

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 749

FINAL READING

Introduced by Sorrentino, 39.

Read first time January 07, 2026

Committee: Revenue

- 1 A BILL FOR AN ACT relating to aid to municipalities; to amend section
- 2 77-27,139.03, Reissue Revised Statutes of Nebraska; to change
- 3 provisions relating to the calculation of tax levies for state aid
- 4 purposes; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 77-27,139.03, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 77-27,139.03 (1) State aid provided to municipalities pursuant to
4 sections 77-27,139.01 to 77-27,139.04 shall be calculated by determining
5 the average property tax levy for operational purposes other than for
6 principal and interest payments on the indebtedness of all incorporated
7 municipalities. The Department of Revenue shall use the prior year's
8 Certificate of Taxes Levied that was certified to the Property Tax
9 Administrator pursuant to section 77-1613.01 ~~The Auditor of Public~~
10 ~~Accounts shall provide to the Department of Revenue a list of the bond~~
11 ~~and nonbond tax request amounts from the most recent budgets filed by~~
12 ~~incorporated municipalities. The information shall be used to calculate~~
13 the bond and nonbond tax levies for aid purposes under this section. The
14 auditor shall provide the information to the department by February 1
15 each year.

16 (2) Each municipality shall receive state aid from the Municipal
17 Equalization Fund equal to (a) the product of the average per capita
18 property tax of the appropriate population group multiplied by the
19 current population of the municipality minus (b) the product of the
20 average property tax levy multiplied by the certified valuation within
21 the incorporated municipality, except that a municipality shall not
22 receive any aid under this section if the calculation results in a
23 negative number.

24 (3) If a municipal tax levy for operational purposes was less than
25 the average property tax levy in the immediately preceding fiscal year,
26 the state aid provided to such municipality shall be reduced by twenty
27 percent for each one-cent increment the levy was below the average
28 property tax levy but the reduction shall not exceed eighty percent.

29 (4) If the amount of money in the Municipal Equalization Fund is
30 less than the total amount of state aid for all municipalities as
31 required by the allocation formula in subsection (2) of this section, the

1 money in the fund shall be allocated on a prorated basis to such
2 municipalities. If the amount of money in the fund is more than the total
3 amount of state aid for municipalities as required by the allocation
4 formula, the excess money in the fund shall be credited to the General
5 Fund.

6 **Sec. 2.** Original section 77-27,139.03, Reissue Revised Statutes of
7 Nebraska, is repealed.