

ENGROSSED LEGISLATIVE BILL 1135

Introduced by Urban Affairs Committee: McKinney, 11, Chairperson; Cavanaugh, J., 9; Quick, 35; Rountree, 3.

A BILL FOR AN ACT relating to government; to amend sections 13-3206, 18-2124, 18-2125, 18-2136, 18-3404, 18-3405, 18-3407, 18-3408, 18-3410, and 18-3413, Reissue Revised Statutes of Nebraska, section 18-2117.01, Revised Statutes Cumulative Supplement, 2024, and sections 18-2101.02 and 18-2147, Revised Statutes Supplement, 2025; to adopt the Service Contract Reporting Act; to authorize certain municipal contracts and agreements relating to parking facilities; to change provisions relating to delinquent annual assessments and PACE liens under the Property Assessed Clean Energy Act; to authorize the issuance of conduit revenue bonds and certain taxpayer agreements under the Community Development Law; to change provisions of the Nebraska Municipal Land Bank Act; to provide for the sale of certain waterworks, sewer systems, and water systems to Indian tribes; to harmonize provisions; to provide a duty for the Revisor of Statutes; to provide operative dates; to repeal the original sections; and to declare an emergency.

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

Section 1. Sections 1 to 5 of this act shall be known and may be cited as the Service Contract Reporting Act.

Sec. 2. For purposes of the Service Contract Reporting Act:

- (1) City means a city of the metropolitan class;
- (2) County means a county in this state with a population of more than five hundred thousand inhabitants as determined by the most recent federal decennial census;
- (3) Division means the materiel division of the Department of Administrative Services;
- (4) Fiscal year means the twelve-month period used by the city, county, or state agency for budgeting purposes;

(5) Service contract means a contract that:

(a) Is awarded by a city, county, or state agency for the provision of legal services, accounting services, financial consulting services, management consulting services, health care services, engineering services, architectural services, information technology services, marketing and advertising services, human resources consulting services, environmental consulting services, educational and training services, snow removal and hauling services, janitorial services, custodial and cleaning services, yard maintenance services, or tree removal services; and

(b) Has a value of:

(i) For contracts entered into prior to January 1, 2029, seventy thousand dollars or more;

(ii) For contracts entered into on or after January 1, 2029, and prior to January 1, 2034, ninety thousand dollars or more; or

(iii) For contracts entered into on or after January 1, 2034, one hundred ten thousand dollars or more;

(6) State agency means any agency, board, or commission of this state other than the University of Nebraska, the Nebraska state colleges, the courts, the Legislature, or any officer or state agency established by the Constitution of Nebraska;

(7) State aid means:

(a) For both cities and counties, state aid paid pursuant to sections 60-3,202 and 77-3523;

(b) For cities, state aid to cities paid pursuant to sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and insurance premium tax paid to cities; and

(c) For counties, state aid to counties paid pursuant to sections 60-3,184 to 60-3,190, insurance premium tax paid to counties, and reimbursements to counties from funds appropriated pursuant to section 29-3933; and

(8) Zip code means the numerical code used by the United States Postal Service to identify geographic areas.

Sec. 3. On or before March 1, 2028, and on or before March 1 of each year thereafter, each city, county, and state agency shall submit a report to the division containing the following information:

(1) The name and address of each individual or entity that was awarded a service contract during the most recently completed fiscal year and the type of service involved in each such contract;

(2) The total dollar value of service contracts awarded during the most recently completed fiscal year, including an overall total and a breakdown by zip code; and

(3) A description of any efforts made by the city, county, or state agency to increase the number of service contracts awarded to individuals and entities located within zip codes with the lowest amounts of service contract awards.

Sec. 4. On or before April 1, 2028, and on or before April 1 of each year thereafter, the division shall compile the information reported under section 3 of this act and shall electronically submit a comprehensive report regarding such information to the Governor, the Clerk of the Legislature, and the Urban Affairs Committee of the Legislature. The division shall also make the comprehensive report available on the website of the Department of Administrative Services.

Sec. 5. If any city or county fails to submit an annual report to the division as required under section 3 of this act, the division shall send notification of the noncompliance to the governing body of the relevant city or county and to the State Treasurer. The State Treasurer shall then suspend all distributions of state aid allocated to the city or county until the annual report is submitted. Once the annual report has been submitted, the city or county shall again become entitled to all distributions of state aid, including any suspended distributions.

Sec. 6. (1) Any city of the first class, city of the second class, or village may enter into contracts or agreements with any person, firm, corporation, or political subdivision for the operation, maintenance, management, or enforcement of municipal parking facilities, including onstreet

metered parking and offstreet public lots or garages.

(2) Such contracts or agreements may authorize the person, firm, corporation, or political subdivision to issue and process parking citations, collect fines, maintain equipment, or operate payment systems, provided that the city or village retains final authority over adjudication and appeals.

(3) The city or village shall retain sufficient control over the parking facilities to ensure proper operation in the public interest and to establish or approve all rates, charges, and fines.

(4) No contract or agreement under this section shall exceed:

(a) Thirty years in duration, including renewals, for a city of the first class; or

(b) Ten years in duration, including renewals, for a city of the second class or village.

Sec. 7. Section 13-3206, Reissue Revised Statutes of Nebraska, is amended to read:

13-3206 (1)(a) For qualifying property other than single-family residential property, any annual assessment imposed on such qualifying property that becomes delinquent, including any interest on the annual assessment and any penalty, shall constitute a PACE lien against the qualifying property on which the annual assessment is imposed until the annual assessment, including any interest and penalty, is paid in full. Any annual assessment that is not paid within the time period set forth in the assessment contract shall be considered delinquent. The municipality shall, within fourteen days after an annual assessment becomes delinquent or, if there is a third-party lender financing the energy project, within fourteen days after receiving notice from such third-party lender that an annual assessment has become delinquent, record a notice of such lien in the office of the register of deeds of the county in which the qualifying property is located. The municipality shall certify the amount of any such delinquency and lien to the county treasurer, and the lien shall be treated as a special assessment in the same manner as special assessments are treated under section 77-1858 and shall be subject to the same

collection processes for real estate taxes and special assessments as set forth in Chapter 77, including, without limitation, sections 77-1801 to 77-1863.

(b) For qualifying property that is single-family residential property, all annual assessments imposed on such qualifying property, including any interest on the annual assessments and any penalty, shall, upon the initial annual assessment, constitute a PACE lien against the qualifying property on which the annual assessments are imposed until all annual assessments, including any interest and penalty, are paid in full. Any annual assessment that is not paid within the time period set forth in the assessment contract shall be considered delinquent. The municipality shall, upon imposition of the initial annual assessment, record a notice of such lien in the office of the register of deeds of the county in which the qualifying property is located.

(2) A notice of lien filed under this section shall, at a minimum, include:

(a) The amount of funds disbursed or to be disbursed pursuant to the assessment contract;

(b) The names and addresses of the current owners of the qualifying property subject to the annual assessment;

(c) The legal description of the qualifying property subject to the annual assessment;

(d) The duration of the assessment contract; and

(e) The name and address of the municipality filing the notice of lien.

(3) The PACE lien created under this section shall:

(a) For qualifying property that is single-family residential property, (i) be subordinate to all liens on the qualifying property recorded prior to the time the notice of the PACE lien is recorded, (ii) be subordinate to a first mortgage or trust deed on the qualifying property recorded after the notice of the PACE lien is recorded, and (iii) have priority over any other lien on the qualifying property recorded after the notice of the PACE lien is recorded; and

(b) For qualifying property other than single-family residential property

and subject to the requirement in subdivision (2)(a) of section 13-3205 to obtain and record an executed consent and subordination agreement, have the same priority and status as real property tax liens.

(4)(a) Notwithstanding any other provision of law, in the event of a sale pursuant to a foreclosure or a sale pursuant to the exercise of a power of sale under a trust deed relating to qualifying property that is single-family residential property, the holders of any mortgages, trust deeds, or other liens, including delinquent annual assessments secured by PACE liens, shall receive proceeds in accordance with the priorities established under subdivision (3)(a) of this section. In the event there are insufficient proceeds from such a sale, from the loss reserve fund established pursuant to section 13-3208, or from any other means to satisfy the delinquent annual assessments, such delinquent annual assessments shall be extinguished. Any annual assessment that has not yet become delinquent shall not be accelerated or extinguished in the event of a sale pursuant to a foreclosure or a sale pursuant to the exercise of a power of sale under a trust deed relating to qualifying property that is single-family residential property. Upon the transfer of ownership of qualifying property that is single-family residential property, including a sale pursuant to a foreclosure or a sale pursuant to the exercise of a power of sale under a trust deed, the nondelinquent annual assessments shall continue as a lien on the qualifying property, subject to the priorities established under subdivision (3)(a) of this section.

(b) Upon the transfer of ownership of qualifying property other than single-family residential property, including a sale pursuant to a foreclosure or a sale pursuant to the exercise of a power of sale under a trust deed, the obligation to pay annual assessments shall run with the qualifying property.

(5)(a) For qualifying property other than single-family residential property, when the delinquent annual assessment, including any interest and penalty, is paid in full, a release of the PACE lien shall be recorded in the office of the register of deeds of the county in which the notice of the PACE lien was recorded.

(b) For qualifying property that is single-family residential property, when all annual assessments, including any interest and penalty, are paid in full, a release of the PACE lien shall be recorded in the office of the register of deeds of the county in which the notice of the PACE lien was recorded.

(6) If the holder or loan servicer of any existing mortgage or trust deed that encumbers or that is otherwise secured by the qualifying property has established a payment schedule or escrow account to accrue property taxes or insurance, such holder or loan servicer may increase the required monthly payment, if any, by an amount necessary to pay the annual assessment imposed under the Property Assessed Clean Energy Act.

Sec. 8. Section 18-2101.02, Revised Statutes Supplement, 2025, is amended to read:

18-2101.02 (1) For any city that (a) intends to prepare a redevelopment plan that will divide ad valorem taxes for a period of more than fifteen years but not more than twenty years as provided in subdivision (5)(a) of section 18-2147, (b) intends to declare an area as an extremely blighted area for purposes of funding decisions under subdivision (1)(b) of section 58-708, or (c) intends to declare an area as an extremely blighted area in order for individuals purchasing residences in such area to qualify for the income tax credit authorized in subsection (7) of section 77-2715.07, the governing body of such city shall first declare, by resolution adopted after the public hearings required under this section, such area to be an extremely blighted area.

(2) Prior to making such declaration, the governing body of the city shall conduct or cause to be conducted a study or an analysis on whether the area is extremely blighted and shall submit the question of whether such area is extremely blighted to the planning commission or board of the city for its review and recommendation. The planning commission or board shall hold a public hearing on the question after giving notice of the hearing as provided in section 18-2115.01. The planning commission or board shall submit its written

recommendations to the governing body of the city within thirty days after the public hearing.

(3) Upon receipt of the recommendations of the planning commission or board, or if no recommendations are received within thirty days after the public hearing required under subsection (2) of this section, the governing body shall hold a public hearing on the question of whether the area is extremely blighted after giving notice of the hearing as provided in section 18-2115.01. At the public hearing, all interested parties shall be afforded a reasonable opportunity to express their views respecting the proposed declaration. After such hearing, the governing body of the city may make its declaration.

(4) Copies of each study or analysis conducted pursuant to subsection (2) of this section shall be posted on the city's public website or made available for public inspection at a location designated by the city.

(5) The study or analysis required under subsection (2) of this section may be conducted in conjunction with the study or analysis required under section 18-2109. The hearings required under this section may be held in conjunction with the hearings required under section 18-2109.

(6) Notwithstanding any other provisions of the Community Development Law, the designation of an area as an extremely blighted area pursuant to this section shall be valid for a period of no less than twenty-five years from the effective date of the resolution declaring such area to be an extremely blighted area, except that such designation may be removed prior to the end of such period pursuant to section 18-2156.

Sec. 9. Section 18-2117.01, Revised Statutes Cumulative Supplement, 2024, is amended to read:

18-2117.01 (1)(a) On or before December 1 each year, each city which has approved one or more redevelopment plans which are financed in whole or in part through the division of taxes as provided in section 18-2147 shall provide a report to the Property Tax Administrator on each such redevelopment plan which includes the following information:

(i) A copy of the redevelopment plan and any amendments thereto, including the date upon which the redevelopment plan was approved, the effective date for dividing the ad valorem tax as provided to the county assessor pursuant to subsection (7) of section 18-2147, and the location and boundaries of the property in the redevelopment project; and

(ii) A short narrative description of the type of development undertaken by the city or village with the financing and the type of business or commercial activity locating within the redevelopment project area as a result of the redevelopment project.

(b) If a city has approved one or more redevelopment plans using an expedited review under section 18-2155, the city may file a single report under this subsection for all such redevelopment plans.

(2) The report required under subsection (1) of this section must be filed each year, regardless of whether the information in the report has changed, except that a city is not required to refile a copy of the redevelopment plan or an amendment thereto if such copy or amendment has previously been filed.

(3) The Property Tax Administrator shall compile a report for each active redevelopment project, based upon information provided by the cities pursuant to subsection (1) of this section and information reported by the county assessor or county clerk on the certificate of taxes levied pursuant to section 77-1613.01. Each report shall be electronically transmitted to the Clerk of the Legislature not later than March 1 each year. The report may include any recommendations of the Property Tax Administrator as to what other information should be included in the report from the cities so as to facilitate analysis of the uses, purposes, and effectiveness of tax-increment financing and the process for its implementation or to streamline the reporting process provided for in this section to eliminate unnecessary paperwork.

Sec. 10. Section 18-2124, Reissue Revised Statutes of Nebraska, is amended to read:

18-2124 An authority may issue bonds, including conduit revenue bonds subject to a taxpayer agreement entered into pursuant to subsection (3) of

section 18-2147, from time to time in its discretion for any of its corporate purposes, including the payment of principal and interest upon any advances for surveys and plans for redevelopment projects. An authority may also issue refunding bonds for the purpose of paying, retiring, or otherwise refinancing or in exchange for any or all of the principal or interest upon bonds previously issued by the authority. An authority may issue such types of bonds as it may determine, including, without limiting the generality of the foregoing, bonds on which the principal and interest are payable: (1) Exclusively from the income, proceeds, and revenue of the redevelopment project financed with proceeds of such bonds; (2) exclusively from the income, proceeds, and revenue of any of its redevelopment projects whether or not they are financed in whole or in part with the proceeds of such bonds; (3) exclusively from its revenue and income, including any special assessment levied pursuant to section 18-1722 and such tax revenue or receipts as may be authorized under the Community Development Law, including those which may be pledged under section 18-2150, and from such grants and loans as may be received; or (4) from all or part of the income, proceeds, and revenue enumerated in subdivisions (1), (2), and (3) of this section. Any such bonds may be additionally secured by a pledge of any loan, grant, or contributions, or parts thereof, from the federal government or other source or a mortgage of any redevelopment project or projects of the authority. The authority shall not pledge the credit or taxing power of the state or any political subdivision thereof, except such tax receipts as may be authorized under this section or pledged under section 18-2150, or place any lien or encumbrance on any property owned by the state, county, or city used by the authority.

Sec. 11. Section 18-2125, Reissue Revised Statutes of Nebraska, is amended to read:

18-2125 Neither the members of an authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds and other obligations of the authority, and such bonds and obligations shall so state on their face, shall not be a debt of the city and

the city shall not be liable on such bonds, except to the extent authorized by sections 18-2147 to 18-2150, nor in any event shall such bonds or obligations be payable out of any funds or properties other than those of said authority acquired for the purposes of the Community Development Law, except to the extent authorized by sections 18-2147 to 18-2150. Except to the extent otherwise authorized, the bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Bonds of an authority are declared to be issued for an essential public and governmental purpose and to be public instrumentalities and, together with interest thereon and income therefrom, shall be exempt from all Nebraska taxes. All bonds, except conduit revenue bonds issued pursuant to subsection (3) of section 18-2147, shall be general obligations of the authority issuing same and shall be payable out of any revenue, income, receipts, proceeds, or other money of the authority, except as may be otherwise provided in the instruments themselves.

An authority shall have power from time to time to issue bond anticipation notes, referred to as notes herein, and from time to time to issue renewal notes, such notes in any case to mature not later than thirty months from the date of incurring the indebtedness represented thereby in an amount not exceeding in the aggregate at any time outstanding the amount of bonds then or theretofore authorized. Payment of such notes shall be made from any money or revenue which the authority may have available for such purpose or from the proceeds of the sale of bonds of the authority, or such notes may be exchanged for a like amount of such bonds. The authority may pledge such money or revenue of the authority, subject to prior pledges thereof, if any, for the payment of such notes, and may in addition secure the notes in the same manner as herein provided for bonds. All notes shall be issued and sold in the same manner as bonds, and any authority shall have power to make contracts for the future sale from time to time of notes on terms and conditions stated in such contracts, and the authority shall have power to pay such consideration as it shall deem proper for any commitments to purchase notes and bonds in the future. Such

notes shall also be collaterally secured by pledges and deposits with a bank or trust company, in trust for the payment of such notes, of bonds in an aggregate amount at least equal to the amount of such notes and, in any event, in an amount deemed by the issuing authority sufficient to provide for the payment of the notes in full at the maturity thereof. The authority may provide in the collateral agreement that the notes may be exchanged for bonds held as collateral security for the notes, or that the trustee may sell the bonds if the notes are not otherwise paid at maturity, and apply the proceeds of such sale to the payment of the notes. Such notes shall bear interest at a rate set by the authority, and shall be sold at such price as shall cause an interest cost thereon not to exceed such rate.

It is the intention hereof that any pledge of revenue, income, receipts, proceeds, or other money made by an authority for the payment of bonds or notes shall be valid and binding from the time such pledge is made; that the revenue, income, receipts, proceeds, and other money so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without the physical delivery thereof or further act, and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

Sec. 12. Section 18-2136, Reissue Revised Statutes of Nebraska, is amended to read:

18-2136 All property including funds of an authority shall be exempt from levy and sale by virtue of an execution, and no execution or other judicial process shall issue against such property nor shall judgment against an authority be a charge or lien upon its property. The provisions of this section shall not apply to or limit the right of obligees to foreclose or otherwise enforce any taxpayer agreement entered into pursuant to subsection (3) of section 18-2147 or any mortgage of an authority or the right of obligees to pursue any remedies for the enforcement of any pledge or lien given by an

authority on its rents, fees, grants, or revenue.

Sec. 13. Section 18-2147, Revised Statutes Supplement, 2025, is amended to read:

18-2147 (1) Any redevelopment plan as originally approved or as later modified pursuant to section 18-2117 may contain a provision that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project for the benefit of any public body shall be divided, for the applicable period described in subsection (5) of this section, as follows:

(a) That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such public body upon the redevelopment project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body. When there is not a redevelopment project valuation on a parcel or parcels, the county assessor shall determine the redevelopment project valuation based upon the fair market valuation of the parcel or parcels as of January 1 of the year prior to the year that the ad valorem taxes are to be divided. The county assessor shall provide written notice of the redevelopment project valuation to the authority as defined in section 18-2103 and the owner. The authority or owner may protest the valuation to the county board of equalization within thirty days after the date of the valuation notice. All provisions of section 77-1502 except dates for filing of a protest, the period for hearing protests, and the date for mailing notice of the county board of equalization's decision are applicable to any protest filed pursuant to this section. The county board of equalization shall decide any protest filed pursuant to this section within thirty days after the filing of the protest. The county clerk shall mail a copy of the decision made by the county board of equalization on protests pursuant to this section to the authority or owner within seven days after the board's decision. Any decision of the county board of equalization may be appealed to the Tax Equalization and Review Commission, in accordance with section 77-5013, within thirty days after the date of the decision;

(b) That portion of the ad valorem tax on real property, as provided in

the redevelopment contract, bond resolution, or redevelopment plan, as applicable, in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the county assessor and county treasurer and all ad valorem taxes upon taxable real property in such a redevelopment project shall be paid into the funds of the respective public bodies. An authority may use a single fund for purposes of this subdivision for all redevelopment projects or may use a separate fund for each redevelopment project; and

(c) Any interest and penalties due for delinquent taxes shall be paid into the funds of each public body in the same proportion as are all other taxes collected by or for the public body.

(2) To the extent that a redevelopment plan authorizes the division of ad valorem taxes levied upon only a portion of the real property included in such redevelopment plan, any improvements funded by such division of taxes shall be related to the redevelopment plan that authorized such division of taxes.

(3)(a) An authority may enter into a redevelopment contract or adopt a bond resolution or redevelopment plan pursuant to which it issues conduit revenue bonds and under which the authority may pledge a percentage, up to and including one hundred percent, of the annual excess tax revenues described in subdivision (1)(b) of this section, if any, toward the authority's obligations under the contract, resolution, or plan. The ad valorem taxes to be pledged under this subsection shall be placed into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of the redevelopment project. When an authority has pledged less than one hundred percent of the excess tax revenues under the

contract, resolution, or plan, the unpledged portion of ad valorem taxes collected on the real property shall be paid into the funds of the respective public bodies as provided in subdivision (1)(b) of this section.

(b) An authority that issues one or more conduit revenue bonds pursuant to subdivision (3)(a) of this section may enter into an agreement with a taxpayer that limits the taxpayer's rights to challenge the assessment of real property taxes on real property within a redevelopment project or that guarantees, enhances, or otherwise further secures bonds issued by the authority, such as by guaranteeing any shortfall in real property taxes pledged to payment of the conduit revenue bonds issued to support a redevelopment project, if (i) the taxpayer's real property is within such redevelopment project and (ii) the real property taxes levied upon such real property are subject to division in accordance with subdivision (3)(a) of this section. The obligation to make payments under a taxpayer agreement that guarantee, enhance, or otherwise further secure conduit revenue bonds issued pursuant to subdivision (3)(a) of this section shall be treated in the same manner as property taxes for purposes of section 77-203 if, and to the extent that, the taxpayer agreement provides for a property tax lien.

(c) A lien resulting from a taxpayer agreement described in subdivision (3)(b) of this section takes priority over any existing or subsequent mortgage, other lien, or other encumbrance on the property, shall have parity with a property tax lien described in section 77-203, and may be enforced and collected in all respects as real property taxes.

(4)(a) For any redevelopment plan located in a city of the metropolitan class that includes a division of taxes, as provided in this section, that produces, in whole or in part, funds to be used directly or indirectly for (i) new construction, rehabilitation, or acquisition of housing for households with annual incomes below the area median income for households and located within six hundred yards of a public passenger streetcar or (ii) new construction, rehabilitation, or acquisition of single-family housing or condominium housing used as primary residences for individuals with annual incomes below the area

median income for individuals, such housing shall be deemed related to the redevelopment plan that authorized such division of taxes regardless of whether such housing is or will be located on real property within such redevelopment plan, as long as such housing supports activities occurring on or identified in such redevelopment plan.

(b) During each fiscal year in which the funds described in subdivision (a) of this subsection are available, the authority and city shall make best efforts to allocate not less than thirty percent of such funds to single-family housing deemed related to the redevelopment plan described under such subdivision.

(c) In selecting projects to receive funding, the authority and city shall develop a qualified allocation plan and give first priority to financially viable projects that serve the lowest income occupants for the longest period of time.

(5)(a) For any redevelopment plan for which more than fifty percent of the property in the redevelopment project area has been declared an extremely blighted area in accordance with section 18-2101.02, ad valorem taxes shall be divided for a period not to exceed twenty years after the effective date as identified in the project redevelopment contract or in the resolution of the authority authorizing the issuance of bonds pursuant to section 18-2124.

(b) For all other redevelopment plans, ad valorem taxes shall be divided for a period not to exceed fifteen years after the effective date as identified in the project redevelopment contract, in the resolution of the authority authorizing the issuance of bonds pursuant to section 18-2124, or in the redevelopment plan, whichever is applicable.

(6) The effective date of a provision dividing ad valorem taxes as provided in subsection (5) of this section shall not occur until such time as the real property in the redevelopment project is within the corporate boundaries of the city. This subsection shall not apply to a redevelopment project involving a formerly used defense site as authorized in section 18-2123.01.

(7) All notices of the provision for dividing ad valorem taxes shall be sent by the authority to the county assessor on forms prescribed by the Property Tax Administrator. The notice shall be sent to the county assessor on or before July 1 of the year of the effective date of the provision. Failure to satisfy the notice requirement of this section shall result in the taxes, for all taxable years affected by the failure to give notice of the effective date of the provision, remaining undivided and being paid into the funds for each public body receiving property taxes generated by the property in the redevelopment project. However, the redevelopment project valuation for the remaining division of ad valorem taxes in accordance with subdivisions (1)(a) and (b) of this section shall be the last certified valuation for the taxable year prior to the effective date of the provision to divide the taxes for the remaining portion of the twenty-year or fifteen-year period pursuant to subsection (5) of this section.

Sec. 14. Section 18-3404, Reissue Revised Statutes of Nebraska, is amended to read:

18-3404 (1) A single municipality may create a land bank by the adoption of an ordinance which specifies the following:

(a) The name of the land bank;

(b) The initial individuals to serve as members of the board and the length of terms for which they are to serve; and

(c) The qualifications and terms of office of members of the board.

(2) Two or more municipalities may elect to enter into an agreement pursuant to the Interlocal Cooperation Act to create a single land bank to act on behalf of such municipalities, which agreement shall contain the information required by subsection (1) of this section.

(3) A municipality may elect to join an existing land bank by entering into an agreement pursuant to the Interlocal Cooperation Act with a municipality that has created a land bank pursuant to subsection (1) of this section or by joining an existing agreement pursuant to the Interlocal Cooperation Act with the municipalities that formed a land bank pursuant to

subsection (2) of this section. Agreements entered into or joined under this subsection shall contain the information required by subsection (1) of this section.

(4) Each land bank created pursuant to the Nebraska Municipal Land Bank Act shall be deemed to be a public corporation acting in a governmental capacity and a political subdivision of the state and shall have permanent and perpetual duration until terminated and dissolved in accordance with section 18-3414.

(5) The primary goal of any land bank shall be to facilitate the return of vacant, abandoned, and tax-delinquent properties to productive use.

Sec. 15. Section 18-3405, Reissue Revised Statutes of Nebraska, is amended to read:

18-3405 (1) If a land bank is created by a single municipality pursuant to subsection (1) of section 18-3404, the board of such land bank shall meet the following requirements:

(a) The board shall consist of:

(i) An odd number of voting members, totaling at least seven, appointed by the chief executive officer of the municipality that created the land bank and confirmed by a two-thirds vote of the governing body of such municipality; and

(ii) The following nonvoting members:

(A) The planning director of the municipality that created the land bank or his or her designee or, if there is no planning director, a person designated by the governing body of the municipality that created the land bank;

(B) One member of the governing body of the municipality that created the land bank, appointed by such governing body; and

(C) Such other nonvoting members as are appointed by the chief executive officer of the municipality that created the land bank and confirmed by a two-thirds vote of the governing body of such municipality;

(b) Each voting member of the board shall reside (i) within the municipality that created the land bank or (ii) within three miles of such

municipality, except that a majority of the voting members shall reside within the municipality that created the land bank;

(c) If the governing body of the municipality creating the land bank has any of its members elected by district or ward, then at least one voting member of the board shall be appointed from each such district or ward. Such voting members shall represent, to the greatest extent possible, the racial and ethnic diversity of the municipality creating the land bank;

(d) The voting members of the board shall include individuals with knowledge, expertise, or experience in fields relevant to land bank operations, including, but not limited to, community development, real estate, and housing;

(e) The voting members of the board shall include the following individuals to the extent such individuals can reasonably be found:

(i) At least one member representing a chamber of commerce;

(ii) At least one member with experience in banking;

(iii) At least one member with experience in real estate development;

(iv) At least one member with experience as a realtor;

(v) At least one member with experience in nonprofit or affordable housing;

(vi) At least one member with experience in large-scale residential or commercial property rental; and

(vii) At least one member who resides in the city council district described in subdivision (3)(c)(i) of section 13-2610. This subdivision (vii) shall only apply to a land bank created by a city of the metropolitan class; and

(f) A single voting member may satisfy more than one of the requirements provided in subdivision (1)(e) of this section if he or she has the required qualifications. It is not necessary that there be a different member to fulfill each such requirement.

(2) If a land bank is created by more than one municipality pursuant to an agreement under the Interlocal Cooperation Act as described in subsection (2) or (3) of section 18-3404, the board of such land bank shall meet the following

requirements:

(a) The board shall consist of:

(i) An odd number of voting members, totaling at least seven, appointed by the chief executive officers of the municipalities that created the land bank, as mutually agreed to by such chief executive officers, and confirmed by a two-thirds vote of the governing body of each municipality that created the land bank; and

(ii) The following nonvoting members:

(A) The planning director of each municipality that created the land bank or his or her designee or, if there is no planning director for any municipality that created the land bank, a person designated by the governing body of such municipality;

(B) One member of the governing body of each municipality that created the land bank, appointed by the governing body on which such member serves; and

(C) Such other nonvoting members as are appointed by the chief executive officers of the municipalities that created the land bank, as mutually agreed to by such chief executive officers, and confirmed by a two-thirds vote of the governing body of each municipality that created the land bank;

(b) Each voting member of the board shall reside (i) within one of the municipalities that created the land bank or (ii) within three miles of such a municipality, except that a majority of the voting members shall reside within the municipality in which the majority of land bank property is located; and

(c) The voting members of the board shall include individuals with knowledge, expertise, or experience in fields relevant to land bank operations, including, but not limited to, community development, real estate, and housing.

(3) The members of the board shall select annually from among themselves a chairperson, a vice-chairperson, a treasurer, and such other officers as the board may determine.

(4) A public official or public employee shall be eligible to be a member of the board.

(5) A vacancy on the board among the appointed board members shall be

filled not later than six months after the date of such vacancy in the same manner as the original appointment.

(6) Board members shall serve without compensation.

(7) The board shall meet in regular session according to a schedule adopted by the board and shall also meet in special session as convened by the chairperson or upon written notice signed by a majority of the voting members. The presence of a majority of the voting members of the board shall constitute a quorum.

(8) Except as otherwise provided in this section and in sections 18-3410, 18-3417, and 18-3418, all actions of the board shall be approved by the affirmative vote of a majority of the voting members present and voting.

(9) Any action of the board on the following matters shall be approved by a majority of the voting members:

(a) Adoption of bylaws and other rules and regulations for conduct of the land bank's business;

(b) Hiring or firing of any employee or contractor of the land bank. This function may, by majority vote of the voting members, be delegated by the board to a specified officer or committee of the land bank, under such terms and conditions, and to the extent, that the board may specify;

(c) The incurring of debt;

(d) Adoption or amendment of the annual budget; and

(e) Sale, lease, encumbrance, or alienation of real property, improvements, or personal property with a value of more than fifty thousand dollars.

(10) Members of a board shall not be liable personally on the bonds or other obligations of the land bank, and the rights of creditors shall be solely against such land bank.

(11) The board of a land bank created by a city of the metropolitan class that borders a county in which at least three cities of the first class are located shall adopt policies and procedures to specify the conditions that must be met in order for such land bank to give an automatically accepted bid as

authorized in sections 18-3417 and 18-3418. The adoption of such policies and procedures shall require the approval of two-thirds of the voting members of the board. At a minimum, such policies and procedures shall ensure that the automatically accepted bid shall only be given for one of the following reasons:

(a) The real property substantially meets more than one of the following criteria as determined by two-thirds of the voting members of the board:

(i) The property is not occupied by the owner or any lessee or licensee of the owner;

(ii) There are no utilities currently being provided to the property;

(iii) Any buildings on the property have been deemed unfit for human habitation, occupancy, or use by local housing officials;

(iv) Any buildings on the property are exposed to the elements such that deterioration of the building is occurring;

(v) Any buildings on the property are boarded up;

(vi) There have been previous efforts to rehabilitate any buildings on the property;

(vii) There is a presence of vermin, uncut vegetation, or debris accumulation on the property;

(viii) There have been past actions by the municipality to maintain the grounds or any building on the property; or

(ix) The property has been out of compliance with orders of local housing officials;

(b) The real property is contiguous to a parcel that meets more than one of the criteria in subdivision (11)(a) of this section or that is already owned by the land bank; or

(c) Acquisition of the real property by the land bank would serve the best interests of the community as determined by two-thirds of the voting members of the board. In determining whether the acquisition would serve the best interests of the community, the board shall take into consideration the hierarchical ranking of priorities for the use of real property conveyed by a

land bank established pursuant to subsection (5) of section 18-3410, if any such hierarchical ranking is established.

(12)(a) A member of the board may be removed for neglect of duty, misconduct in office, conviction of any felony, or other good cause as follows:

(i) In the case of a land bank created pursuant to subsection (1) of section 18-3404, a board member may be removed by the chief executive officer of the municipality that created the land bank after such removal has been approved by a two-thirds vote of the governing body of such municipality; or

(ii) In the case of a land bank created pursuant to subsection (2) or (3) of section 18-3404, a board member may be removed by the chief executive officer of the municipality in which the majority of land bank property is located after such removal has been approved by a two-thirds vote of the governing body of such municipality.

(b) Such chief executive officer shall send a notice of removal to such board member, which notice shall set forth the charges against him or her. The member shall be deemed removed from office unless within ten days from the receipt of such notice he or she files a request for a hearing. Such request shall be filed with:

(i) In the case of a land bank created pursuant to subsection (1) of section 18-3404, the city clerk or village clerk of the municipality that created the land bank; or

(ii) In the case of a land bank created pursuant to subsection (2) or (3) of section 18-3404, the city clerk or village clerk of the municipality in which the majority of land bank property is located.

(c) If a request for hearing is so filed, the governing body of the municipality receiving the request shall hold a hearing not sooner than ten days after the date a hearing is requested, at which hearing the board member shall have the right to appear in person or by counsel and the governing body shall determine whether the removal shall be upheld. If the removal is not upheld by the governing body, the board member shall continue to hold his or her office.

Sec. 16. Section 18-3407, Reissue Revised Statutes of Nebraska, is amended to read:

18-3407 (1) A land bank shall have the following powers:

(a) To adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business;

(b) To sue and be sued in its own name and plead and be impleaded in all civil actions;

(c) To borrow money from private lenders, from municipalities, from the state, or from federal government funds as may be necessary for the operation and work of the land bank;

(d) To issue negotiable revenue bonds and notes according to the provisions of the Nebraska Municipal Land Bank Act, except that a land bank shall not issue any bonds on or after November 14, 2020;

(e) To procure insurance or guarantees from the state or federal government of the payments of any debts or parts thereof incurred by the land bank and to pay premiums in connection therewith;

(f) To enter into contracts and other instruments necessary, incidental, or convenient to the performance of its duties and the exercise of its powers, including, but not limited to, agreements under the Interlocal Cooperation Act for the joint administration of multiple land banks or the joint exercise of powers under the Nebraska Municipal Land Bank Act;

(g) To enter into contracts and other instruments necessary, incidental, or convenient to the performance of functions by the land bank on behalf of municipalities or agencies or departments of municipalities, or the performance by municipalities or agencies or departments of municipalities of functions on behalf of the land bank;

(h) To make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the land bank;

(i) To provide foreclosure prevention counseling and re-housing assistance;

(j) To procure insurance against losses in connection with the real

property, assets, or activities of the land bank;

(k) To invest money of the land bank, at the discretion of the board, in instruments, obligations, securities, or property determined proper by the board and name and use depositories for its money, except that a land bank shall not invest its money in any instrument, obligation, security, or property in which a direct or indirect interest is held by a member of the board or an employee of the land bank, by a board member's or an employee's immediate family, or by a business or entity in which a board member or an employee has a financial interest;

(l) To enter into contracts for the management of, the collection of rent from, or the sale of real property of the land bank;

(m) To design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate, and otherwise improve real property or rights or interests in real property of the land bank;

(n) To fix, charge, and collect fees and charges for services provided by the land bank;

(o) To fix, charge, and collect rents and leasehold payments for the use of real property of the land bank for a period not to exceed twelve months, except that such twelve-month limitation shall not apply (i) if the real property of the land bank is subject to a lease with a remaining term of more than twelve months at the time such real property is acquired by the land bank or (ii) if the real property of the land bank is held pursuant to an agreement with a nonprofit corporation or other private entity under subsection (8) of section 18-3408;

(p) To grant or acquire a license, easement, lease, as lessor and as lessee, or option with respect to real property of the land bank;

(q) To enter into partnerships, joint ventures, and other collaborative relationships with municipalities and other public and private entities for the ownership, management, development, and disposition of real property, subject to the requirements of subsection (8) of section 18-3408, if applicable; and

(r) To do all other things necessary or convenient to achieve the

objectives and purposes of the land bank or other laws that relate to the purposes and responsibilities of the land bank.

(2) A land bank shall neither possess nor exercise the power of eminent domain.

(3) A land bank shall not have the authority to (a) levy property taxes or (b) receive property tax revenue from a political subdivision pursuant to an agreement entered into under the Joint Public Agency Act.

Sec. 17. Section 18-3408, Reissue Revised Statutes of Nebraska, is amended to read:

18-3408 (1) A land bank may acquire real property or interests in real property by gift, devise, transfer, exchange, foreclosure, purchase, or otherwise on terms and conditions and in a manner the land bank considers proper.

(2) A land bank may acquire real property or interests in real property by purchase contracts, lease-purchase agreements, installment sales contracts, or land contracts and may accept transfers from political subdivisions upon such terms and conditions as agreed to by the land bank and the political subdivision. Notwithstanding any other law to the contrary, any political subdivision may transfer to the land bank real property and interests in real property of the political subdivision on such terms and conditions and according to such procedures as determined by the political subdivision.

(3) A land bank shall maintain all of its real property in accordance with the laws and ordinances of the jurisdiction in which the real property is located.

(4) A land bank shall not own or hold real property located outside the jurisdictional boundaries of the municipality or municipalities that created the land bank. For purposes of this subsection, jurisdictional boundaries of a municipality does not include the extraterritorial zoning jurisdiction of such municipality.

(5) A land bank may accept transfers of real property and interests in real property from a land reutilization authority on such terms and conditions,

and according to such procedures, as mutually determined by the transferring land reutilization authority and the land bank.

(6) A land bank shall not hold legal title at any one time to more than:

(a) Seven percent of the total number of parcels located in a city of the metropolitan class, and no more than ten percent of such parcels shall be zoned as commercial property;

(b) Three percent of the total number of parcels located in a city of the primary class, and no more than five percent of such parcels shall be zoned as commercial property;

(c) Five percent of the total number of parcels located in a city of the first class, and no more than five percent of such parcels shall be zoned as commercial property; or

(d) Ten percent of the total number of parcels located in a city of the second class or village, and no more than five percent of such parcels shall be zoned as commercial property.

(7) A land bank shall not acquire a parcel that is zoned as commercial property unless (a) the parcel has been vacant for at least three years or (b) the owner of the parcel has been directed by the relevant municipality to remove a nuisance found on such parcel but has failed to do so.

(8) A land bank shall not enter into an agreement with any nonprofit corporation or other private entity for the purpose of temporarily holding real property on behalf of such nonprofit corporation or private entity for a period longer than one year unless the depositing entity has entered into a community benefits agreement, to which the land bank shall also be a party. For the purposes of this subsection:

(a) Community benefits agreement means a legally binding contract between the depositing entity, a land bank, and local community groups, where the depositing entity commits to specific community benefits, such as affordable housing, local hiring, living wages, or community services, for large projects undertaken by the depositing entity, and in exchange, the local community groups agree to support or not oppose such projects; and

(b) Local community groups shall include, but are not limited to, neighborhood or block associations, business improvement districts, service and fraternal organizations, and faith-based organizations within the neighborhood in which the proposed project will be located.

Sec. 18. Section 18-3410, Reissue Revised Statutes of Nebraska, is amended to read:

18-3410 (1) A land bank shall hold in its own name all real property acquired by the land bank irrespective of the identity of the transferor of such property.

(2) A land bank shall maintain and make available for public review and inspection an inventory of all real property held by the land bank.

(3) A land bank shall determine and set forth in policies and procedures of the board the general terms and conditions for consideration to be received by the land bank for the transfer of real property and interests in real property, which consideration may take the form of monetary payments and secured financial obligations, covenants and conditions related to the present and future use of the property, contractual commitments of the transferee, and such other forms of consideration as determined by the board to be in the best interest of the land bank.

(4) A land bank may convey, exchange, sell, transfer, grant, release and demise, pledge, and hypothecate any and all interests in, upon, or to real property of the land bank. A land bank may lease as lessor real property of the land bank for a period not to exceed twelve months, except that such twelve-month limitation shall not apply (a) if the real property of the land bank is subject to a lease with a remaining term of more than twelve months at the time such real property is acquired by the land bank or (b) if the real property of the land bank is held pursuant to an agreement with a nonprofit corporation or other private entity under subsection (8) of section 18-3408.

(5) The municipality or municipalities that created the land bank may establish by resolution or ordinance a hierarchical ranking of priorities for the use of real property conveyed by a land bank. Such ranking shall take into

consideration the highest and best use that, when possible, will bring the greatest benefit to the community. The priorities may include, but are not limited to, (a) use for purely public spaces and places, (b) use for affordable housing, (c) use for retail, commercial, and industrial activities, (d) use for urban agricultural activities including the establishment of community gardens as defined in section 2-303, and (e) such other uses and in such hierarchical order as determined by the municipality or municipalities.

(6) The municipality or municipalities that created the land bank may require by resolution or ordinance that any particular form of disposition of real property, or any disposition of real property located within specified jurisdictions, be subject to specified voting and approval requirements of the board. Except and unless restricted or constrained in this manner, the board may delegate to officers and employees the authority to enter into and execute agreements, instruments of conveyance, and all other related documents pertaining to the conveyance of real property by the land bank.

(7)(a) For any real property of a land bank that is intended for residential development, the land bank shall advertise the availability of such property for sale for ninety days after acquiring the property or after completing demolition of any structure and site preparation necessary for development or until an offer to buy the property is accepted, whichever is earlier.

(b) Any conveyance of real property made as a result of the advertisement described in subdivision (7)(a) of this section may include a contractual provision allowing the land bank to reacquire the property at the original purchase price, exercise a right of reentry, or otherwise reacquire the property under terms established by the contract if construction has not commenced within a specific timeframe provided in the contract.

(c) This subsection shall not apply to any land bank created by a city of the metropolitan class or city of the primary class.

Sec. 19. Section 18-3413, Reissue Revised Statutes of Nebraska, is amended to read:

18-3413 (1) The board shall cause minutes and a record to be kept of all its proceedings. Meetings of the board shall be subject to the Open Meetings Act.

(2) All of a land bank's records and documents shall be considered public records for purposes of sections 84-712 to 84-712.09.

(3) The board shall provide a report to the municipality or municipalities that created the land bank on the board's activities pursuant to the Nebraska Municipal Land Bank Act. The report shall be provided after each meeting of the board or at least quarterly. The board shall also electronically submit an annual report to the chairperson of the Urban Affairs Committee of the Legislature by March 1 of each year summarizing the board's activities for the prior calendar year.

(4) The annual report required under subsection (3) of this section shall include, but not be limited to:

(a) A listing of each property owned by the land bank at the end of the prior calendar year, including (i) how long each such property has been owned by the land bank, (ii) whether such property was acquired utilizing the automatically accepted bid under section 18-3417 or 18-3418, (iii) whether such property is being held on behalf of a nonprofit corporation or other private entity pursuant to subsection (8) of section 18-3408, and (iv) the intended use of each property being held on behalf of a nonprofit corporation or other private entity pursuant to subsection (8) of section 18-3408;

(b) A list of entities and individuals who received more than two thousand five hundred dollars from the land bank in the prior calendar year;

(c) A list of financial institutions in which the land bank has deposited funds;

(d) The percentage of total parcels located in each municipality which are held by the land bank; and

(e) A statement certifying that all board members and employees of the land bank comply with the conflict of interest requirements in sections 18-3407 and 18-3415.

Sec. 20. (1) A city of the primary class, city of the first class, city of the second class, or village may sell or transfer any waterworks, sewer system, or water system owned by such city or village to an Indian tribe if the following requirements are met:

(a) The waterworks, sewer system, or water system must be located or operating in its entirety within the tribal lands of such Indian tribe;

(b) The tribal headquarters of such Indian tribe must be located in such city or village; and

(c) The sale or transfer must be approved by the qualified electors of such city or village at a general or special election described in subsection (2) of this section.

(2) The governing body of the city or village seeking to sell or transfer any waterworks, sewer system, or water system under this section shall submit such question or proposition, in the usual manner, to the qualified electors of such city or village at any general city or village election or at any special city or village election and may submit the proposition in connection with any city or village special election called for any other purpose, and the votes cast thereon shall be canvassed and the result found and declared as in any other city or village election.

(3) For purposes of this section, Indian tribe means an Indian tribe or band which is recognized by federal law or formally acknowledged by the state as of January 1, 2026.

Sec. 21. The Revisor of Statutes shall assign section 6 of this act to Chapter 19.

Sec. 22. Sections 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 24 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 23. Original section 13-3206, Reissue Revised Statutes of Nebraska, is repealed.

Sec. 24. Original sections 18-2124, 18-2125, 18-2136, 18-3404, 18-3405,

18-3407, 18-3408, 18-3410, and 18-3413, Reissue Revised Statutes of Nebraska, section 18-2117.01, Revised Statutes Cumulative Supplement, 2024, and sections 18-2101.02 and 18-2147, Revised Statutes Supplement, 2025, are repealed.

Sec. 25. Since an emergency exists, this act takes effect when passed and approved according to law.

PRESIDENT OF THE LEGISLATURE

THIS IS TO CERTIFY that the within LB 1135 was passed by the One Hundred Ninth Legislature of Nebraska at its Second Session on the day of 20.....

CLERK OF THE LEGISLATURE

Approved:

..... 20....., o'clockM.

GOVERNOR