at least twice in some newspaper
3 having general circulation in the development project area.

4 Sec. 6. (1) At the same time that a contracting public
5 body submits a family entertainment and sports attraction district
6 application to the board, such contracting public body may include
7 in such application a request that the board grant to such
8 contracting public body financial assistance in the form of public
9 money received from state sales and use taxes and local sales taxes
10 for assistance with financing a development project.

11 (2) If the board approves the contracting public body's
12 family entertainment and sports attraction district application,
13 the board may grant financial assistance to the contracting public
14 body in an amount not to exceed seventy-five percent of state
15 sales and use taxes and one hundred percent of local sales
16 taxes collected from retailers doing business within the family
17 entertainment and sports attraction district.

18 (3) Prior to any grant of financial assistance to the
19 contracting public body, the board shall first make a finding
20 that as a result of the development project: (a) There will
21 be a substantial increase in the amount of state sales and use
22 taxes and local sales taxes for services and tangible personal
23 property sold at retail, or stored, used, or consumed in the family
24 entertainment and sports attraction district, and, if applicable,
25 a substantial increase in the amount of state sales and use taxes

1 and local sales taxes collected and remitted with regard to hotel
2 occupancy charges in the family entertainment and sports attraction
3 district; (b) a substantial amount of the increase in the amount
4 of state sales and use taxes and local sales taxes collected
5 and remitted will be attributable to the attraction or retention
6 of spectator sports franchises or events as long-term occupants
7 of the facilities resulting from the development project or the
8 development of substantial facilities upgrades for intercollegiate
9 spectator sports teams; and (c) the development project and the
10 pledge of public money as contemplated by this section will
11 contribute significantly to economic development in this state.

12 (4) If the board grants financial assistance under
13 this section, the contracting public body may pledge a portion
14 or all of the financial assistance received from the state
15 sales and use taxes and local sales taxes generated within the
16 family entertainment and sports attraction district to finance the
17 development project. Such pledge may include, but not be limited
18 to, the payment of any indebtedness incurred by the contracting
19 public body.

20 (5) If the application for financial assistance is
21 approved, the Department of Revenue shall annually: (a) Audit
22 or review audits of the status of the development project to ensure
23 that the required levels of employment and investment in accordance
24 with section 5 of this act are satisfied within the required time
25 prescribed by the Family Entertainment and Sports Attraction Act

1 and maintained for at least four years after the year the required
2 levels are first satisfied; (b) determine the amount of state sales
3 and use taxes and local sales taxes collected in the development
4 project area; and (c) certify the amount of financial assistance to
5 the Tax Commissioner.

6 (6) The amount of financial assistance granted to the
7 contracting public body, if any, shall be remitted by the Tax
8 Commissioner to the State Treasurer for credit to the Family
9 Entertainment and Sports Attraction District Fund.

10 (7) Any financial assistance granted under this section
11 shall no longer be available upon the earliest occurrence of the
12 following: (a) The retirement of the bonds; or (b) twenty-five
13 years after the contracting public body first receives financial
14 assistance.

15 Sec. 7. (1) The Family Entertainment and Sports
16 Attraction District Fund is created. The fund shall be managed
17 by the Tax Commissioner and shall hold the money received from
18 any financial assistance granted to a contracting public body in
19 accordance with section 6 of this act. A separate account within
20 the fund shall be maintained and managed by the Tax Commissioner
21 for the financial assistance received from each development project
22 area. Any money in the fund available for investment shall be
23 invested by the state investment officer pursuant to the Nebraska
24 Capital Expansion Act and the Nebraska State Funds Investment Act.

25 (2) The State Treasurer shall remit monthly to the

1 contracting public body the applicable financial assistance. The
2 Tax Commissioner shall keep full and accurate records of all money
3 received and distributed.

4 (3) The Tax Commissioner may prescribe forms and adopt
5 and promulgate rules and regulations in conformity with the
6 Nebraska Revenue Act of 1967 for the making of returns and
7 for the ascertainment, assessment, and collection of taxes.

8 Sec. 8. (1) Any county which contains a family
9 entertainment and sports attraction district that is outside the
10 boundaries of any municipality with a local option sales tax may
11 impose sales and use taxes of one-half percent, one percent, or
12 one and one-half percent upon the same transactions within the
13 family entertainment and sports attraction district occupied by a
14 development project on which the state is authorized to impose a
15 tax pursuant to the Nebraska Revenue Act of 1967. The total rate of
16 county and municipal sales taxes imposed on transactions shall not
17 exceed one and one-half percent.

18 (2) Any county sales tax adopted under this section must
19 have boundaries and effective dates that are in compliance with
20 the requirements of the streamlined sales and use tax agreement
21 as provided in sections 77-2701.03 and 77-2712.05. Section 13-326
22 and the sourcing rules of sections 77-2703.01 to 77-2703.04 shall
23 determine when sales subject to the county tax adopted under this
24 section take place within the family entertainment and sports
25 attraction district.

1 (3) A county shall not adopt or increase the tax under
2 this section until a public hearing is held and a majority of
3 the members of the county board of the county have approved a
4 resolution adopting a county sales tax as allowed by this section.

5 (4) The Tax Commissioner shall administer all sales and
6 use taxes adopted under this section. The Tax Commissioner may
7 prescribe forms and adopt and promulgate reasonable rules and
8 regulations in conformity with the Nebraska Revenue Act of 1967
9 for the making of returns and for the ascertainment, assessment,
10 and collection of taxes. The county shall furnish a certified copy
11 of the adopting or repealing resolution to the Tax Commissioner in
12 accordance with such rules and regulations. The tax shall begin
13 the first day of the next calendar quarter which is at least one
14 hundred twenty days following receipt by the Tax Commissioner of
15 the certified copy of the adopted resolution. The Tax Commissioner
16 shall provide at least sixty days' notice of the adoption of the
17 tax or a change in the rate to retailers. Notice shall be provided
18 to retailers within the county. Notice to retailers may be provided
19 through the web site of the Department of Revenue or by other
20 electronic means.

21 (5) For resolutions containing a termination date, the
22 resolution shall specify that the termination date is the first
23 day of a calendar quarter. The county shall furnish a certified
24 statement to the Tax Commissioner no more than one hundred eighty
25 days and at least one hundred twenty days before the termination

1 date that the termination date stated in the resolution is still
2 valid. If the certified statement is not furnished within the
3 prescribed time, the tax shall remain in effect, and the Tax
4 Commissioner shall continue to collect the tax until the first
5 day of the calendar quarter which is at least one hundred twenty
6 days after receipt of the certified statement notwithstanding the
7 termination date stated in the resolution. The Tax Commissioner
8 shall provide at least sixty days' notice of the termination of the
9 tax to retailers. Notice shall be provided to retailers within the
10 county. Notice to retailers may be provided through the web site of
11 the Department of Revenue or other electronic means.

12 (6) The Tax Commissioner shall collect the sales and use
13 taxes adopted under this section concurrently with the collection
14 of the state sales and use taxes and in the same manner as such
15 taxes are collected. Unless pledged to a contracting public body in
16 accordance with section 6 of this act, the Tax Commissioner shall
17 remit monthly the proceeds of the tax to the county imposing the
18 tax, after deducting the amount of refunds made and three percent
19 of the remainder as an administrative fee necessary to defray
20 the cost of collecting the tax and the expenses incident thereto.
21 The Tax Commissioner shall keep full and accurate records of all
22 money received and distributed. All receipts from the three-percent
23 administrative fee shall be deposited in the Municipal Equalization
24 Fund.

25 (7) Upon any claim of illegal assessment and collection,

1 the taxpayer has the same remedies as provided for claims of
2 illegal assessment and collection of the state or local sales
3 and use taxes. It is the intention of the Legislature that the
4 provisions of law which apply to the recovery of state or local
5 sales and use taxes illegally assessed and collected apply to the
6 recovery of sales and use taxes illegally assessed and collected
7 under this section.

8 Sec. 9. Any public authority or company entering into
9 a project agreement for the undertaking of a development project
10 pursuant to the Family Entertainment and Sports Attraction Act
11 which contains the provisions outlined in section 5 of this act
12 shall be required before commencing work to execute, in addition
13 to all bonds that may be required, a penal bond with good and
14 sufficient surety to be approved by the contracting public body
15 if any contractor of the public authority or company working at
16 the development project area (1) will at all times promptly make
17 payments of all amounts lawfully due to all persons supplying
18 or furnishing the contractor or its subcontractors with labor
19 or materials performed or used in the work provided for in any
20 contract with the public authority or company or contracting public
21 body, as the case may be, and (2) will indemnify and save harmless
22 the contracting public body to the extent of any payments in
23 connection with the carrying out of such contracts which such
24 contracting public body may be required to make under the law.

25 Sec. 10. The contracting public body shall have all the

1 powers necessary or convenient to carry out and effectuate the
2 purposes and provisions of the Family Entertainment and Sports
3 Attraction Act, including, but not limited to, the following:

4 (1) Within the designated family entertainment and sports
5 attraction district to: (a) Purchase, lease, obtain options upon,
6 or acquire by gift, grant, bequest, devise, eminent domain, or
7 otherwise any real property or personal property, or any interest
8 therein, together with any improvements thereon, necessary or
9 incidental to a development project, except that the power of
10 eminent domain may be exercised only against nonpublic entities and
11 individuals; (b) hold, improve, clear, or prepare for development
12 any such property; (c) sell, lease for a term not exceeding
13 ninety-nine years, exchange, transfer, assign, subdivide, retain
14 for its own use, mortgage, pledge, hypothecate, or otherwise
15 encumber or dispose of any real property or personal property,
16 or any interest therein; (d) enter into contracts with developers
17 of property containing covenants, restrictions, and conditions
18 regarding the use of such property for residential, commercial,
19 industrial, or recreational purposes or for public purposes in
20 accordance with the project agreement and such other covenants,
21 restrictions, and conditions as such contracting public body may
22 deem necessary to effectuate the purposes of the act; (e) make
23 any of the covenants, restrictions, or conditions of such contract
24 covenants running with the land and provide appropriate remedies
25 for any breach of any such covenants or conditions, including the

1 right of such contracting public body to terminate such contracts
2 and any interest in the property created; (f) borrow money, issue
3 bonds, and provide security for loans or bonds; (g) establish a
4 revolving loan fund; (h) insure or provide for the insurance of
5 any real property or personal property or the operations of such
6 contracting public body against any risks or hazards, including
7 the power to pay premiums on any such insurance; (i) enter into
8 any contracts necessary to effectuate the purposes of the act,
9 including long-term agreements to manage and operate facilities to
10 be constructed as part of a development project, which agreements
11 may be entered into, as part of a development project, with or
12 without competitive bidding; and (j) provide grants, loans, or
13 other means of financing to public or private persons in order to
14 accomplish the rehabilitation, acquisition, construction, or other
15 development in accordance with the project agreement. Such grants,
16 loans, or other means of financing shall be on terms and conditions
17 deemed appropriate by the contracting public body to effectuate the
18 purposes of the act. No statutory provision with respect to the
19 acquisition, clearance, or disposition of property by other public
20 bodies shall restrict such contracting public body from exercising
21 the powers under the act in such functions, unless the Legislature
22 specifically states otherwise;

23 (2) To invest any funds held in reserves or sinking funds
24 or any funds not required for immediate disbursement in property or
25 securities in which savings banks or other banks may legally invest

1 funds subject to their control;

2 (3) To redeem its bonds at the redemption price
3 established therein or to purchase its bonds at less than
4 redemption price. Such bonds redeemed or purchased shall be
5 canceled;

6 (4) To borrow money and to apply for and accept advances,
7 loans, grants, contributions, and any other form of financial
8 assistance from the federal government, from the state, county,
9 municipality, or other public body, or from any sources, public
10 or private, including charitable funds, foundations, corporations,
11 trusts, or requests, for purposes of the act, to give such security
12 as may be required, and to enter into and carry out contracts in
13 connection with the act;

14 (5) Notwithstanding any other provision of law, to
15 include in any contract for financial assistance with the federal
16 government for a development project such conditions imposed
17 pursuant to federal law as such contracting public body deems
18 reasonable and appropriate and which are not inconsistent with the
19 purposes of the act;

20 (6) Within the designated family entertainment and sports
21 attraction district, to make or have made all surveys, appraisals,
22 studies, and plans necessary to carry out the purposes of the act
23 and to contract or cooperate with any and all persons or agencies,
24 public or private, in the making and carrying out of such surveys,
25 appraisals, studies, and plans;

1 (7) To make such expenditures as may be necessary to
 2 carry out the purposes of the act and to make expenditures from
 3 funds obtained from the federal government without regard to any
 4 other laws pertaining to the making and approval of appropriations
 5 and expenditures; and

6 (8) To exercise all or any part or combination of powers
 7 granted in the act.

8 Sec. 11. The powers conferred by the Family Entertainment
 9 and Sports Attraction Act shall be in addition and supplemental
 10 to the powers conferred by any other law and shall be independent
 11 of and in addition to any other provision of the laws of the
 12 state with reference to the matters covered thereby and shall be
 13 considered as a complete and independent act and not as amendatory
 14 of or limited by any other provisions of the laws of the state.
 15 The act and all grants of power, authority, rights, or discretion
 16 made to a city, county, and joint entity and to a contracting
 17 public body shall be liberally construed and all incidental powers
 18 necessary to carry into effect the provisions of the act are
 19 expressly granted to and conferred upon a city, county, and joint
 20 entity or a contracting public body.

21 Sec. 12. Section 18-2601, Reissue Revised Statutes of
 22 Nebraska, is amended to read:

23 18-2601 Sections 18-2601 to 18-2609 shall be known
 24 and may be cited as the County and Municipal Infrastructure
 25 Redevelopment Fund Act.

1 Sec. 13. Section 18-2602, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 18-2602 The Legislature finds that the counties and
4 municipalities of the state face an urgent need to construct,
5 upgrade, and develop county and municipal infrastructure
6 facilities. By providing basic public facilities, the counties
7 and municipalities of the state provide the building blocks
8 for economic development. Not only does the investment in
9 infrastructure generate an immediate stream of economic activity,
10 it also lays the groundwork for private investment that will
11 use the facilities so provided. ~~Municipalities~~ Counties and
12 municipalities in the state currently are in critical need of
13 assistance in providing these facilities.

14 The Legislature determines that it is in the public
15 interest to establish a County and Municipal Infrastructure
16 Redevelopment Fund to provide funds to counties and municipalities
17 in the state to use to provide infrastructure facilities and
18 to permit counties and municipalities in the state to issue
19 bonds secured by amounts payable from the County and Municipal
20 Infrastructure Redevelopment Fund and other sources.

21 Sec. 14. Section 18-2603, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 18-2603 For purposes of the County and Municipal
24 Infrastructure Redevelopment Fund Act:

25 (1) Bond means any evidence of indebtedness, including,

1 but not limited to, bonds, notes including notes issued pending
2 long-term financing arrangements, warrants, debentures, obligations
3 under a loan agreement or a lease-purchase agreement, or any
4 similar instrument or obligation;

5 (2) Fund means the County and Municipal Infrastructure
6 Redevelopment Fund;

7 (3) Infrastructure project means any of the following
8 projects, or any combination thereof, to be owned or operated
9 by a county or municipality: Solid waste management facilities;
10 wastewater, storm water, and water treatment works and systems,
11 water distribution facilities, and water resources projects,
12 including, but not limited to, pumping stations, transmission
13 lines, and mains and their appurtenances; hazardous waste disposal
14 systems; resource recovery systems; airports; port facilities;
15 buildings and capital equipment used in the operations and
16 activities of county or municipal government and to provide
17 services to the residents of the county or municipality;
18 convention, and tourism, recreational, and sports facilities;
19 redevelopment projects as defined in section 18-2103; and mass
20 transit and other transportation systems, including parking
21 facilities and excluding public highways and bridges and county or
22 municipal roads, streets, and bridges;

23 (4) ~~Municipal~~ County or municipal allocation amount
24 means, for each county or municipality, the amount derived by
25 multiplying the amount to be allocated by the fraction determined

1 by dividing the total population of the municipality or the total
2 population of the county outside of any municipality by the total
3 population of the state living in counties or municipalities for
4 which the allocation will apply, each as determined by the most
5 recent federal census figures certified by the Tax Commissioner as
6 provided in section 77-3,119; and

7 (5) Municipality means any city of the primary class. (a)
8 for purposes of any allocation made during a fiscal year in which
9 funds are placed in the City of the Metropolitan Class Development
10 Fund pursuant to subdivision (3)(g) of section 77-2602 and placed
11 in the City of the Primary Class Development Fund pursuant to
12 subdivision (3)(f) of section 77-2602, any city of the first or
13 second class or any village and (b) for purposes of any allocation
14 made during a fiscal year in which no funds are placed in the
15 City of the Metropolitan Class Development Fund or the City of
16 the Primary Class Development Fund, any city of any class or any
17 village; and

18 (6) County means (a) for purposes of any allocation made
19 during a fiscal year in which funds are placed in the City of the
20 Metropolitan Class Development Fund pursuant to subdivision (3)(g)
21 of section 77-2602 and placed in the City of the Primary Class
22 Development Fund pursuant to subdivision (3)(f) of section 77-2602,
23 any county not containing a city of the metropolitan class or a
24 city of the primary class and (b) for purposes of any allocation
25 made during a fiscal year in which no funds are placed in the

1 City of the Metropolitan Class Development Fund or the City of the
2 Primary Class Development Fund, any county.

3 Sec. 15. Section 18-2604, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 18-2604 There is hereby created in the state treasury a
6 cash fund to be known as the County and Municipal Infrastructure
7 Redevelopment Fund. The fund shall have a separate account for each
8 county and municipality in the state. Money shall be deposited into
9 the fund pursuant to section 77-2602.

10 Any money in the fund available for investment shall be
11 invested by the state investment officer pursuant to the Nebraska
12 Capital Expansion Act and the Nebraska State Funds Investment Act.
13 Investment earnings on each account shall be credited to that
14 account.

15 Sec. 16. Section 18-2605, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 18-2605 Five business days prior to each January 1
18 and July 1, the State Treasurer shall distribute the amounts on
19 deposit in the fund by crediting the county or municipal allocation
20 amount to each county's or municipality's account and immediately
21 disbursing such amount to the county or municipality or, upon
22 notice to the State Treasurer from the county or municipality, its
23 assignee.

24 Sec. 17. Section 18-2606, Reissue Revised Statutes of
25 Nebraska, is amended to read:

1 18-2606 Money received by a county or municipality or
2 credited to its account from the fund shall be used for one of the
3 following purposes:

4 (1) To pay for the construction, acquisition, or
5 equipping of infrastructure projects or portions thereof; or

6 (2) To pay principal, interest, premium, and costs of
7 issuance on bonds issued by the county or municipality to finance
8 the construction, acquisition, or equipping of infrastructure
9 projects or portions thereof.

10 Sec. 18. Section 18-2607, Reissue Revised Statutes of
11 Nebraska, is amended to read:

12 18-2607 Each county or municipality shall be permitted to
13 pledge the amounts on deposit or to be deposited in its account
14 of the fund, as and when appropriated by the Legislature, to
15 the holders of any bonds issued by the county or municipality
16 to finance the construction, acquisition, or equipping of
17 infrastructure projects as long as the lien of such pledge does
18 not attach until funds are actually deposited into the county's
19 or municipality's account, and in no event shall such a pledge
20 be construed as an obligation of the Legislature to appropriate
21 such funds. Any such pledge shall be valid and binding from the
22 time when the pledge is made. The money so pledged and thereafter
23 received by the county or municipality or deposited into its
24 respective account shall immediately be subject to the lien of
25 such pledge without any physical delivery thereof or further act,

1 and the lien of any such pledge shall be valid and binding as
2 against all parties having claims of any kind in tort, contract,
3 or otherwise against the county or municipality, irrespective of
4 whether the parties have notice thereof. Neither the resolution nor
5 any other instrument by which a pledge is created need be recorded.

6 Sec. 19. Section 18-2608, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 18-2608 No bonds issued by any county or municipality
9 which pledges funds to be deposited in its account of the fund
10 shall constitute a debt, liability, or general obligation of this
11 state or a pledge of the faith and credit of this state but
12 shall be payable, to the extent payable from state revenue, solely
13 from amounts credited to the accounts of the fund as provided by
14 the County and Municipal Infrastructure Redevelopment Fund Act, as
15 and when appropriated by the Legislature. Each bond issued by any
16 county or municipality which pledges funds to be deposited in its
17 account of the fund shall contain on the face thereof a statement
18 that neither the faith and credit nor the taxing power of this
19 state is pledged to the payment of the principal of or the interest
20 on such bond.

21 Sec. 20. Section 18-2609, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 18-2609 Any county or municipality may by ordinance issue
24 bonds in one or more series for the construction or acquisition
25 of an infrastructure project or any portion thereof and pay the

1 principal of and interest on any such bonds by pledging funds
2 received from the fund. Such bonds shall have a final maturity not
3 later than August 1, ~~2009~~, 2025, and the aggregate debt service
4 payments and related expenses with respect to all series of such
5 bonds payable from the pledged funds received from the fund for any
6 twelve-month period during which such bonds are outstanding shall
7 not exceed the anticipated receipts from the fund by such county
8 or municipality. For purposes of this section, anticipated receipts
9 means the amount received by the county or municipality from the
10 fund for the twelve-month period immediately preceding the date of
11 issuance of such bonds.

12 Any county or municipality which has or may issue bonds
13 under this section may dedicate a portion of its property tax
14 levy authority as provided in section 77-3442 to meet debt service
15 obligations under the bonds, but only to the extent the receipts
16 from the fund pledged to the payment of such bonds and any other
17 money made available and used for that purpose are insufficient to
18 pay the principal of and interest on such bonds as they mature.

19 Sec. 21. Section 23-2901, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 23-2901 (1) The Legislature finds that it is in the
22 public interest to encourage maintenance of community buildings
23 and grounds for the housing of various community enterprises and
24 activities and for social, athletic, and recreational purposes and
25 that different methods of accomplishing ~~this~~ such purposes should

1 be made available in order to meet the desires and needs of
2 different areas of the state.

3 (2) The Legislature further finds that substantially
4 urbanized counties face unique challenges in bringing governmental
5 and community services to urbanized areas outside of municipalities
6 and in promoting economic development in areas without municipal
7 services. The Legislature finds that it is in the public interest
8 to permit substantially urbanized counties to utilize community
9 building districts to facilitate development of such districts in a
10 manner that will maximize the ability to provide social, athletic,
11 recreational, educational, health, wellness, and related community
12 purposes to inhabitants of a substantially urbanized county.

13 Sec. 22. For purposes of this section and sections
14 23-2901 to 23-2915, substantially urbanized county means a county:

15 (1) With a population of more than one hundred thousand
16 inhabitants;

17 (2) In which is located neither a city of the
18 metropolitan class nor a city of the primary class;

19 (3) In which is located at least one city of the first
20 class; and

21 (4) With a population residing outside the corporate
22 limits of any city equal to no less than one-third of the minimum
23 number of inhabitants required for a city to constitute a city of
24 the primary class as defined in section 15-101.

25 Sec. 23. Section 23-2902, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2 23-2902 Any county in the State of Nebraska is hereby
3 authorized to acquire a site or sites for or to acquire, construct,
4 renovate, and ~~to~~ equip a county community building or buildings
5 and adjoining grounds for housing county enterprises and community
6 activities and for social, athletic, and recreational purposes.

7 Sec. 24. Section 23-2903, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 23-2903 The county board of any county may (1) make such
10 rules and regulations as may be appropriate with respect to the
11 use of any such building and adjoining grounds, including fees
12 and charges for such use, (2) enter into agreements with any
13 city, village, or school district in such county or any private
14 party with respect to the use, maintenance, and support of any
15 such building, and (3) use any available funds, including federal
16 revenue-sharing funds, to aid in the acquisition, construction,
17 renovation, or equipping of any such building and adjoining
18 grounds.

19 Sec. 25. Section 23-2904, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 23-2904 (1) A majority of the resident taxpayers in
22 any compact and contiguous district, territory, neighborhood, or
23 community in the State of Nebraska, which is equivalent in area to
24 one township or more, is hereby authorized to form, organize, and
25 establish a community building district which shall be empowered

1 to acquire, construct, equip, and maintain a community building or
2 buildings for the purposes set forth in section 23-2901 when the
3 organization thereof is completed.

4 (2) A majority of the owners having an interest in the
5 real property within the limits of a proposed community building
6 district situated in a substantially urbanized county in this
7 state are authorized to form, organize, and establish a community
8 building district which shall be empowered to acquire, construct,
9 equip, and maintain a community building or buildings for the
10 purposes set forth in section 23-2901 when the organization thereof
11 is completed.

12 Sec. 26. Section 23-2905, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 23-2905 (1) Whenever a majority of the resident taxpayers
15 of any such district, territory, neighborhood, or community intends
16 or desires to form, organize, and establish a community building
17 district pursuant to subsection (1) of section 23-2904 which will
18 be empowered to acquire, construct, equip, and maintain a community
19 building or buildings for the purposes set forth in section 23-2901
20 when the organization thereof is completed, they shall signify such
21 intention or desire by presenting to the county board of the county
22 in which the greater portion of the land proposed to be included in
23 such district is situated a petition setting forth the desires and
24 intentions of such petitioners. Such petition may be in the form
25 of two or more separate petitions which read substantially the same

1 except for the different signatures and addresses thereon. Such
2 petition shall contain the full names and post office addresses of
3 the petitioners, a statement of the area in square miles, and the
4 complete description of the boundaries of the real properties to
5 be embraced in the proposed district. When such proposed district
6 includes any municipality, the petitions must be signed by a
7 majority of the resident taxpayers within such municipality and by
8 a majority of the resident taxpayers outside such municipality and
9 within the boundaries of the proposed district.

10 (2) (a) A majority of the owners having an interest in the
11 real property within the limits of a proposed community building
12 district to be organized pursuant to subsection (2) of section
13 23-2904 which will be empowered to acquire, construct, equip,
14 or maintain a community building or buildings for the purposes
15 set forth in section 23-2901 may create and sign articles of
16 association in which shall be stated (i) the name of the district,
17 (ii) that the district will have perpetual existence, (iii) the
18 limits of the district, (iv) the names and places of residence
19 of the owners of the land in the proposed district, (v) the
20 description of the several tracts of land situated in the district
21 owned by those who may organize the district, (vi) the name or
22 names and the description of the real estate owned by such owners
23 as do not join in the organization of the district but who will be
24 benefited thereby, and (vii) the purpose of the formation of the
25 community building district. Such owners of real estate that are

1 unknown may also be set out in the articles as such.

2 (b) The articles of association shall further state that
3 the owners of real estate forming the district for such purposes
4 are willing and obligate themselves to pay the tax or taxes
5 which may be levied against all the property in the district and
6 special assessments against the real property benefited which may
7 be assessed against them to pay the expenses that may be necessary
8 to acquire, construct, equip, or maintain a community building or
9 buildings for the purposes set forth in section 23-2901.

10 (c) After the articles are signed, such articles shall be
11 presented to the county board of the substantially urbanized county
12 in which such community building district is located together
13 with a petition requesting that such district may be declared a
14 community building district under sections 23-2901 to 23-2915 and
15 section 22 of this act.

16 Sec. 27. Section 23-2906, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 23-2906 (1) Upon receipt of such petition from resident
19 taxpayers who have organized pursuant to subsection (1) of section
20 23-2904, the county board shall examine it to determine whether
21 it complies with the requirements of section 23-2905. Upon finding
22 that such petition complies with such requirements, the county
23 board shall set a hearing thereon and cause notice thereof to be
24 published at least three successive weeks in a newspaper of general
25 circulation throughout the area to be included in the proposed

1 district. Such notice shall contain a statement of the information
2 contained in such petition and of the date, time, and place at
3 which the hearing shall be held and that at such hearing proposals
4 may be submitted for the exclusion of land from or the inclusion of
5 additional land in the proposed district. If the proposed district
6 lies in two or more counties, the hearing shall be held before the
7 combined boards of all counties interested and the time and place
8 thereof shall be as mutually agreed by such boards.

9 (2) (a) Upon receipt of such petition and articles of
10 association from owners of real property who have organized
11 pursuant to subsection (2) of section 23-2904, the county board
12 shall examine the petition and articles to determine whether they
13 comply with the requirements of section 23-2905. Upon finding
14 that such petition and articles comply with such requirements, the
15 county board shall set a hearing thereon and cause notice to be
16 published at least three successive weeks in a newspaper of general
17 circulation throughout the area to be included in the proposed
18 district. Such notice shall contain a statement of the information
19 contained in such petition and articles and of the date, time, and
20 place at which the hearing shall be held and that at such hearing
21 proposals may be submitted for the exclusion of land from or the
22 inclusion of land in the proposed district.

23 (b) All owners of real estate situated in the proposed
24 district who have not signed the articles of association and who
25 may object to the organization of the district shall, on or before

1 the time set for the hearing, file any such objection in writing
2 stating (i) why such community building district should not be
3 organized and declared a public corporation in this state, (ii) why
4 their land will not be benefited by the acquisition, construction,
5 equipping, or maintenance of a community building or buildings, and
6 (iii) why their land should not be included in the limits of such
7 district.

8 Sec. 28. Section 23-2907, Reissue Revised Statutes of
9 Nebraska, is amended to read:

10 23-2907 (1) After completion of the hearing required
11 by section 23-2906 for a community building district organized
12 pursuant to subsection (1) of section 23-2904, the county board,
13 if it determines that formation of the proposed district would
14 promote public health, convenience, or welfare, shall propose such
15 changes in the boundaries of such proposed district or of the
16 areas into which such proposed district is to be divided as it
17 shall deem proper. The county board shall call a special election
18 for the purpose of approval of the formation of such district and
19 the boundaries thereof by a majority of the qualified electors of
20 the area affected by such district, or may submit the question of
21 approval to be voted upon at any primary or general election.

22 (2) After completion of the hearing required by section
23 23-2906 for a community building district organized pursuant to
24 subsection (2) of section 23-2904, the county board, if it
25 determines that formation of the proposed district would promote

1 public health, convenience, or welfare, shall propose such changes
2 in the boundaries of such proposed district or of the areas into
3 which such proposed district is to be divided as it shall deem
4 proper and shall declare the community building district a public
5 corporation of this state. If any owner of real estate located
6 in the proposed district satisfies the county board that his
7 or her real estate, or any part thereof, will not be benefited
8 thereby, then the county board may exclude such real estate as
9 will not be benefited and declare the remainder a district as
10 petitioned for. No lands included within any municipal corporation
11 shall be included in any community building district organized
12 pursuant to subsection (2) of section 23-2904 and no tract of
13 twenty acres or more which is outside any municipal corporation
14 and is used primarily for industrial purposes shall be included in
15 any community building district without the written consent of the
16 owner of such tract.

17 Sec. 29. Section 23-2908, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 23-2908 (1) If the voters approve the formation and
20 boundaries of ~~the~~ a district organized pursuant to subsection
21 (1) of section 23-2904, permanent organization shall be effected
22 by the appointment by the county board of a board of trustees
23 consisting of five residents of the district if the district
24 includes territory in five townships or less. If the district
25 embraces or includes territory in more than five townships, each

1 township shall be represented on the board of trustees by one
2 trustee who shall be a resident of the township. All trustees shall
3 be appointed for two years and hold office until their successors
4 have been appointed, except at the first appointment at least
5 two trustees shall be appointed for one-year terms. The board of
6 trustees shall organize by electing a president, vice president,
7 and secretary-treasurer from the members of the board for a term of
8 one year. All officers shall serve without pay.

9 (2) If the county board approves the formation and
10 boundaries of a district organized pursuant to subsection (2) of
11 section 23-2904, permanent organization shall be effected by the
12 appointment by the county board of a board of trustees consisting
13 of a number of residents of the county to be determined by the
14 county board as appropriate for the given district and its intended
15 functions. All or some of the trustees may be members of the
16 county board. All trustees shall be appointed for two years and
17 hold office until their successors have been appointed, except at
18 the first appointment at least one-half of the trustees shall be
19 appointed for one-year terms. The board of trustees shall organize
20 by electing a president, vice-president, and secretary from the
21 members of the board for a term of one year. The county treasurer
22 of the county shall act as ex officio treasurer of the district.
23 All officers shall serve without pay or reimbursement.

24 Sec. 30. Section 23-2909, Reissue Revised Statutes of
25 Nebraska, is amended to read:

1 23-2909 (1) The board of trustees of any community
2 building district shall annually fix the amount of money for the
3 proposed budget statement as may be deemed sufficient and necessary
4 for carrying out the proposed policy in regard to the contemplated
5 building or buildings for the ensuing fiscal year. After the
6 adoption of the district's budget statement, the president and
7 secretary shall certify the amount to be received from property
8 taxation, according to the adopted budget statement, to the proper
9 county clerk or county clerks and the proper county board or boards
10 which may levy a tax subject to section 77-3443, not to exceed the
11 amount so certified nor to exceed one and seven-tenths cents on
12 each one hundred dollars upon the taxable value of all the taxable
13 property in such district, for the acquisition, construction,
14 equipping, and ~~or~~ maintenance of the building or buildings in the
15 district for the fiscal year as provided by law. Such tax shall
16 be collected as other taxes are collected in the county by the
17 county treasurer, shall be placed to the credit of the district so
18 authorizing the same, and shall be paid to the treasurer of the
19 district upon warrants drawn upon the fund by the board of trustees
20 of the district or, if a community building district organized
21 pursuant to subsection (2) of section 23-2904 has bonds outstanding
22 pursuant to sections 36 to 41 of this act, to the county for
23 the benefit of such district for the repayment of such bonds.
24 Such warrants shall bear the signature of the president and the
25 countersignature of the secretary of the district. The amount of

1 the property tax levy shall not exceed the amount of funds required
2 to defray the expenses of the district for a period of one year as
3 set forth in the adopted budget statement.

4 (2) The board of trustees of a community building
5 district organized pursuant to subsection (2) of section 23-2904
6 may seek authority from the county board to impose a sales and
7 use tax of one-half percent, one percent, or one and one-half
8 percent upon the same transactions sourced as provided in sections
9 77-2703.01 to 77-2703.04 within the community building district in
10 accordance with sections 32 to 35 of this act if the county in
11 which the community building district is located has not adopted a
12 county sales and use tax pursuant to section 13-319.

13 Sec. 31. Section 23-2911, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 23-2911 (1) All warrants for the payment of any
16 indebtedness of such a district organized pursuant to subsection
17 (1) of section 23-2904, which are unpaid for want of funds, shall
18 bear interest, not to exceed six percent per annum, from the
19 date of the registering of such unpaid warrants with the district
20 treasurer. The amount of such warrants shall not exceed the revenue
21 provided for the year in which the indebtedness was incurred.

22 (2) All warrants for the payment of indebtedness of a
23 district organized pursuant to subsection (2) of section 23-2904
24 shall conform to section 37 of this act. In addition, a district
25 organized pursuant to subsection (2) of section 23-2904 may issue

1 bonds in accordance with sections 36 to 41 of this act.

2 Sec. 32. A substantially urbanized county by resolution
3 of its governing body may authorize the board of trustees of
4 a community building district to impose a sales and use tax of
5 one-half percent, one percent, or one and one-half percent upon
6 the same transactions sourced as provided in sections 77-2703.01
7 to 77-2703.04 within such district, but outside any incorporated
8 municipality which has adopted a local sales tax pursuant to
9 section 77-27,142, on which the state is authorized to impose a
10 tax pursuant to the Nebraska Revenue Act of 1967 if the county has
11 not adopted a sales and use tax pursuant to section 13-319. Any
12 sales and use tax imposed pursuant to this section shall be used to
13 finance the acquisition, construction, equipping, or maintenance of
14 a county community building or buildings and adjoining grounds for
15 housing county enterprises and community activities and for social,
16 athletic, and recreational purposes pursuant to sections 23-2901
17 to 23-2915 and section 22 of this act, including the repayment of
18 bonds issued pursuant to sections 36 to 41 of this act.

19 Sec. 33. (1) The Tax Commissioner shall administer all
20 sales and use taxes adopted under section 32 of this act. The Tax
21 Commissioner may prescribe forms and adopt and promulgate rules and
22 regulations in conformity with the Nebraska Revenue Act of 1967
23 for the making of returns and for the ascertainment, assessment,
24 and collection of taxes. The county shall furnish a certified copy
25 of the adopting or repealing resolution to the Tax Commissioner in

1 accordance with such rules and regulations. The tax shall begin
2 the first day of the next calendar quarter which is at least one
3 hundred twenty days after receipt by the Tax Commissioner of the
4 certified copy of the adopted resolution. The Tax Commissioner
5 shall provide at least sixty days' notice of the adoption of the
6 tax or a change in the rate to retailers. Notice shall be provided
7 to retailers within the county. Notice to retailers may be provided
8 through the web site of the Department of Revenue or by other
9 electronic means.

10 (2) For resolutions containing a termination date, the
11 termination date shall be the first day of a calendar quarter. The
12 county shall furnish a certified statement to the Tax Commissioner
13 no more than one hundred eighty days and at least one hundred
14 twenty days before the termination date that the termination date
15 stated in the resolution is valid. If the certified statement is
16 not furnished within the prescribed time, the tax shall remain in
17 effect and the Tax Commissioner shall continue to collect the tax
18 until the first day of the calendar quarter which is at least
19 one hundred twenty days after receipt of the certified statement,
20 notwithstanding the termination date stated in the resolution. The
21 Tax Commissioner shall provide at least sixty days' notice of the
22 termination of the tax to retailers. Notice shall be provided to
23 retailers within the county. Notice to retailers may be provided
24 through the web site of the department or other electronic means.

25 (3) In the rental or lease of automobiles, trucks,

1 trailers, semitrailers, and truck-tractors as defined in the Motor
2 Vehicle Registration Act, the tax shall be collected by the lessor
3 on the rental or lease price at the tax rate in effect on the date
4 the automobile, truck, trailer, semitrailer, or truck-tractor is
5 delivered to the lessee.

6 (4) The Tax Commissioner shall collect the sales and use
7 tax concurrently with collection of the state tax in the same
8 manner as the state tax is collected. The Tax Commissioner shall
9 remit monthly the proceeds of the tax to the counties imposing the
10 tax after deducting the amount of refunds made and three percent
11 of the remainder as an administrative fee necessary to defray
12 the cost of collecting the tax and the expenses incident thereto.
13 The Tax Commissioner shall keep full and accurate records of all
14 money received and distributed. All receipts from the three-percent
15 administrative fee shall be deposited into the General Fund.

16 (5) Upon any claim of illegal assessment and collection,
17 the taxpayer has the same remedies provided for claims of illegal
18 assessment and collection of the state tax. It is the intention
19 of the Legislature that the provisions of law which apply to the
20 recovery of state taxes illegally assessed and collected apply
21 to the recovery of sales and use taxes illegally assessed and
22 collected under section 13-319.

23 (6) Boundary changes or the adoption of a sales and use
24 tax by an incorporated municipality that affects any tax imposed
25 by this section shall be governed as provided in subsections (3)

1 through (10) of section 77-27,143.

2 Sec. 34. The proceeds of the sales and use tax imposed
3 by a community building district by the authority of the county
4 shall be distributed to the county for the benefit of the community
5 building district and used solely to finance the acquisition,
6 construction, equipping, or maintenance of a community building or
7 buildings and adjoining grounds for housing county enterprises and
8 community activities and for social, athletic, and recreational
9 purposes within the community building district.

10 Sec. 35. (1) All relevant provisions of the Nebraska
11 Revenue Act of 1967 not inconsistent with sections 13-319, 13-324,
12 and 13-325 shall govern transactions, proceedings, and activities
13 pursuant to any sales and use tax imposed by a community building
14 district by authority of a county.

15 (2) For purposes of the sales and use tax imposed by a
16 community building district by authority of a county, all retail
17 sales, rentals, and leases as defined and described in the Nebraska
18 Revenue Act of 1967 are sourced as provided in sections 77-2703.01
19 to 77-2703.04.

20 Sec. 36. (1) A community building district organized
21 pursuant to subsection (2) of section 23-2904 may borrow money for
22 corporate purposes and issue general obligation bonds therefor. The
23 board of trustees of such district may provide for the payment
24 of such bonds from tax proceeds received for the benefit of the
25 district pursuant to section 23-2909, from revenue obtained from

1 the operation of the community building or buildings and adjoining
2 grounds, and from other revenue sources legally available to the
3 district.

4 (2) The county treasurer as ex officio treasurer of the
5 district shall be responsible for all funds of the district coming
6 into his or her hands. He or she shall collect all taxes and other
7 revenue of the district and deposit such taxes and revenue in a
8 bond sinking fund for the payment of principal and interest on any
9 bonds outstanding.

10 Sec. 37. (1) For the purpose of paying the cost of the
11 acquisition, construction, equipping, or maintenance of a community
12 building or buildings and adjoining grounds for housing county
13 enterprises and community activities and for social, athletic,
14 and recreational purposes, the board of trustees of a community
15 building district organized pursuant to subsection (2) of section
16 23-2904 shall have the power to issue negotiable bonds of any such
17 district, to be called community building district bonds, payable
18 in not to exceed thirty years. Each issue of general obligation
19 bonds shall mature or be subject to mandatory redemption so that
20 the first principal repayment is made not more than five years
21 after the date of issuance and so that at least twenty percent of
22 the district's bonds then outstanding shall be repaid within ten
23 years after the date of issuance. Such bonds shall bear interest
24 payable annually or semiannually. Such bonds may either be sold by
25 the district or delivered to the contractor in payment for the work

1 but in either case for not less than their par value.

2 (2) For the purpose of making partial payments as the
3 work progresses, warrants may be issued by the board of trustees
4 upon certificates of the engineer in charge showing the amount of
5 work completed and materials necessarily purchased and delivered
6 for the orderly and proper continuation of the project in a sum
7 not to exceed ninety-five percent of the cost thereof. Warrants
8 for capital outlays of the district shall become due and payable
9 not later than five years after the date of issuance, except
10 that such warrants need not be retired on such date or within
11 such five-year period and shall not be in default if the district
12 court of the county determines, upon application to it by the
13 district, that the district does not have the funds to retire such
14 warrants and the district is unable to sell its bonds in an amount
15 sufficient to retire such warrants. Such application may be filed
16 either before or within ninety days after the due date of the
17 warrants, and no warrant for which an extension application has
18 been made to the district court and a hearing date set by the court
19 shall be in default while such application is pending before the
20 court. Notice of the filing of such application and the time and
21 place of the hearing thereon shall be published in a newspaper of
22 general circulation in the county the same day each week for three
23 consecutive weeks. Within five days after the first publication
24 of such notice, the district shall cause to be mailed, by United
25 States certified mail, a copy of such notice to each holder of

1 warrants covered by the application whose name and post office
2 address are known to the district. Prior to the hearing, proof
3 of such mailing shall be made by affidavit of a trustee of the
4 district or the district's attorney that such mailing was made and
5 further that the district, its trustees, and its attorney, after
6 diligent investigation and inquiry, were unable to ascertain and do
7 not know the name and post office address of any holder of such
8 warrants other than those to whom notice has been mailed in writing
9 or who have waived notice in writing or entered an appearance in
10 the proceeding.

11 (3) Upon making such determination, the district court
12 may make such orders concerning retirement of the warrants as
13 it determines proper under the circumstances of the district.
14 Such warrants shall draw interest, at such rate as fixed by the
15 board of trustees and endorsed on the warrants, from the date of
16 presentation for payment and shall be redeemed and paid from the
17 proceeds of special assessments or from the sale of the bonds
18 issued and sold as provided in this section or from any other funds
19 available for that purpose. Bonds to redeem such warrants shall
20 be issued as soon as economically feasible. The board of trustees
21 shall pay to the contractor interest at the rate specified in
22 section 39-1349 on the amounts due on partial and final payments,
23 beginning thirty days after the certification of the amounts due
24 by the engineer in charge and approval by the board of trustees
25 and running until the date that the warrant is tendered to the

1 contractor.

2 (4) Warrants issued for operation and maintenance
3 expenses of the district shall be issued not later than sixty
4 days after the date upon which the district is in receipt of a
5 bill for the amount of operation or maintenance expenses owed and
6 such warrants shall become due and payable not later than three
7 years after the date of issuance. If a warrant for operation or
8 maintenance expenses is not issued within such sixty-day period,
9 the amount owed by the district shall bear interest from the
10 sixty-first day until the date upon which the warrant is issued at
11 a rate equivalent to one and one-half times the rate specified in
12 subsection (2) of section 45-104.02. The district shall agree to
13 pay annual or semiannual interest on all capital outlay warrants
14 issued by the district and shall issue warrants to pay such
15 interest or shall issue its warrants in return for cash to pay such
16 interest. Interest on capital outlay warrants shall be represented
17 by coupons payable to the bearer attached to each warrant, but
18 coupons shall not be issued for interest accruing after the due
19 date of such warrant. All coupons shall show on their face the
20 number of the warrant to which they pertain and that the coupon
21 shall not be valid for payment of any interest after the warrant
22 has been called for redemption or redeemed. Warrant interest
23 coupons not paid when due for lack of funds shall be registered,
24 bear interest, and be paid the same as is provided in section
25 10-209 for bond coupons. Warrants issued to pay interest on capital

1 outlay warrants shall become due and payable in the same time as
2 capital outlay warrants.

3 (5) The district may, if determined appropriate by the
4 board of trustees, pay fees to fiscal agents in connection with the
5 placement and registration of ownership of warrants issued by the
6 district.

7 Sec. 38. The board of trustees of a community building
8 district organized pursuant to subsection (2) of section 23-2904
9 or such holder or holders of any bond or bonds of the district
10 shall file in the district court for the county in which the lands
11 of the district or the greater portion thereof are situated, a
12 petition requesting, in effect, that the proceedings aforesaid may
13 be examined, approved, and confirmed by the court. The petition
14 shall state the facts showing the proceedings had for the issuance
15 and sale of the bonds, and shall state generally that the community
16 building district was duly organized and that the first board of
17 trustees was duly appointed. The petition need not state the facts
18 showing such organization of the district or the appointment of the
19 first board of trustees.

20 Sec. 39. The court shall fix the time for the hearing
21 of the petition filed pursuant to section 38 of this act and
22 shall order the clerk of the court to give and publish notice
23 of the filing of the petition. The notice shall be given by
24 publication the same day of each week for three consecutive weeks.
25 The notice shall state the time and place fixed for the hearing

1 of the petition and the request of the petition and that any
 2 person interested in the organization of the district or in the
 3 proceedings for the issuance or sale of the bonds may, on or before
 4 the day fixed for the hearing of the petition, move to dismiss
 5 the petition or answer thereto. The petition may be referred to
 6 and described in the notice as the petition of
 7 (giving the district's name) requesting that the proceedings for
 8 the issuance and sale of such bonds of such district may be
 9 examined, approved, and confirmed by the court.

10 Sec. 40. Any person interested in the district or in the
 11 issuance or sale of the bonds may move to dismiss the petition
 12 or file an answer thereto. The rules of pleading promulgated by
 13 the Supreme Court respecting motions and answer to a petition
 14 shall be applicable to motions and answer to the petition in such
 15 special proceedings. The persons so filing motions and answering
 16 the petition shall be the defendants to the special proceedings
 17 and the board of trustees shall be the plaintiff. Every material
 18 statement of the petition not specially controverted by the answer
 19 shall, for the purpose of such special proceedings, be taken as
 20 true. Each person failing to answer the petition shall be deemed
 21 to admit as true all the material statements of the petition. The
 22 rules of pleading and practice used in the district courts of this
 23 state which are not inconsistent with sections 36 to 41 of this act
 24 are applicable to the special proceedings herein provided for.

25 Sec. 41. Upon the hearing of such special proceedings,

1 the court shall have the power and jurisdiction to examine and
2 determine the legality and validity of, and approve and confirm
3 or disapprove and disaffirm, each and all of the proceedings for
4 the organization of such district under sections 23-2901 to 23-2915
5 and section 22 of this act, from and including the petition for
6 the organization of the district, and all other proceedings which
7 may affect the legality or validity of the bonds and the order
8 of the sale and the sale thereof. The court in inquiring into
9 the regularity, legality, or correctness of such proceedings shall
10 disregard an error, irregularity, or omission which does not affect
11 the substantial rights of the parties to such special proceedings.
12 It may approve and confirm such proceedings in part and disapprove
13 and declare illegal or invalid other and subsequent parts of the
14 proceedings. The court shall find and determine whether the notice
15 of the filing of the petition has been duly given and published
16 for the time and in the manner prescribed in section 39 of this
17 act. The costs of the special proceedings may be allowed and
18 apportioned between the parties in the discretion of the court. If
19 the court shall determine the proceedings for the organization of
20 the district and for the voting and issuing of the bonds legal and
21 valid, the board of trustees shall then prepare a written statement
22 beginning with the filing of the petition for the organization
23 of the district, including all subsequent proceedings for the
24 organization of the district and voting and issuing of the bonds,
25 and ending with the decree of the court finding the proceedings for

1 the organization of the district and the proceedings for the voting
2 and issuing of the bonds legal and valid. The written statement
3 shall be certified under oath by the board of trustees of the
4 district.

5 Sec. 42. (1) A sanitary and improvement district having
6 the identical boundaries as a community building district may be
7 organized concurrently with a community building district organized
8 pursuant to subsection (2) of section 23-2904 and bonds issued by
9 both districts, each for its own corporate purpose, may be issued
10 such that the bonds are offered as components of a single offering.

11 (2) (a) The county in which a community building district
12 organized pursuant to subsection (2) of section 23-2904 may also
13 pledge for the benefit of a community building district and pay to
14 the community building district for the repayment of its bonds a
15 portion of the ad valorem tax imposed by the county for its general
16 fund equal to that portion by which the total valuation within such
17 community building district exceeds the valuation thereof as of
18 January 1 of the year prior to the year in which the county general
19 fund ad valorem taxes are to be divided.

20 (b) That portion of the county general fund ad valorem
21 tax on real property in the community building district in excess
22 of such amount, if any, may be allocated to and, when collected,
23 paid into a special fund for the benefit of the community building
24 district to be used solely for the repayment of bonds of the
25 community building district. When such bonds have been paid, the

1 county treasurer shall revert to paying such portion to the county
2 general fund.

3 Sec. 43. Section 31-763, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 31-763 Whenever any city or village annexes all the
6 territory within the boundaries of any sanitary and improvement
7 district organized under the provisions of sections 31-701 to
8 31-726, or under sections 31-727 to 31-762, or any road improvement
9 district organized under sections 39-1601 to 39-1636, or any fire
10 protection district authorized under Chapter 35, article 5, or any
11 community building district organized pursuant to subsection (2) of
12 section 23-2904, the district shall merge with the city or village
13 and the city or village shall succeed to all the property and
14 property rights of every kind, contracts, obligations and choses
15 in action of every kind, held by or belonging to the district,
16 and the city or village shall be liable for and recognize, assume,
17 and carry out all valid contracts and obligations of the district.
18 All taxes, assessments, claims, and demands of every kind due or
19 owing to the district shall be paid to and collected by the city or
20 village. Any special assessments which the district was authorized
21 to levy, assess, relevel or reassess, but which were not levied,
22 assessed, relevelled or reassessed, at the time of the merger, for
23 improvements made by it or in the process of construction or
24 contracted for may be levied, assessed, relevelled or reassessed by
25 the annexing city or village to the same extent as the district

1 may have levied or assessed but for the merger. ~~Nothing~~ ~~PROVIDED~~,
 2 ~~nothing~~ herein contained shall authorize the annexing city or
 3 village to revoke any resolution, order, or finding made by the
 4 district in regard to special benefits or increase any assessments
 5 made by the district, but such city or village shall be bound by
 6 all such findings or orders and assessments to the same extent
 7 as the district would be bound. ~~No~~ ~~and provided further~~, that
 8 ~~no~~ district so annexed shall have power to levy any special
 9 assessments after the effective date of such annexation.

10 Sec. 44. Section 31-764, Reissue Revised Statutes of
 11 Nebraska, is amended to read:

12 31-764 The trustees of a road improvement district, ~~or~~
 13 fire protection district, or community building district organized
 14 pursuant to subsection (2) of section 23-2904 or the trustees or
 15 administrator of a sanitary and improvement district shall within
 16 thirty days of the effective date of the merger submit to the
 17 city a written accounting of all assets and liabilities, contingent
 18 or fixed, of the district. Unless the city or village within
 19 six months thereafter brings an action against the trustees or
 20 administrator of the district for an accounting or for damages for
 21 breach of duty, the trustees or administrator shall be discharged
 22 of all further duties and liabilities and their bonds exonerated.
 23 If the city or village brings such an action and does not recover
 24 judgment in its favor, the taxable costs may include reasonable
 25 expenses incurred by the trustees of a road improvement district

1 or fire protection district or the trustees or administrator of a
2 sanitary and improvement district in connection with such suit and
3 a reasonable attorney's fee for the trustees' or administrator's
4 attorney. The city or village shall represent the district and
5 all parties who might be interested in such an action. The
6 city or village and such trustees or administrator shall be
7 the only necessary parties to such action. ~~Nothing~~ ~~PROVIDED~~
8 ~~nothing~~ contained in this section shall authorize the trustees or
9 administrator to levy any special assessments after the effective
10 date of the merger.

11 Sec. 45. Section 31-765, Reissue Revised Statutes of
12 Nebraska, is amended to read:

13 31-765 The merger shall be effective thirty days after
14 the effective date of the ordinance annexing the territory within
15 the district. ~~If~~ ~~PROVIDED~~ if the validity of the ordinance
16 annexing the territory is challenged by a proceeding in a court
17 of competent jurisdiction, the effective date of the merger shall
18 be thirty days after the final determination of the validity of
19 the ordinance. The trustees of a road improvement district, ~~or~~
20 fire protection district, or community building district organized
21 pursuant to subsection (2) of section 23-2904 or the trustees or
22 administrator of a sanitary and improvement district shall continue
23 in possession and conduct the affairs of the district until the
24 effective date of the merger, but shall not during such period levy
25 any special assessments after the effective date of annexation.

1 Sec. 46. Section 31-766, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 31-766 If only a part of the territory within any
4 sanitary and improvement district, any road improvement district,
5 ~~or any fire protection district, or any community building district~~
6 organized pursuant to subsection (2) of section 23-2904 is annexed
7 by a city or village, the road improvement district, ~~or fire~~
8 protection district, or community building district acting through
9 its trustees or the sanitary and improvement district acting
10 through its trustees or administrator and the city or village
11 acting through its governing body may agree between themselves as
12 to the division of the assets, liabilities, maintenance, or other
13 obligations of the district for a change in the boundaries of
14 the district so as to exclude the portion annexed by the city
15 or village or may agree upon a merger of the district with the
16 city or village. The division of assets, liabilities, maintenance,
17 or other obligations of the district shall be equitable, shall
18 be proportionate to the valuation of the portion of the district
19 annexed and to the valuation of the portion of the district
20 remaining following annexation, and shall, to the greatest extent
21 feasible, reflect the actual impact of the annexation on the
22 ability of the district to perform its duties and responsibilities
23 within its new boundaries following annexation. In the event a
24 merger is agreed upon, the city or village shall have all the
25 rights, privileges, duties, and obligations as provided in sections

1 31-763 to 31-766 when the city annexes the entire territory within
2 the district, and the trustees or administrator shall be relieved
3 of all further duties and liabilities and their bonds exonerated
4 as provided in section 31-764. No agreement between the district
5 and the city or village shall be effective until submitted to and
6 approved by the district court of the county in which the major
7 portion of the district is located. No agreement shall be approved
8 which may prejudice the rights of any bondholder or creditor of the
9 district or employee under contract to the district. The court may
10 authorize or direct amendments to the agreement before approving
11 the same. If the district and city or village do not agree upon the
12 proper adjustment of all matters growing out of the annexation of
13 a part of the territory located within the district, the district,
14 the annexing city or village, any bondholder or creditor of the
15 district, or any employee under contract to the district may apply
16 to the district court of the county where the major portion of the
17 district is located for an adjustment of all matters growing out
18 of or in any way connected with the annexation of such territory,
19 and after a hearing thereon the court may enter an order or decree
20 fixing the rights, duties, and obligations of the parties. In every
21 case such decree or order shall require a change of the district
22 boundaries so as to exclude from the district that portion of
23 the territory of the district which has been annexed. Such change
24 of boundaries shall become effective on the date of entry of
25 such decree. Only the district and the city or village shall be

1 necessary parties to such an action. Any bondholder or creditor of
2 the district or any employee under contract to the district whose
3 interests may be adversely affected by the annexation may intervene
4 in the action pursuant to section 25-328. The decree when entered
5 shall be binding on the parties the same as though the parties had
6 voluntarily agreed thereto. Nothing contained in this section shall
7 authorize any district to levy any special assessments within the
8 annexed area after the effective date of annexation.

9 Sec. 47. Section 77-2602, Revised Statutes Cumulative
10 Supplement, 2008, is amended to read:

11 77-2602 (1) Every person engaged in distributing or
12 selling cigarettes at wholesale in this state shall pay to the
13 Tax Commissioner of this state a special privilege tax. This shall
14 be in addition to all other taxes. It shall be paid prior to
15 or at the time of the sale, gift, or delivery to the retail
16 dealer in the several amounts as follows: On each package of
17 cigarettes containing not more than twenty cigarettes, sixty-four
18 cents per package; and on packages containing more than twenty
19 cigarettes, the same tax as provided on packages containing not
20 more than twenty cigarettes for the first twenty cigarettes in each
21 package and a tax of one-twentieth of the tax on the first twenty
22 cigarettes on each cigarette in excess of twenty cigarettes in each
23 package.

24 (2) Beginning October 1, 2004, the State Treasurer shall
25 place the equivalent of forty-nine cents of such tax in the General

1 Fund. The State Treasurer shall reduce the amount placed in the
2 General Fund under this subsection by the amount prescribed in
3 subdivision (3)(d) of this section. For purposes of this section,
4 the equivalent of a specified number of cents of the tax shall mean
5 that portion of the proceeds of the tax equal to the specified
6 number divided by the tax rate per package of cigarettes containing
7 not more than twenty cigarettes.

8 (3) The State Treasurer shall distribute the remaining
9 proceeds of such tax in the following order:

10 (a) First, beginning July 1, 1980, the State Treasurer
11 shall place the equivalent of one cent of such tax in the
12 Nebraska Outdoor Recreation Development Cash Fund. For fiscal year
13 distributions occurring after FY1998-99, the distribution under
14 this subdivision shall not be less than the amount distributed
15 under this subdivision for FY1997-98. Any money needed to increase
16 the amount distributed under this subdivision to the FY1997-98
17 amount shall reduce the distribution to the General Fund;

18 (b) Second, beginning July 1, 1993, the State Treasurer
19 shall place the equivalent of three cents of such tax in the
20 Health and Human Services Cash Fund to carry out sections 81-637
21 to 81-640. For fiscal year distributions occurring after FY1998-99,
22 the distribution under this subdivision shall not be less than the
23 amount distributed under this subdivision for FY1997-98. Any money
24 needed to increase the amount distributed under this subdivision to
25 the FY1997-98 amount shall reduce the distribution to the General

1 Fund;

2 (c) Third, beginning October 1, 2002, and continuing
3 until all the purposes of the Deferred Building Renewal Act have
4 been fulfilled, the State Treasurer shall place the equivalent of
5 seven cents of such tax in the Building Renewal Allocation Fund.
6 The distribution under this subdivision shall not be less than the
7 amount distributed under this subdivision for FY1997-98. Any money
8 needed to increase the amount distributed under this subdivision to
9 the FY1997-98 amount shall reduce the distribution to the General
10 Fund;

11 (d) Fourth, until July 1, ~~2009~~, 2025, the State
12 Treasurer shall place in the County and Municipal Infrastructure
13 Redevelopment Fund the sum of two million five hundred twenty
14 thousand dollars each fiscal year to carry out the County and
15 Municipal Infrastructure Redevelopment Fund Act. The Legislature
16 shall appropriate the sum of two million five hundred twenty
17 thousand dollars each year for fiscal year ~~2003-04~~ 2009-10 through
18 fiscal year ~~2008-09~~, 2024-25;

19 (e) Fifth, beginning July 1, 2001, and continuing until
20 June 30, 2008, the State Treasurer shall place the equivalent of
21 two cents of such tax in the Information Technology Infrastructure
22 Fund. The distribution under this subdivision shall not be less
23 than two million fifty thousand dollars. Any money needed to
24 increase the amount distributed under this subdivision to two
25 million fifty thousand dollars shall reduce the distribution to the

1 General Fund;

2 (f) Sixth, beginning July 1, 2001, and continuing until
3 June 30, 2016, the State Treasurer shall place one million dollars
4 each fiscal year in the City of the Primary Class Development Fund.
5 If necessary, the State Treasurer shall reduce the distribution of
6 tax proceeds to the General Fund pursuant to subsection (2) of this
7 section by such amount required to fulfill the one million dollars
8 to be distributed pursuant to this subdivision;

9 (g) Seventh, beginning July 1, 2001, and continuing
10 until June 30, 2016, the State Treasurer shall place one million
11 five hundred thousand dollars each fiscal year in the City of
12 the Metropolitan Class Development Fund. If necessary, the State
13 Treasurer shall reduce the distribution of tax proceeds to the
14 General Fund pursuant to subsection (2) of this section by such
15 amount required to fulfill the one million five hundred thousand
16 dollars to be distributed pursuant to this subdivision; and

17 (h) Eighth, beginning July 1, 2008, and continuing until
18 June 30, 2009, the State Treasurer shall place the equivalent of
19 two million fifty thousand dollars of such tax in the Nebraska
20 Public Safety Communication System Cash Fund. Beginning July 1,
21 2009, and continuing until June 30, 2016, the State Treasurer shall
22 place the equivalent of two million five hundred seventy thousand
23 dollars of such tax in the Nebraska Public Safety Communication
24 System Cash Fund. Beginning July 1, 2016, and every fiscal year
25 thereafter, the State Treasurer shall place the equivalent of

1 five million seventy thousand dollars of such tax in the Nebraska
2 Public Safety Communication System Cash Fund. If necessary, the
3 State Treasurer shall reduce the distribution of tax proceeds to
4 the General Fund pursuant to subsection (2) of this section by
5 such amount required to fulfill the distribution pursuant to this
6 subdivision.

7 (4) If, after distributing the proceeds of such tax
8 pursuant to subsections (2) and (3) of this section, any proceeds
9 of such tax remain, the State Treasurer shall place such remainder
10 in the Nebraska Capital Construction Fund.

11 (5) The Legislature hereby finds and determines that
12 the projects funded from the County and Municipal Infrastructure
13 Redevelopment Fund and the Building Renewal Allocation Fund are of
14 critical importance to the State of Nebraska. It is the intent
15 of the Legislature that the allocations and appropriations made
16 by the Legislature to such funds or, in the case of allocations
17 for the County and Municipal Infrastructure Redevelopment Fund, to
18 the particular county's or municipality's account not be reduced
19 until all contracts and securities relating to the construction and
20 financing of the projects or portions of the projects funded from
21 such funds or accounts of such funds are completed or paid ~~or~~, ~~in~~
22 ~~the case of the Municipal Infrastructure Redevelopment Fund,~~ the
23 ~~earlier of such date or July 1, 2009,~~ and that until such time
24 any reductions in the cigarette tax rate made by the Legislature
25 shall be simultaneously accompanied by equivalent reductions in the

1 amount dedicated to the General Fund from cigarette tax revenue.
2 Any provision made by the Legislature for distribution of the
3 proceeds of the cigarette tax for projects or programs other than
4 those to (a) the General Fund, (b) the Nebraska Outdoor Recreation
5 Development Cash Fund, (c) the Health and Human Services Cash Fund,
6 (d) the County and Municipal Infrastructure Redevelopment Fund,
7 (e) the Building Renewal Allocation Fund, (f) the Information
8 Technology Infrastructure Fund, (g) the City of the Primary
9 Class Development Fund, (h) the City of the Metropolitan Class
10 Development Fund, and (i) the Nebraska Public Safety Communication
11 System Cash Fund shall not be made a higher priority than or an
12 equal priority to any of the programs or projects specified in
13 subdivisions (a) through (i) of this subsection.

14 Sec. 48. Section 77-27,137.01, Revised Statutes
15 Cumulative Supplement, 2008, is amended to read:

16 77-27,137.01 (1) The appropriation provided for in
17 section 77-27,136 for aid to incorporated municipalities shall
18 be allocated by the Tax Commissioner to the various incorporated
19 municipalities. The Tax Commissioner shall determine the amount to
20 be distributed to the incorporated municipalities and certify such
21 amounts by voucher to the Director of Administrative Services. Each
22 amount shall be distributed in seven as nearly as possible equal
23 monthly payments on the last business day of each month beginning
24 in December. The State Treasurer shall, on the business day
25 preceding the last business day of each month, notify the Director

1 of Administrative Services of the amount of funds available in the
2 General Fund for payment purposes. The Director of Administrative
3 Services shall, on the last business day of each month, draw
4 warrants against funds appropriated. Except as provided in
5 subsection (2) of this section, the Tax Commissioner shall compute
6 the amount due the incorporated municipalities on the ratio of
7 the population of the particular incorporated municipality to the
8 total population of all incorporated municipalities in the state as
9 determined by the most recent federal census figures certified by
10 the Tax Commissioner as provided in section 77-3,119, which amounts
11 shall be placed in the general fund of such municipalities.

12 (2) ~~For fiscal years 2003-04 through 2008-09, Beginning~~
13 ~~with fiscal year 2009-10,~~ the allocation of state aid provided
14 for in subsection (1) of this section shall be calculated based
15 on the amount appropriated plus an additional five hundred twenty
16 thousand dollars. ~~7~~ and the amount of state aid calculated for
17 a city of the primary class shall be reduced by the amount
18 received by the city of the primary class under the Municipal
19 Infrastructure Redevelopment Fund Act for fiscal years 2003-04
20 through 2008-09. ~~Beginning with fiscal year 2009-10,~~ the amount
21 of aid to municipalities appropriated shall be increased by five
22 hundred twenty thousand dollars.

23 Sec. 49. Sections 20, 47, 49, 50, 51, and 53 of this act
24 become operative on their effective date. Sections 1, 2, 3, 4, 5,
25 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24,

1 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41,
2 42, 43, 44, 45, 46, 48, and 52 of this act become operative three
3 calendar months after the adjournment of this legislative session.

4 Sec. 50. Original sections 18-2601, 18-2602, 18-2603,
5 18-2604, 18-2605, 18-2606, 18-2607, 18-2608, 23-2901, 23-2902,
6 23-2903, 23-2904, 23-2905, 23-2906, 23-2907, 23-2908, 23-2909,
7 23-2911, 31-763, 31-764, 31-765, and 31-766, Reissue Revised
8 Statutes of Nebraska, and section 77-27,137.01, Revised Statutes
9 Cumulative Supplement, 2008, are repealed.

10 Sec. 51. Original section 18-2609, Reissue Revised
11 Statutes of Nebraska, and section 77-2602, Revised Statutes
12 Cumulative Supplement, 2008, are repealed

13 Sec. 52. The following section is outright repealed:
14 Section 77-2602.04, Revised Statutes Cumulative Supplement, 2008.

15 Sec. 53. Since an emergency exists, this act takes effect
16 when passed and approved according to law.