

One Hundred Ninth Legislature - First Session - 2025

Introducer's Statement of Intent

LB242

Chairperson: Senator R. Brad von Gillern

Committee: Revenue

Date of Hearing: March 05, 2025

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 242 amends the Property Tax Growth Limitation Act (PTGLA) passed in the 2024 Special Session including several provisions consistent with the stated intent of senators when the PTGLA (LB 34) was enacted to impose property tax caps on municipalities and counties. Effective July 1, 2025, municipalities and counties will be subject to the cap in the PTGLA and no longer subject to the “lid on restricted funds” in Chapter 13, Article 5. LB 242 has an emergency clause since many municipalities and counties already are working on their budgets for FY 25-26.

LB 242 amends Section 13-518 to harmonize the definition of “allowable growth” in the “lid on restricted funds” with the definition of “growth value” in the PTGLA. It also amends Section 13-3403 to clarify the formula for determining the property tax request authority in the PTGLA allowing a political subdivision to take advantage of its “growth percentage” as intended with passage of LB 34.

LB 242 amends Section 13-3404 of the PTGLA relating to exceptions to the cap in subsection 8 to clarify the amounts budgeted for substance abuse prevention, behavioral health, and opioid abuse prevention are included as an exception to the cap under the definition of “public safety services”. Subsection 9 provides an exception to the cap for matching state and federal grants. Subsection 10 provides an exception to the cap for replacing any revenue stream lost from a prior year.

LB 242 amends Section 13-3405 of the PTGLA to allow for a special election to override the cap beyond just “the first Tuesday after the second Monday in an odd-numbered year” because of the timing associated with budgets. The bill also amends Section 13-3406 to provide a transition for accumulating “unused restricted funds authority” under the “lid on restricted funds” to “unused property tax request authority” under the PTGLA, not exceeding 5% of the total property taxes levied for the political subdivision in calendar year 2024.

As originally intended with passage of the PTGLA, Sections 6 to 11 amend several statutes to eliminate the restriction on the amount of annual revenue that can be raised by a municipal occupation tax or increased rate for an existing occupation tax. Section 12 amends Section 77-1701 to provide that the property tax statement the County Treasurer sends to taxpayers shall indicate for each political subdivision the amount of property taxes due to fund any and all “public safety services”, not just the property taxes for “public safety services” outside the cap. LB 242 amends Section 77-305 to clarify that the school district property tax relief is taking “prior” year credits but applying them to “current” year parcels; this removes the necessity of “creating” values for previously exempt properties, parcels that have been split or parcels that have been combined. Section 77-1305 also clarifies that county treasurers are allowed to retain a 1% commission on credits they distribute.

Principal Introducer: _____

Senator Merv Riepe