

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1168

Introduced by Wordekemper, 15.

Read first time January 21, 2026

Committee: Urban Affairs

- 1 A BILL FOR AN ACT relating to the Community Development Law; to amend
- 2 sections 18-2124, 18-2125, and 18-2136, Reissue Revised Statutes of
- 3 Nebraska, section 18-2117.01, Revised Statutes Cumulative
- 4 Supplement, 2024, and sections 18-2101.02 and 18-2147, Revised
- 5 Statutes Supplement, 2025; to authorize the issuance of conduit
- 6 revenue bonds as prescribed; to authorize certain taxpayer
- 7 agreements; to harmonize provisions; and to repeal the original
- 8 sections.
- 9 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 18-2101.02, Revised Statutes Supplement, 2025, is
2 amended to read:

3 18-2101.02 (1) For any city that (a) intends to prepare a
4 redevelopment plan that will divide ad valorem taxes for a period of more
5 than fifteen years but not more than twenty years as provided in
6 subdivision (5)(a) ~~(4)(a)~~ of section 18-2147, (b) intends to declare an
7 area as an extremely blighted area for purposes of funding decisions
8 under subdivision (1)(b) of section 58-708, or (c) intends to declare an
9 area as an extremely blighted area in order for individuals purchasing
10 residences in such area to qualify for the income tax credit authorized
11 in subsection (7) of section 77-2715.07, the governing body of such city
12 shall first declare, by resolution adopted after the public hearings
13 required under this section, such area to be an extremely blighted area.

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

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

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

5 (5) The study or analysis required under subsection (2) of this
6 section may be conducted in conjunction with the study or analysis
7 required under section 18-2109. The hearings required under this section
8 may be held in conjunction with the hearings required under section
9 18-2109.

10 (6) Notwithstanding any other provisions of the Community
11 Development Law, the designation of an area as an extremely blighted area
12 pursuant to this section shall be valid for a period of no less than
13 twenty-five years from the effective date of the resolution declaring
14 such area to be an extremely blighted area, except that such designation
15 may be removed prior to the end of such period pursuant to section
16 18-2156.

17 **Sec. 2.** Section 18-2117.01, Revised Statutes Cumulative Supplement,
18 2024, is amended to read:

19 18-2117.01 (1)(a) On or before December 1 each year, each city which
20 has approved one or more redevelopment plans which are financed in whole
21 or in part through the division of taxes as provided in section 18-2147
22 shall provide a report to the Property Tax Administrator on each such
23 redevelopment plan which includes the following information:

24 (i) A copy of the redevelopment plan and any amendments thereto,
25 including the date upon which the redevelopment plan was approved, the
26 effective date for dividing the ad valorem tax as provided to the county
27 assessor pursuant to subsection (7) ~~(6)~~ of section 18-2147, and the
28 location and boundaries of the property in the redevelopment project; and

29 (ii) A short narrative description of the type of development
30 undertaken by the city or village with the financing and the type of
31 business or commercial activity locating within the redevelopment project

1 area as a result of the redevelopment project.

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

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

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

22 **Sec. 3.** Section 18-2124, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 18-2124 An authority may issue bonds, including conduit revenue
25 bonds subject to a taxpayer agreement entered into pursuant to subsection
26 (3) of section 18-2147, from time to time in its discretion for any of
27 its corporate purposes, including the payment of principal and interest
28 upon any advances for surveys and plans for redevelopment projects. An
29 authority may also issue refunding bonds for the purpose of paying,
30 retiring, or otherwise refinancing or in exchange for any or all of the
31 principal or interest upon bonds previously issued by the authority. An

1 authority may issue such types of bonds as it may determine, including,
2 without limiting the generality of the foregoing, bonds on which the
3 principal and interest are payable: (1) Exclusively from the income,
4 proceeds, and revenue of the redevelopment project financed with proceeds
5 of such bonds; (2) exclusively from the income, proceeds, and revenue of
6 any of its redevelopment projects whether or not they are financed in
7 whole or in part with the proceeds of such bonds; (3) exclusively from
8 its revenue and income, including any special assessment levied pursuant
9 to section 18-1722 and such tax revenue or receipts as may be authorized
10 under the Community Development Law, including those which may be pledged
11 under section 18-2150, and from such grants and loans as may be received;
12 or (4) from all or part of the income, proceeds, and revenue enumerated
13 in subdivisions (1), (2), and (3) of this section. Any such bonds may be
14 additionally secured by a pledge of any loan, grant, or contributions, or
15 parts thereof, from the federal government or other source or a mortgage
16 of any redevelopment project or projects of the authority. The authority
17 shall not pledge the credit or taxing power of the state or any political
18 subdivision thereof, except such tax receipts as may be authorized under
19 this section or pledged under section 18-2150, or place any lien or
20 encumbrance on any property owned by the state, county, or city used by
21 the authority.

22 **Sec. 4.** Section 18-2125, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 18-2125 Neither the members of an authority nor any person executing
25 the bonds shall be liable personally on the bonds by reason of the
26 issuance thereof. The bonds and other obligations of the authority, and
27 such bonds and obligations shall so state on their face, shall not be a
28 debt of the city and the city shall not be liable on such bonds, except
29 to the extent authorized by sections 18-2147 to 18-2150, nor in any event
30 shall such bonds or obligations be payable out of any funds or properties
31 other than those of said authority acquired for the purposes of the

1 Community Development Law, except to the extent authorized by sections
2 18-2147 to 18-2150. Except to the extent otherwise authorized, the bonds
3 shall not constitute an indebtedness within the meaning of any
4 constitutional or statutory debt limitation or restriction. Bonds of an
5 authority are declared to be issued for an essential public and
6 governmental purpose and to be public instrumentalities and, together
7 with interest thereon and income therefrom, shall be exempt from all
8 Nebraska taxes. All bonds, except conduit revenue bonds issued pursuant
9 to subsection (3) of section 18-2147, shall be general obligations of the
10 authority issuing same and shall be payable out of any revenue, income,
11 receipts, proceeds, or other money of the authority, except as may be
12 otherwise provided in the instruments themselves.

13 An authority shall have power from time to time to issue bond
14 anticipation notes, referred to as notes herein, and from time to time to
15 issue renewal notes, such notes in any case to mature not later than
16 thirty months from the date of incurring the indebtedness represented
17 thereby in an amount not exceeding in the aggregate at any time
18 outstanding the amount of bonds then or theretofore authorized. Payment
19 of such notes shall be made from any money or revenue which the authority
20 may have available for such purpose or from the proceeds of the sale of
21 bonds of the authority, or such notes may be exchanged for a like amount
22 of such bonds. The authority may pledge such money or revenue of the
23 authority, subject to prior pledges thereof, if any, for the payment of
24 such notes, and may in addition secure the notes in the same manner as
25 herein provided for bonds. All notes shall be issued and sold in the same
26 manner as bonds, and any authority shall have power to make contracts for
27 the future sale from time to time of notes on terms and conditions stated
28 in such contracts, and the authority shall have power to pay such
29 consideration as it shall deem proper for any commitments to purchase
30 notes and bonds in the future. Such notes shall also be collaterally
31 secured by pledges and deposits with a bank or trust company, in trust

1 for the payment of such notes, of bonds in an aggregate amount at least
2 equal to the amount of such notes and, in any event, in an amount deemed
3 by the issuing authority sufficient to provide for the payment of the
4 notes in full at the maturity thereof. The authority may provide in the
5 collateral agreement that the notes may be exchanged for bonds held as
6 collateral security for the notes, or that the trustee may sell the bonds
7 if the notes are not otherwise paid at maturity, and apply the proceeds
8 of such sale to the payment of the notes. Such notes shall bear interest
9 at a rate set by the authority, and shall be sold at such price as shall
10 cause an interest cost thereon not to exceed such rate.

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

22 **Sec. 5.** Section 18-2136, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 18-2136 All property including funds of an authority shall be exempt
25 from levy and sale by virtue of an execution, and no execution or other
26 judicial process shall issue against such property nor shall judgment
27 against an authority be a charge or lien upon its property. The
28 provisions of this section shall not apply to or limit the right of
29 obligees to foreclose or otherwise enforce any taxpayer agreement entered
30 into pursuant to subsection (3) of section 18-2147 or any mortgage of an
31 authority or the right of obligees to pursue any remedies for the

1 enforcement of any pledge or lien given by an authority on its rents,
2 fees, grants, or revenue.

3 **Sec. 6.** Section 18-2147, Revised Statutes Supplement, 2025, is
4 amended to read:

5 18-2147 (1) Any redevelopment plan as originally approved or as
6 later modified pursuant to section 18-2117 may contain a provision that
7 any ad valorem tax levied upon real property, or any portion thereof, in
8 a redevelopment project for the benefit of any public body shall be
9 divided, for the applicable period described in subsection (5) ~~(4)~~ of
10 this section, as follows:

11 (a) That portion of the ad valorem tax which is produced by the levy
12 at the rate fixed each year by or for each such public body upon the
13 redevelopment project valuation shall be paid into the funds of each such
14 public body in the same proportion as are all other taxes collected by or
15 for the body. When there is not a redevelopment project valuation on a
16 parcel or parcels, the county assessor shall determine the redevelopment
17 project valuation based upon the fair market valuation of the parcel or
18 parcels as of January 1 of the year prior to the year that the ad valorem
19 taxes are to be divided. The county assessor shall provide written notice
20 of the redevelopment project valuation to the authority as defined in
21 section 18-2103 and the owner. The authority or owner may protest the
22 valuation to the county board of equalization within thirty days after
23 the date of the valuation notice. All provisions of section 77-1502
24 except dates for filing of a protest, the period for hearing protests,
25 and the date for mailing notice of the county board of equalization's
26 decision are applicable to any protest filed pursuant to this section.
27 The county board of equalization shall decide any protest filed pursuant
28 to this section within thirty days after the filing of the protest. The
29 county clerk shall mail a copy of the decision made by the county board
30 of equalization on protests pursuant to this section to the authority or
31 owner within seven days after the board's decision. Any decision of the

1 county board of equalization may be appealed to the Tax Equalization and
2 Review Commission, in accordance with section 77-5013, within thirty days
3 after the date of the decision;

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

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

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

28 (3)(a) An authority may enter into a redevelopment contract or adopt
29 a bond resolution or redevelopment plan pursuant to which it issues
30 conduit revenue bonds and under which the authority may pledge a
31 percentage, up to and including one hundred percent, of the annual excess

1 tax revenues described in subdivision (1)(b) of this section, if any,
2 toward the authority's obligations under the contract, resolution, or
3 plan. The ad valorem taxes to be pledged under this subsection shall be
4 placed into a special fund of the authority to be used solely to pay the
5 principal of, the interest on, and any premiums due in connection with
6 the bonds of the redevelopment project. When an authority has pledged
7 less than one hundred percent of the excess tax revenues under the
8 contract, resolution, or plan, the unpledged portion of ad valorem taxes
9 collected on the real property shall be paid into the funds of the
10 respective public bodies as provided in subdivision (1)(b) of this
11 section.

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

28 (c) A lien resulting from a taxpayer agreement described in
29 subdivision (3)(b) of this section takes priority over any existing or
30 subsequent mortgage, other lien, or other encumbrance on the property,
31 shall have parity with a property tax lien described in section 77-203,

1 and may be enforced and collected in all respects as real property taxes.

2 ~~(4)(a)~~ ~~(3)(a)~~ For any redevelopment plan located in a city of the
3 metropolitan class that includes a division of taxes, as provided in this
4 section, that produces, in whole or in part, funds to be used directly or
5 indirectly for (i) new construction, rehabilitation, or acquisition of
6 housing for households with annual incomes below the area median income
7 for households and located within six hundred yards of a public passenger
8 streetcar or (ii) new construction, rehabilitation, or acquisition of
9 single-family housing or condominium housing used as primary residences
10 for individuals with annual incomes below the area median income for
11 individuals, such housing shall be deemed related to the redevelopment
12 plan that authorized such division of taxes regardless of whether such
13 housing is or will be located on real property within such redevelopment
14 plan, as long as such housing supports activities occurring on or
15 identified in such redevelopment plan.

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

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

25 ~~(5)(a)~~ ~~(4)(a)~~ For any redevelopment plan for which more than fifty
26 percent of the property in the redevelopment project area has been
27 declared an extremely blighted area in accordance with section
28 18-2101.02, ad valorem taxes shall be divided for a period not to exceed
29 twenty years after the effective date as identified in the project
30 redevelopment contract or in the resolution of the authority authorizing
31 the issuance of bonds pursuant to section 18-2124.

1 (b) For all other redevelopment plans, ad valorem taxes shall be
2 divided for a period not to exceed fifteen years after the effective date
3 as identified in the project redevelopment contract, in the resolution of
4 the authority authorizing the issuance of bonds pursuant to section
5 18-2124, or in the redevelopment plan, whichever is applicable.

6 (6) ~~(5)~~ The effective date of a provision dividing ad valorem taxes
7 as provided in subsection (5) ~~(4)~~ of this section shall not occur until
8 such time as the real property in the redevelopment project is within the
9 corporate boundaries of the city. This subsection shall not apply to a
10 redevelopment project involving a formerly used defense site as
11 authorized in section 18-2123.01.

12 (7) ~~(6)~~ All notices of the provision for dividing ad valorem taxes
13 shall be sent by the authority to the county assessor on forms prescribed
14 by the Property Tax Administrator. The notice shall be sent to the county
15 assessor on or before July 1 of the year of the effective date of the
16 provision. Failure to satisfy the notice requirement of this section
17 shall result in the taxes, for all taxable years affected by the failure
18 to give notice of the effective date of the provision, remaining
19 undivided and being paid into the funds for each public body receiving
20 property taxes generated by the property in the redevelopment project.
21 However, the redevelopment project valuation for the remaining division
22 of ad valorem taxes in accordance with subdivisions (1)(a) and (b) of
23 this section shall be the last certified valuation for the taxable year
24 prior to the effective date of the provision to divide the taxes for the
25 remaining portion of the twenty-year or fifteen-year period pursuant to
26 subsection (5) ~~(4)~~ of this section.

27 **Sec. 7.** Original sections 18-2124, 18-2125, and 18-2136, Reissue
28 Revised Statutes of Nebraska, section 18-2117.01, Revised Statutes
29 Cumulative Supplement, 2024, and sections 18-2101.02 and 18-2147, Revised
30 Statutes Supplement, 2025, are repealed.