

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 884**

Introduced by Scheer, 19; Coash, 27; Johnson, 23; Morfeld, 46; Murante,  
49; Pansing Brooks, 28; Riepe, 12.

Read first time January 11, 2016

Committee: Revenue

1 A BILL FOR AN ACT relating to political subdivisions; to amend sections  
2 13-2603, 13-2604, 13-3102, 13-3103, and 13-3104, Reissue Revised  
3 Statutes of Nebraska, section 13-2709, Revised Statutes Cumulative  
4 Supplement, 2014, and sections 13-2610 and 13-3108, Revised Statutes  
5 Supplement, 2015; to redefine terms and change provisions of the  
6 Convention Center Facility Financing Assistance Act and the Sports  
7 Arena Facility Financing Assistance Act; to harmonize provisions; to  
8 provide an operative date; and to repeal the original sections.  
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-2603, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 13-2603 For purposes of the Convention Center Facility Financing  
4 Assistance Act:

5 ~~(1) (1)(a) Associated hotel means any publicly owned facility in~~  
6 ~~which the public may, for a consideration, obtain sleeping accommodations~~  
7 ~~and which is located within two hundred yards of an eligible facility;~~  
8 and

9 ~~(b) Beginning with applications for financial assistance received on or~~  
10 ~~after February 1, 2008, associated hotel means any publicly or privately~~  
11 ~~owned facility in which the public may, for a consideration, obtain~~  
12 ~~sleeping accommodations and which is located, in whole or in part, within~~  
13 ~~six ~~four~~ hundred ~~fifty~~ yards of an eligible facility, measured from the~~  
14 ~~eligible facility but not from any parking facility or other structure;~~

15 (2) Board means a board consisting of the Governor, the State  
16 Treasurer, the chairperson of the Nebraska Investment Council, the  
17 chairperson of the Nebraska State Board of Public Accountancy, and a  
18 professor of economics on the faculty of a state postsecondary  
19 educational institution appointed to a two-year term on the board by the  
20 Coordinating Commission for Postsecondary Education. For administrative  
21 and budget purposes only, the board shall be considered part of the  
22 Department of Revenue;

23 (3) Bond means a general obligation bond, redevelopment bond, lease-  
24 purchase bond, revenue bond, or combination of any such bonds;

25 (4) Convention and meeting center facility means a temperature-  
26 controlled building and personal property primarily used as a convention  
27 and meeting center, including an auditorium, an exhibition hall, a  
28 facility for onsite food preparation and serving, an onsite, directly  
29 connected parking facility for the use of the convention and meeting  
30 center facility, and an onsite administrative office of the convention  
31 and meeting center facility;

1           (5)(a) Eligible facility means any publicly owned convention and  
2 meeting center facility approved for state assistance on or before June  
3 1, 2007, any publicly owned sports arena facility attached to such  
4 convention and meeting center facility, or any publicly or privately  
5 owned convention and meeting center facility or publicly or privately  
6 owned sports arena facility acquired, constructed, improved, or equipped  
7 after June 1, 2007; and

8           (b) Beginning with applications for financial assistance received on  
9 or after February 1, 2008, eligible facility does not include any  
10 publicly or privately owned sports arena facility with a seating capacity  
11 greater than sixteen thousand seats;

12           (6) General obligation bond means any bond or refunding bond issued  
13 by a political subdivision and which is payable from the proceeds of an  
14 ad valorem tax;

15           (7) Political subdivision means any local governmental body formed  
16 and organized under state law and any joint entity or joint public agency  
17 created under state law to act on behalf of political subdivisions which  
18 has statutory authority to issue general obligation bonds;

19           (8) Revenue bond means any bond or refunding bond issued by a  
20 political subdivision which is limited or special rather than a general  
21 obligation bond of the political subdivision and which is not payable  
22 from the proceeds of an ad valorem tax; and

23           (9) Sports arena facility means any enclosed temperature-controlled  
24 building primarily used for competitive sports, including arenas,  
25 dressing and locker facilities, concession areas, parking facilities, and  
26 onsite administrative offices connected with operating the facilities.

27           Sec. 2. Section 13-2604, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29           13-2604 Any political subdivision that has acquired, constructed,  
30 improved, or equipped or has approved a general obligation bond issue to  
31 acquire, construct, improve, or equip eligible facilities may apply to

1 the board for state assistance. The state assistance may be used:

2 (1) To to pay back amounts expended or borrowed through one or more  
3 issues of bonds to be expended by the political subdivision to acquire,  
4 construct, improve, and equip eligible facilities until repayment in full  
5 of the amounts expended or borrowed by the political subdivision,  
6 including the principal of and interest on bonds, for eligible  
7 facilities; and -

8 (2) To pay for capital improvements to eligible facilities.

9 Sec. 3. Section 13-2610, Revised Statutes Supplement, 2015, is  
10 amended to read:

11 13-2610 (1) Upon the annual certification under section 13-2609, the  
12 State Treasurer shall transfer after the audit the amount certified to  
13 the Convention Center Support Fund. The Convention Center Support Fund is  
14 created. Transfers may be made from the fund to the General Fund at the  
15 direction of the Legislature. Any money in the Convention Center Support  
16 Fund available for investment shall be invested by the state investment  
17 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
18 State Funds Investment Act.

19 (2) (2)(a) It is the intent of the Legislature to appropriate from  
20 the fund to any political subdivision for which an application for state  
21 assistance under the Convention Center Facility Financing Assistance Act  
22 has been approved an amount not to exceed (a i) seventy percent of the  
23 state sales tax revenue collected by retailers and operators doing  
24 business at such facilities on sales at such facilities, state sales tax  
25 revenue collected on primary and secondary box office sales of admissions  
26 to such facilities, and state sales tax revenue collected by associated  
27 hotels, (b ii) seventy-five million dollars for any one approved project,  
28 or (c iii) the total cost of acquiring, constructing, improving, or  
29 equipping the eligible facility. State assistance shall not be used for  
30 an operating subsidy or other ancillary facility.

31 (3)(a) (b) Ten percent of such funds appropriated to a city of the

1 metropolitan class under ~~this~~ subsection (2) of this section shall be  
2 equally distributed to areas with a high concentration of poverty to (i)  
3 showcase important historical aspects of such areas or areas within close  
4 geographic proximity of the area with a high concentration of poverty or  
5 (ii) assist with the reduction of street and gang violence in such areas.

6 (b e) Each area with a high concentration of poverty that has been  
7 distributed funds under subdivision (3)(a) of this section ~~(b) of this~~  
8 ~~subsection~~ shall establish a development fund and form a committee which  
9 shall identify and research potential projects to be completed in the  
10 area with a high concentration of poverty or in an area within close  
11 geographic proximity of such area if the project would have a significant  
12 or demonstrable impact on such area and make final determinations on the  
13 use of state sales tax revenue received for such projects.

14 (c d) A committee formed under ~~in~~ subdivision (3)(b) of this section  
15 ~~(c) of this subsection~~ shall include the following three members:

16 (i) The member of the city council whose district includes a  
17 majority of the census tracts which each contain a percentage of persons  
18 below the poverty line of greater than thirty percent, as determined by  
19 the most recent federal decennial census, within the area with a high  
20 concentration of poverty;

21 (ii) The commissioner of the county whose district includes a  
22 majority of the census tracts which each contain a percentage of persons  
23 below the poverty line of greater than thirty percent, as determined by  
24 the most recent federal decennial census, within the area with a high  
25 concentration of poverty; and

26 (iii) A resident of the area with a high concentration of poverty,  
27 appointed by the other two members of the committee.

28 (d e) A committee formed under ~~in~~ subdivision (3)(b) of this section  
29 ~~(c) of this subsection~~ shall solicit project ideas from the public and  
30 shall hold a public hearing in the area with a high concentration of  
31 poverty. Notice of a proposed hearing shall be provided in accordance

1 with the procedures for notice of a public hearing pursuant to section  
2 18-2115. The committee shall research potential projects and make the  
3 final determination regarding the annual distribution of funding to such  
4 projects.

5 (e f) For purposes of this subsection, an area with a high  
6 concentration of poverty means an area within the corporate limits of a  
7 city of the metropolitan class consisting of one or more contiguous  
8 census tracts, as determined by the most recent federal decennial census,  
9 which contain a percentage of persons below the poverty line of greater  
10 than thirty percent, and all census tracts contiguous to such tract or  
11 tracts, as determined by the most recent federal decennial census.

12 (4) Ten percent of such funds appropriated to a city of the primary  
13 class under subsection (2) of this section may be invested in areas with  
14 a high concentration of poverty to assist with low-income housing needs.  
15 For purposes of this subsection, an area with a high concentration of  
16 poverty means an area within the corporate limits of a city of the  
17 primary class consisting of one or more contiguous census tracts, as  
18 determined by the most recent American Community Survey 5-Year Estimate,  
19 which contain a percentage of persons below the poverty line of greater  
20 than thirty percent, and all census tracts contiguous to such tract or  
21 tracts, as determined by the most recent American Community Survey 5-Year  
22 Estimate.

23 (5 3) State assistance to the political subdivision shall no longer  
24 be available upon the retirement of the bonds issued to acquire,  
25 construct, improve, or equip the facility or any subsequent bonds that  
26 refunded the original issue or when state assistance reaches the amount  
27 determined under subsection (2) subdivision (2)(a) of this section,  
28 whichever comes first.

29 (6 4) The remaining thirty percent of state sales tax revenue  
30 collected by retailers and operators doing business at such facilities on  
31 sales at such facilities, state sales tax revenue collected on primary

1 and secondary box office sales of admissions to such facilities, and  
2 state sales tax revenue collected by associated hotels, shall be  
3 appropriated by the Legislature to the Civic and Community Center  
4 Financing Fund. Upon the annual certification required pursuant to  
5 section 13-2609 and following the transfer to the Convention Center  
6 Support Fund required pursuant to subsection (1) of this section, the  
7 State Treasurer shall transfer an amount equal to the remaining thirty  
8 percent from the Convention Center Support Fund to the Civic and  
9 Community Center Financing Fund.

10 (7 5) Any municipality that has applied for and received a grant of  
11 assistance under the Civic and Community Center Financing Act may not  
12 receive state assistance under the Convention Center Facility Financing  
13 Assistance Act.

14 Sec. 4. Section 13-2709, Revised Statutes Cumulative Supplement,  
15 2014, is amended to read:

16 13-2709 The department shall submit, as part of the department's  
17 annual status report under section 81-1201.11, the following information  
18 regarding the Civic and Community Center Financing Act:

19 (1) Information documenting the grants conditionally approved for  
20 funding by the Legislature in the following fiscal year;

21 (2) Reasons why a full application was not sent to any municipality  
22 seeking assistance under the act;

23 (3) The amount of sales tax revenue generated for the fund pursuant  
24 to subsection (6 4) of section 13-2610 and subsection (9) of section  
25 13-3108, the total amount of grants applied for under the act, the year-  
26 end fund balance, and, if all available funds have not been committed to  
27 funding grants under the act, an explanation of the reasons why all such  
28 funds have not been so committed;

29 (4) The amount of appropriated funds actually expended by the  
30 department for the year;

31 (5) The department's current budget for administration of the act

1 and the department's planned use and distribution of funds, including  
2 details on the amount of funds to be expended on grants and the amount of  
3 funds to be expended by the department for administrative purposes; and

4 (6) Grant summaries, including the applicant municipality, project  
5 description, grant amount requested, amount and type of matching funds,  
6 and reasons for approval or denial based on evaluation criteria from  
7 section 13-2707 or 13-2707.01 for every application seeking assistance  
8 under the act.

9 Sec. 5. Section 13-3102, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 13-3102 For purposes of the Sports Arena Facility Financing  
12 Assistance Act:

13 (1) Board means a board consisting of the Governor, the State  
14 Treasurer, the chairperson of the Nebraska Investment Council, the  
15 chairperson of the Nebraska State Board of Public Accountancy, and a  
16 professor of economics on the faculty of a state postsecondary  
17 educational institution appointed to a two-year term on the board by the  
18 Coordinating Commission for Postsecondary Education. For administrative  
19 and budget purposes only, the board shall be considered part of the  
20 Department of Revenue;

21 (2) Bond means a general obligation bond, redevelopment bond, lease-  
22 purchase bond, revenue bond, or combination of any such bonds;

23 (3) Eligible sports arena facility means:

24 (a) Any publicly owned, enclosed, and temperature-controlled  
25 building primarily used for sports that has a permanent seating capacity  
26 of at least three thousand but no more than seven thousand seats and in  
27 which initial occupancy occurs on or after July 1, 2010. Eligible sports  
28 arena facility includes stadiums, arenas, dressing and locker facilities,  
29 concession areas, parking facilities, and onsite administrative offices  
30 connected with operating the facilities; and

31 (b) Any racetrack enclosure licensed by the State Racing Commission

1 in which initial occupancy occurs on or after July 1, 2010, including  
2 concession areas, parking facilities, and onsite administrative offices  
3 connected with operating the racetrack;

4 (4) General obligation bond means any bond or refunding bond issued  
5 by a political subdivision and which is payable from the proceeds of an  
6 ad valorem tax;

7 (5) Increase in state sales tax revenue means the amount of state  
8 sales tax revenue collected by a nearby retailer during the fiscal year  
9 for which state assistance is calculated minus the amount of state sales  
10 tax revenue collected by the nearby retailer in the fiscal year that  
11 ended immediately preceding the date of occupancy of the eligible sports  
12 arena facility, except that the amount of state sales tax revenue of a  
13 nearby retailer shall not be less than zero;

14 (6) Nearby retailer means a retailer as defined in section  
15 77-2701.32 that is located within the program area ~~six hundred yards of~~  
16 ~~an eligible sports arena facility, measured from the facility but not~~  
17 ~~from any parking facility or other structure.~~ The term includes a  
18 subsequent owner of a nearby retailer operating at the same location;

19 (7) New state sales tax revenue means:

20 (a) For nearby retailers that commenced collecting state sales tax  
21 during the period of time beginning twenty-four months prior to occupancy  
22 of the eligible sports arena facility and ending eighty-four ~~twenty-four~~  
23 months after the occupancy of the eligible sports arena facility, one  
24 hundred percent of the state sales tax revenue collected by the nearby  
25 retailer and sourced under sections 77-2703.01 to 77-2703.04 to the  
26 program area ~~a location within six hundred yards of the eligible sports~~  
27 ~~arena facility;~~ and

28 (b) For nearby retailers that commenced collecting state sales tax  
29 prior to twenty-four months prior to occupancy of the eligible sports  
30 arena facility, the increase in state sales tax revenue collected by the  
31 nearby retailer and sourced under sections 77-2703.01 to 77-2703.04 to

1 ~~the program area a location within six hundred yards of the facility;~~

2 (8) Political subdivision means any city, village, or county;~~and~~

3 (9) Program area means:

4 (a) For applications for state assistance submitted prior to the  
5 operative date of this act, the area that is located within six hundred  
6 yards of an eligible sports arena facility, measured from the facility  
7 but not from any parking facility or other structure; or

8 (b) For applications for state assistance submitted on or after the  
9 operative date of this act, the area that is located within six hundred  
10 yards of an eligible sports arena facility, measured from the facility  
11 but not from any parking facility or other structure, except that if  
12 twenty-five percent or more of such area is unbuildable property, then  
13 the program area shall be adjusted in a way that:

14 (i) Avoids as much of the unbuildable property as is practical; and

15 (ii) Contains the same total amount of square footage that the  
16 program area would have contained had no adjustment been necessary.

17 Approval of an application for state assistance by the board  
18 pursuant to section 13-3106 shall establish the program area as that area  
19 depicted in the map accompanying the application for state assistance as  
20 submitted pursuant to subdivision (2)(c) of section 13-3104.

21 (10 ~~9~~) Revenue bond means any bond or refunding bond issued by a  
22 political subdivision which is limited or special rather than a general  
23 obligation bond of the political subdivision and which is not payable  
24 from the proceeds of an ad valorem tax; ~~and -~~

25 (11) Unbuildable property means any real property that the political  
26 subdivision determines is not suitable for the construction or location  
27 of residential, commercial, or other buildings or facilities, including,  
28 but not limited to, property located in a floodway, an environmentally  
29 protected area, or a right-of-way.

30 Sec. 6. Section 13-3103, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1           13-3103 Any political subdivision or its governing body that has (1)  
2 acquired, constructed, improved, or equipped, (2) approved a revenue bond  
3 issue or a general obligation bond issue to acquire, construct, improve,  
4 or equip, or (3) adopted a resolution authorizing the political  
5 subdivision to pursue a general obligation bond issue to acquire,  
6 construct, improve, or equip an eligible sports arena facility may apply  
7 to the board for state assistance. The state assistance shall only be  
8 used to pay back amounts expended or borrowed through one or more issues  
9 of bonds to be expended by the political subdivision to acquire,  
10 construct, improve, and equip the eligible sports arena facility.

11           Sec. 7. Section 13-3104, Reissue Revised Statutes of Nebraska, is  
12 amended to read:

13           13-3104 (1) All applications for state assistance under the Sports  
14 Arena Facility Financing Assistance Act shall be in writing and shall  
15 include a certified copy of the approving action of the governing body of  
16 the applicant describing the proposed eligible sports arena facility and  
17 the anticipated financing.

18           (2) The application shall contain:

19           (a) A description of the proposed financing of the eligible sports  
20 arena facility, including the estimated principal and interest  
21 requirements for the bonds proposed to be issued in connection with the  
22 facility or the amounts necessary to repay the original investment by the  
23 applicant in the facility;

24           (b) Documentation of local financial commitment to support the  
25 project, including all public and private resources pledged or committed  
26 to the project and including a copy of any operating agreement or lease  
27 with substantial users of the facility;~~and~~

28           (c) For applications submitted on or after the operative date of  
29 this act, a map identifying the program area, including any unbuildable  
30 property within the program area or taken into account in adjusting the  
31 program area as described in subdivision (9)(b) of section 13-3102; and

1           (d e) Any other project information deemed appropriate by the board.

2           (3) Upon receiving an application for state assistance, the board  
3 shall review the application and notify the applicant of any additional  
4 information needed for a proper evaluation of the application.

5           (4) Any state assistance received pursuant to the act shall be used  
6 only for public purposes.

7           Sec. 8. Section 13-3108, Revised Statutes Supplement, 2015, is  
8 amended to read:

9           13-3108 (1) The Sports Arena Facility Support Fund is created. Any  
10 money in the fund available for investment shall be invested by the state  
11 investment officer pursuant to the Nebraska Capital Expansion Act and the  
12 Nebraska State Funds Investment Act.

13           (2)(a) Upon receiving the certification described in subsection (3)  
14 of section 13-3107, the State Treasurer shall transfer the amount  
15 certified to the fund.

16           (b) Upon receiving the quarterly certification described in  
17 subsection (4) of section 13-3107, the State Treasurer shall transfer the  
18 amount certified to the fund.

19           (3)(a) It is the intent of the Legislature to appropriate from the  
20 fund money to be distributed as provided in subsections (4) and (5) of  
21 this section to any political subdivision for which an application for  
22 state assistance under the Sports Arena Facility Financing Assistance Act  
23 has been approved an amount not to exceed seventy percent of the (i)  
24 state sales tax revenue collected by retailers doing business at eligible  
25 sports arena facilities on sales at such facilities, (ii) state sales tax  
26 revenue collected on primary and secondary box office sales of admissions  
27 to such facilities, and (iii) new state sales tax revenue collected by  
28 nearby retailers and sourced under sections 77-2703.01 to 77-2703.04 to  
29 the program area a location within six hundred yards of the eligible  
30 facility.

31           (b) The amount to be appropriated for distribution as state

1 assistance to a political subdivision under this subsection for any one  
2 year after the tenth year shall not exceed the highest such amount  
3 appropriated under subdivision (3)(a) of this section during any one year  
4 of the first ten years of such appropriation. If seventy percent of the  
5 state sales tax revenue as described in subdivision (3)(a) of this  
6 section exceeds the amount to be appropriated under this subdivision,  
7 such excess funds shall be transferred to the General Fund.

8 (4) The amount certified under subsection (3) of section 13-3107  
9 shall be distributed as state assistance on or before April 15, 2014.

10 (5) Beginning in 2014, quarterly distributions and associated  
11 transfers of state assistance shall be made. Such quarterly distributions  
12 and transfers shall be based on the certifications provided under  
13 subsection (4) of section 13-3107 and shall occur within fifteen days  
14 after receipt of such certification.

15 (6) The total amount of state assistance approved for an eligible  
16 sports arena facility shall not (a) exceed fifty million dollars or (b)  
17 be paid out for more than twenty years after the issuance of the first  
18 bond for the sports arena facility.

19 (7) State assistance to the political subdivision shall no longer be  
20 available upon the retirement of the bonds issued to acquire, construct,  
21 improve, or equip the facility or any subsequent bonds that refunded the  
22 original issue or when state assistance reaches the amount determined  
23 under subsection (6) of this section, whichever comes first.

24 (8) State assistance shall not be used for an operating subsidy or  
25 other ancillary facility.

26 (9) The thirty percent of state sales tax revenue remaining after  
27 the appropriation and transfer in subsection (3) of this section shall be  
28 appropriated by the Legislature and transferred quarterly beginning in  
29 2014 to the Civic and Community Center Financing Fund.

30 (10) Except as provided in subsection (11) of this section for a  
31 city of the primary class, any municipality that has applied for and

1 received a grant of assistance under the Civic and Community Center  
2 Financing Act shall not receive state assistance under the Sports Arena  
3 Facility Financing Assistance Act for the same project for which the  
4 grant was awarded under the Civic and Community Center Financing Act.

5 (11) A city of the primary class shall not be eligible to receive a  
6 grant of assistance from the Civic and Community Center Financing Act if  
7 the city has applied for and received a grant of assistance under the  
8 Sports Arena Facility Financing Assistance Act.

9 Sec. 9. This act becomes operative on October 1, 2016.

10 Sec. 10. Original sections 13-2603, 13-2604, 13-3102, 13-3103, and  
11 13-3104, Reissue Revised Statutes of Nebraska, section 13-2709, Revised  
12 Statutes Cumulative Supplement, 2014, and sections 13-2610 and 13-3108,  
13 Revised Statutes Supplement, 2015, are repealed.