

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 242

Introduced by Lindstrom, 18.

Read first time January 14, 2019

Committee: Revenue

- 1 A BILL FOR AN ACT relating to public utilities; to adopt the
- 2 Infrastructure Improvement and Replacement Assistance Act; and to
- 3 declare an emergency.
- 4 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 5 of this act shall be known and may be
2 cited as the Infrastructure Improvement and Replacement Assistance Act.

3 Sec. 2. (1) The Legislature finds that municipalities and sewer and
4 water utilities of this state face a need to construct, upgrade,
5 redevelop, and replace sewer and water infrastructure facilities and to
6 redevelop and replace obsolete sewer and water facilities. By providing
7 sewer and water facilities, municipalities and sewer and water utilities
8 provide the building blocks for economic development. Not only does the
9 investment in infrastructure generate an immediate stream of economic
10 activity, it also lays the groundwork for private investment that will
11 use the facilities so provided. Municipalities and sewer and water
12 utilities in this state currently are in critical need of assistance in
13 providing these facilities. Political subdivisions are limited in their
14 ability to finance major infrastructure projects. Political subdivisions
15 are able to use property taxes, local option sales taxes, bond funding,
16 fees for services, or a combination thereof. However, many of these
17 financing options contain statutory budget and tax levy restrictions. In
18 order to minimize the burden on property taxpayers in Nebraska, the
19 Legislature finds that it is fair and equitable to encourage the use of
20 fees for services to finance major infrastructure projects.

21 (2) The Legislature further finds that it is in the public interest
22 to assist municipalities and sewer and water utilities by establishing a
23 turnback of state sales tax revenue to provide funds to municipalities
24 and sewer and water utilities to be used to replace and redevelop sewer
25 and water infrastructure facilities and to redevelop and replace obsolete
26 sewer and water facilities. In order that this state and its residents
27 may receive long-term economic and fiscal benefits from such facilities,
28 a need exists to provide state assistance to municipalities and sewer and
29 water utilities endeavoring to construct, acquire, substantially
30 reconstruct, expand, operate, improve, or equip such facilities. It is in
31 the best interest of the state, its municipalities, and its sewer and

1 water utilities that the state assist municipalities and sewer and water
2 utilities in financing the construction, acquisition, substantial
3 reconstruction, expansion, operation, improvement, or equipping of sewer
4 and water infrastructure facilities and to permit municipalities and
5 sewer and water utilities to reissue bonds secured by amounts received
6 under the Infrastructure Improvement and Replacement Assistance Act and
7 from other sources.

8 Sec. 3. For purposes of the Infrastructure Improvement and
9 Replacement Assistance Act:

10 (1) Political subdivision means any local governmental body formed
11 and organized under state law and any joint entity or joint public agency
12 created under the Interlocal Cooperation Act or the Joint Public Agency
13 Act which has statutory authority to issue general obligation bonds;

14 (2) Sewer utility means any sewer utility operated by a political
15 subdivision; and

16 (3) Water utility means any water utility operated by a political
17 subdivision.

18 Sec. 4. (1) The state shall assist political subdivisions and sewer
19 and water utilities by turning back a percentage of certain state sales
20 tax revenue to political subdivisions and sewer and water utilities as
21 provided in this section.

22 (2) The state shall pay to each political subdivision, sewer
23 utility, or water utility a percentage of the state sales tax imposed on
24 sewer and potable water fees and collected by such political subdivision
25 or utility as follows:

26 (a) For sales taxes imposed from July 1, 2019, through June 30,
27 2021: Two percent;

28 (b) For sales taxes imposed from July 1, 2021, through June 30,
29 2023: Three percent; and

30 (c) For sales taxes imposed on and after July 1, 2023: Four percent.

31 (3) Funds received under this section shall be used exclusively to

1 assist in:

2 (a) Paying for infrastructure improvements relating to constructing,
3 upgrading, redeveloping, or replacing sewer and water infrastructure
4 facilities;

5 (b) Paying for the redevelopment and replacement of obsolete water
6 or sewer facilities; or

7 (c) Repaying bonds issued and pledged for such work.

8 Sec. 5. The Department of Revenue shall adopt and promulgate rules
9 and regulations as necessary to carry out the Infrastructure Improvement
10 and Replacement Assistance Act.

11 Sec. 6. Since an emergency exists, this act takes effect when
12 passed and approved according to law.