



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 628

Chairperson: Ray Janssen
Committee: Revenue
Date of Hearing: February 22, 2007

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

LB 628 would amend current law regarding the restricted fund lid and levy limits.

The bill would change the definition of “allowable growth” which applies to the lid on “restricted funds” for political subdivisions. The current definition of “allowable growth” in section 13-518 is “the percentage increase in taxable valuation, *in excess of the base limitation established under section 77-3446*, if any, due to improvements to real property as a result of new construction, additions to existing buildings, any improvements to real property which increase the value of such property, and any increase in valuation due to annexation and any personal property valuation over the prior year.”

LB 628 would eliminate the language from the definition of “allowable growth” that requires the growth to be in excess of the base limitation [2.5 percent]. This change would allow political subdivisions subject to the lid the opportunity to have any percentage increase in taxable valuation when applying the lid law on “restricted funds”.

LB 628 also proposes two changes in the lid and levy limit law regarding capital construction. The first change is that the definition of capital improvement in Section 13-518 for the restricted fund lid is amended to include equipment with a useful life of more than five years. This change would allow purchases of equipment with a useful life of more than five years to be outside of the restricted fund lid.

The second change is to apply this same definition of capital improvements to the levy law governing municipalities and counties. LB 628 would amend section 77-3442 which sets the levy limits for municipalities and counties to provide that the maximum levy limit for counties, cities, and villages shall not include any funds budgeted for capital improvements as defined in section 13- 518.

Principal Introducer: _____
Senator M.L. Dierks