

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 121

FINAL READING

Introduced by Crawford, 45.

Read first time January 10, 2019

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to cities and villages; to amend section
2 18-201, Revised Statutes Cumulative Supplement, 2018; to change
3 provisions relating to limits on indebtedness from direct borrowing;
4 to harmonize provisions; and to repeal the original section.

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

1 Section 1. Section 18-201, Revised Statutes Cumulative Supplement,
2 2018, is amended to read:

3 18-201 (1) The mayor and the council of any city or board of
4 trustees of any village, in addition to other powers granted by law, may
5 by ordinance or resolution provide for direct borrowing from a financial
6 institution for the purposes outlined in this section. Loans made under
7 this section shall not be restricted to a single year and may be repaid
8 in installment payments for a term not to exceed seven years.

9 (2) The mayor and the council of any city or board of trustees of
10 any village may borrow directly from a financial institution for the
11 purchase of real or personal property, construction of improvements, or
12 refinancing of existing indebtedness upon a certification in the
13 ordinance or resolution authorizing the direct borrowing that:

14 (a) Financing the purchase of property, construction of
15 improvements, or refinancing of existing indebtedness through traditional
16 bond financing would be impractical;

17 (b) Financing the purchase of property, construction of
18 improvements, or refinancing of existing indebtedness through traditional
19 bond financing could not be completed within the time restraints facing
20 the city or village; or

21 (c) Financing the purchase of property, construction of
22 improvements, or refinancing of existing indebtedness through direct
23 borrowing would generate taxpayer savings over traditional bond
24 financing.

25 (3) Prior to approving direct borrowing under this section, the
26 council or board of trustees shall include in any public notice required
27 for meetings a clear notation that an ordinance or resolution authorizing
28 direct borrowing from a financial institution will appear on the agenda.

29 ~~(4)(a)~~ (4) The total amount of indebtedness attributable to any year
30 from direct borrowing under this section shall not exceed:

31 ~~(i)~~ (a) For a city of the metropolitan class, city of the primary

1 class, or city of the first class, ~~or city of the second class~~, ten
2 percent of the municipal budget of the city; and

3 (ii) (b) For any city of the second class or village, twenty percent
4 of the municipal budget of the city or village.

5 (b) For purposes of this subsection, (i) the amount of any loan
6 which shall be attributable to any year for purposes of the limitation on
7 the total amount of indebtedness from direct borrowing is the total
8 amount of the outstanding loan balance divided by the number of years
9 over which the loan is to be repaid and (ii) the amount of indebtedness
10 from any direct borrowing shall only be measured as of the date the
11 ordinance or resolution providing for such direct borrowing is adopted.

12 (5) Prior to approving direct borrowing under this section, a
13 municipality shall consider, to the extent possible, proposals from
14 multiple financial institutions.

15 (6) For purposes of this section, financial institution means a
16 state-chartered or federally chartered bank, savings bank, building and
17 loan association, or savings and loan association.

18 Sec. 2. Original section 18-201, Revised Statutes Cumulative
19 Supplement, 2018, is repealed.