

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 111**

Introduced by McGill, 26; Ashford, 20; Karpisek, 32; Krist, 10.

Read first time January 10, 2013

Committee: Urban Affairs

A BILL

1 FOR AN ACT relating to budgets; to amend sections 13-503, 13-504,  
2 13-505, 13-506, 13-508, and 13-509.01, Reissue Revised  
3 Statutes of Nebraska; to authorize a city of the first  
4 class, a city of the second class, or a village to adopt  
5 a biennial budget as prescribed; to redefine terms; to  
6 harmonize provisions; and to repeal the original  
7 sections.

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

1           Section 1. Section 13-503, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           13-503 For purposes of the Nebraska Budget Act, unless  
4 the context otherwise requires:

5           (1) Governing body ~~shall mean~~ means the governing body of  
6 any county agricultural society, elected county fair board, joint  
7 airport authority formed under the Joint Airport Authorities Act,  
8 city or county airport authority, bridge commission created pursuant  
9 to section 39-868, cemetery district, city, village, municipal  
10 county, community college, community redevelopment authority, county,  
11 drainage or levee district, educational service unit, rural or  
12 suburban fire protection district, historical society, hospital  
13 district, irrigation district, learning community, natural resources  
14 district, nonprofit county historical association or society for  
15 which a tax is levied under subsection (1) of section 23-355.01,  
16 public building commission, railroad transportation safety district,  
17 reclamation district, road improvement district, rural water  
18 district, school district, sanitary and improvement district,  
19 township, offstreet parking district, transit authority, metropolitan  
20 utilities district, Educational Service Unit Coordinating Council,  
21 and political subdivision with the authority to have a property tax  
22 request, with the authority to levy a toll, or that receives state  
23 aid;

24           (2) Levying board ~~shall mean~~ means any governing body  
25 which has the power or duty to levy a tax;

1                   (3) Fiscal year ~~shall mean~~ means the twelve-month period  
2 used by each governing body in determining and carrying on its  
3 financial and taxing affairs;

4                   (4) Tax ~~shall mean~~ means any general or special tax  
5 levied against persons, property, or business for public purposes as  
6 provided by law but shall not include any special assessment;

7                   (5) Auditor ~~shall mean~~ means the Auditor of Public  
8 Accounts;

9                   (6) Cash reserve ~~shall mean~~ means funds required for the  
10 period before revenue would become available for expenditure but  
11 shall not include funds held in any special reserve fund;

12                   (7) Public funds ~~shall mean~~ means all money, including  
13 nontax money, used in the operation and functions of governing  
14 bodies. For purposes of a county, city, or village which has a  
15 lottery established under the Nebraska County and City Lottery Act,  
16 only those net proceeds which are actually received by the county,  
17 city, or village from a licensed lottery operator shall be considered  
18 public funds, and public funds shall not include amounts awarded as  
19 prizes;

20                   (8) Adopted budget statement ~~shall mean~~ means a proposed  
21 budget statement which has been adopted or amended and adopted as  
22 provided in section 13-506. Such term shall include additions, if  
23 any, to an adopted budget statement made by a revised budget which  
24 has been adopted as provided in section 13-511;

25                   (9) Special reserve fund ~~shall mean~~ means any special

1 fund set aside by the governing body for a particular purpose and not  
2 available for expenditure for any other purpose. Funds created for  
3 (a) the retirement of bonded indebtedness, (b) the funding of  
4 employee pension plans, (c) the purposes of the Political  
5 Subdivisions Self-Funding Benefits Act, (d) the purposes of the Local  
6 Option Municipal Economic Development Act, (e) voter-approved sinking  
7 funds, or (f) statutorily authorized sinking funds shall be  
8 considered special reserve funds;

9 (10) Biennial period ~~shall mean~~ means the two fiscal  
10 years comprising a biennium commencing in odd-numbered or even-  
11 numbered years used by a city or village in determining and carrying  
12 on its financial and taxing affairs; and

13 (11) Biennial budget ~~shall mean~~ means a budget by a city  
14 of the primary or metropolitan class that adopts a charter provision  
15 providing for a biennial period to determine and carry on the city's  
16 financial and taxing affairs or a budget by a city of the first or  
17 second class or village that provides for a biennial period to  
18 determine and carry on the city's or village's financial and taxing  
19 affairs.

20 Sec. 2. Section 13-504, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 13-504 (1) Each governing body shall annually or  
23 biennially prepare a proposed budget statement on forms prescribed  
24 and furnished by the auditor. The proposed budget statement shall be  
25 made available to the public by the political subdivision prior to

1 publication of the notice of the hearing on the proposed budget  
2 statement pursuant to section 13-506. A proposed budget statement  
3 shall contain the following information, except as provided by state  
4 law:

5 (a) For the immediately preceding fiscal year or biennial  
6 period, the revenue from all sources, including motor vehicle taxes,  
7 other than revenue received from personal and real property taxation,  
8 allocated to the funds and separately stated as to each such source:  
9 The unencumbered cash balance at the beginning and end of the year or  
10 biennial period; the amount received by taxation of personal and real  
11 property; and the amount of actual expenditures;

12 (b) For the current fiscal year or biennial period,  
13 actual and estimated revenue from all sources, including motor  
14 vehicle taxes, allocated to the funds and separately stated as to  
15 each such source: The actual unencumbered cash balance available at  
16 the beginning of the year or biennial period; the amount received  
17 from personal and real property taxation; and the amount of actual  
18 and estimated expenditures, whichever is applicable. Such statement  
19 shall contain the cash reserve for each fiscal year or biennial  
20 period and shall note whether or not such reserve is encumbered. Such  
21 cash reserve projections shall be based upon the actual experience of  
22 prior years or biennial periods. The cash reserve shall not exceed  
23 fifty percent of the total budget adopted exclusive of capital outlay  
24 items;

25 (c) For the immediately ensuing fiscal year or biennial

1 period, an estimate of revenue from all sources, including motor  
2 vehicle taxes, other than revenue to be received from taxation of  
3 personal and real property, separately stated as to each such source:  
4 The actual or estimated unencumbered cash balances, whichever is  
5 applicable, to be available at the beginning of the year or biennial  
6 period; the amounts proposed to be expended during the year or  
7 biennial period; and the amount of cash reserve, based on actual  
8 experience of prior years or biennial periods, which cash reserve  
9 shall not exceed fifty percent of the total budget adopted exclusive  
10 of capital outlay items;

11 (d) A statement setting out separately the amount sought  
12 to be raised from the levy of a tax on the taxable value of real  
13 property (i) for the purpose of paying the principal or interest on  
14 bonds issued by the governing body and (ii) for all other purposes;

15 (e) A uniform summary of the proposed budget statement,  
16 including each proprietary function fund included in a separate  
17 proprietary budget statement prepared pursuant to the Municipal  
18 Proprietary Function Act, and a grand total of all funds maintained  
19 by the governing body; and

20 (f) For municipalities, a list of the proprietary  
21 functions which are not included in the budget statement. Such  
22 proprietary functions shall have a separate budget statement which is  
23 approved by the city council or village board as provided in the  
24 Municipal Proprietary Function Act.

25 (2) The actual or estimated unencumbered cash balance

1 required to be included in the budget statement by this section shall  
2 include deposits and investments of the political subdivision as well  
3 as any funds held by the county treasurer for the political  
4 subdivision and shall be accurately stated on the proposed budget  
5 statement.

6 (3) The political subdivision shall correct any material  
7 errors in the budget statement detected by the auditor or by other  
8 sources.

9 Sec. 3. Section 13-505, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11 13-505 The estimated expenditures plus the required cash  
12 reserve for the ensuing fiscal year or biennial period less all  
13 estimated and actual unencumbered balances at the beginning of the  
14 year or biennial period and less the estimated income from all  
15 sources, including motor vehicle taxes, other than taxation of  
16 personal and real property shall equal the amount to be received from  
17 taxes, and such amount shall be shown on the proposed budget  
18 statement pursuant to section 13-504. The amount to be raised from  
19 taxation of personal and real property, as determined above, plus the  
20 estimated revenue from other sources, including motor vehicle taxes,  
21 and the unencumbered balances shall equal the estimated expenditures,  
22 plus the necessary required cash reserve, for the ensuing year or  
23 biennial period.

24 Sec. 4. Section 13-506, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

1                   13-506 (1) Each governing body shall each year or  
2 biennial period conduct a public hearing on its proposed budget  
3 statement. Notice of place and time of such hearing, together with a  
4 summary of the proposed budget statement, shall be published at least  
5 five days prior to the date set for hearing in a newspaper of general  
6 circulation within the governing body's jurisdiction. When the total  
7 operating budget, not including reserves, does not exceed ten  
8 thousand dollars per year or twenty thousand dollars per biennial  
9 period, the proposed budget summary may be posted at the governing  
10 body's principal headquarters. After such hearing, the proposed  
11 budget statement shall be adopted, or amended and adopted as amended,  
12 and a written record shall be kept of such hearing. The amount to be  
13 received from personal and real property taxation shall be certified  
14 to the levying board after the proposed budget statement is adopted  
15 or is amended and adopted as amended. If the levying board represents  
16 more than one county, a member or a representative of the governing  
17 board shall, upon the written request of any represented county,  
18 appear and present its budget at the hearing of the requesting  
19 county. The certification of the amount to be received from personal  
20 and real property taxation shall specify separately (a) the amount to  
21 be applied to the payment of principal or interest on bonds issued by  
22 the governing body and (b) the amount to be received for all other  
23 purposes. If the adopted budget statement reflects a change from that  
24 shown in the published proposed budget statement, a summary of such  
25 changes shall be published within twenty days after its adoption in



1 the manner provided in this section, but without provision for  
2 hearing, setting forth the items changed and the reasons for such  
3 changes.

4 (2) Upon approval by the governing body, the budget shall  
5 be filed with the auditor. The auditor may review the budget for  
6 errors in mathematics, improper accounting, and noncompliance with  
7 the ~~provisions of the~~ Nebraska Budget Act or sections 13-518 to  
8 13-522. If the auditor detects such errors, he or she shall  
9 immediately notify the governing body of such errors. The governing  
10 body shall correct any such error as provided in section 13-511.  
11 Warrants for the payment of expenditures provided in the budget  
12 adopted under this section shall be valid notwithstanding any errors  
13 or noncompliance for which the auditor has notified the governing  
14 body.

15 Sec. 5. Section 13-508, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17 13-508 (1) After publication and hearing thereon and  
18 within the time prescribed by law, each governing body, except as  
19 provided in subsection (3) of this section, shall file with and  
20 certify to the levying board or boards on or before September 20 of  
21 each year or September 20 of the final year of a biennial period and  
22 file with the auditor a copy of the adopted budget statement which  
23 complies with sections 13-518 to 13-522 or 79-1023 to 79-1030,  
24 together with the amount of the tax required to fund the adopted  
25 budget, setting out separately (a) the amount to be levied for the

1 payment of principal or interest on bonds issued by the governing  
2 body and (b) the amount to be levied for all other purposes. Proof of  
3 publication shall be attached to the statements. Learning communities  
4 shall also file a copy of such adopted budget statement with member  
5 school districts on or before September 1 of each year. The governing  
6 body, in certifying the amount required, may make allowance for  
7 delinquent taxes not exceeding five percent of the amount required  
8 plus the actual percentage of delinquent taxes for the preceding tax  
9 year or biennial period and for the amount of estimated tax loss from  
10 any pending or anticipated litigation which involves taxation and in  
11 which tax collections have been or can be withheld or escrowed by  
12 court order. For purposes of this section, anticipated litigation  
13 shall be limited to the anticipation of an action being filed by a  
14 taxpayer who or which filed a similar action for the preceding year  
15 or biennial period which is still pending. Except for such  
16 allowances, a governing body shall not certify an amount of tax more  
17 than one percent greater or lesser than the amount determined under  
18 section 13-505.

19 (2) Each governing body shall use the certified taxable  
20 values as provided by the county assessor pursuant to section 13-509  
21 for the current year in setting or certifying the levy. Each  
22 governing body may designate one of its members to perform any duty  
23 or responsibility required of such body by this section.

24 (3)(a) A Class I school district shall do the filing and  
25 certification required by subsection (1) of this section on or before

1 August 1 of each year.

2 (b) A learning community shall do such filing and  
3 certification on or before September 1 of each year.

4 Sec. 6. Section 13-509.01, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6 13-509.01 On and after the first day of its fiscal year  
7 in 1993 and of each succeeding year or on or after the first day of  
8 its biennial period and until the adoption of the budget by a  
9 governing body in September, the governing body may expend any  
10 balance of cash on hand for the current expenses of the political  
11 subdivision governed by the governing body. Except as provided in  
12 section 13-509.02, such expenditures shall not exceed an amount  
13 equivalent to the total amount expended under the last budget in the  
14 equivalent period of the prior budget year or biennial period. Such  
15 expenditures shall be charged against the appropriations for each  
16 individual fund or purpose as provided in the budget when adopted.

17 Sec. 7. Original sections 13-503, 13-504, 13-505, 13-506,  
18 13-508, and 13-509.01, Reissue Revised Statutes of Nebraska, are  
19 repealed.