

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 480**

Introduced by Dierks, 40.

Read first time January 20, 2009

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections  
2 13-518 and 13-520, Reissue Revised Statutes of Nebraska,  
3 and section 77-3442, Revised Statutes Cumulative  
4 Supplement, 2008; to change provisions relating to  
5 the Nebraska Budget Act; to change levy limitations;  
6 to repeal the original sections; and to declare an  
7 emergency.

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

1           Section 1. Section 13-518, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           13-518 For purposes of sections 13-518 to 13-522:

4           (1) Allowable growth means (a) for governmental units  
5 other than community colleges, the percentage increase in taxable  
6 valuation, ~~in excess of the base limitation established under~~  
7 ~~section 77-3446,~~ if any, due to improvements to real property as  
8 a result of new construction, additions to existing buildings,  
9 any improvements to real property which increase the value of  
10 such property, and any increase in valuation due to annexation  
11 and any personal property valuation over the prior year and (b)  
12 for community colleges, (i) for fiscal years prior to fiscal year  
13 2003-04 and after fiscal year 2004-05 until fiscal year 2007-08,  
14 the percentage increase in excess of the base limitation, if  
15 any, in full-time equivalent students from the second year to  
16 the first year preceding the year for which the budget is being  
17 determined, (ii) for fiscal year 2003-04 and fiscal year 2004-05,  
18 the percentage increase in full-time equivalent students from the  
19 second year to the first year preceding the year for which the  
20 budget is being determined, and (iii) for fiscal year 2007-08 and  
21 each fiscal year thereafter, community college areas may exceed the  
22 base limitation to equal base revenue need calculated pursuant to  
23 section 85-2223;

24           (2) Capital improvements means (a) acquisition of real  
25 property, ~~or~~ (b) acquisition, construction, or extension of any

1 improvements on real property, (c) furnishing or equipping of any  
2 improvement, except that routine maintenance and the acquisition  
3 of any equipment with a useful life of less than five years shall  
4 not be considered capital improvements, and (d) acquisition or  
5 replacement of other tangible personal property with a useful life  
6 of five years or more;

7 (3) Governing body has the same meaning as in section  
8 13-503;

9 (4) Governmental unit means every political subdivision  
10 which has authority to levy a property tax or authority to  
11 request levy authority under section 77-3443 except sanitary and  
12 improvement districts which have been in existence for five years  
13 or less and school districts;

14 (5) Qualified sinking fund means a fund or funds  
15 maintained separately from the general fund to pay for acquisition  
16 or replacement of tangible personal property with a useful life of  
17 five years or more which is to be undertaken in the future but  
18 is to be paid for in part or in total in advance using periodic  
19 payments into the fund. The term includes sinking funds under  
20 subdivision (13) of section 35-508 for firefighting and rescue  
21 equipment or apparatus;

22 (6) Restricted funds means (a) property tax, excluding  
23 any amounts refunded to taxpayers, (b) payments in lieu of property  
24 taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e)  
25 state aid, (f) transfers of surpluses from any user fee, permit

1 fee, or regulatory fee if the fee surplus is transferred to fund a  
2 service or function not directly related to the fee and the costs  
3 of the activity funded from the fee, (g) any funds excluded from  
4 restricted funds for the prior year because they were budgeted for  
5 capital improvements but which were not spent and are not expected  
6 to be spent for capital improvements, (h) the tax provided in  
7 sections 77-27,223 to 77-27,227 beginning in the second fiscal year  
8 in which the county will receive a full year of receipts, and (i)  
9 any excess tax collections returned to the county under section  
10 77-1776; and

11 (7) State aid means:

12 (a) For all governmental units, state aid paid pursuant  
13 to sections 60-3,202 and 77-3523;

14 (b) For municipalities, state aid to municipalities  
15 paid pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3,190,  
16 77-27,136, and 77-27,139.04 and insurance premium tax paid to  
17 municipalities;

18 (c) For counties, state aid to counties paid pursuant  
19 to sections 39-2501 to 39-2520, 47-119.01, 60-3,184 to 60-3,190,  
20 77-27,136, and 77-3618, insurance premium tax paid to counties,  
21 and reimbursements to counties from funds appropriated pursuant to  
22 section 29-3933;

23 (d) For community colleges, state aid to community  
24 colleges paid under the Community College Foundation and  
25 Equalization Aid Act;

1           (e) For natural resources districts, state aid to natural  
2 resources districts paid pursuant to section 77-27,136;

3           (f) For educational service units, state aid appropriated  
4 under section 79-1241; and

5           (g) For local public health departments as defined in  
6 section 71-1626, state aid as distributed under section 71-1628.08.

7           Sec. 2. Section 13-520, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9           13-520 The limitations in section 13-519 shall not apply  
10 to (1) restricted funds budgeted for capital improvements, (2)  
11 restricted funds expended from a qualified sinking fund for  
12 acquisition or replacement of tangible personal property with a  
13 useful life of five years or more, (3) restricted funds pledged  
14 to retire bonded indebtedness, used by a public airport to retire  
15 interest-free loans from the Department of Aeronautics in lieu of  
16 bonded indebtedness at a lower cost to the public airport, or used  
17 to pay other financial instruments that are approved and agreed to  
18 before July 1, 1999, in the same manner as bonds by a governing  
19 body created under section 35-501, (4) restricted funds budgeted  
20 in support of a service which is the subject of an agreement or  
21 a modification of an existing agreement whether operated by one  
22 of the parties to the agreement or by an independent joint entity  
23 or joint public agency, (5) restricted funds budgeted to pay for  
24 repairs to infrastructure damaged by a natural disaster which is  
25 declared a disaster emergency pursuant to the Emergency Management

1 Act, (6) restricted funds budgeted to pay for judgments, except  
2 judgments or orders from the Commission of Industrial Relations,  
3 obtained against a governmental unit which require or obligate a  
4 governmental unit to pay such judgment, to the extent such judgment  
5 is not paid by liability insurance coverage of a governmental unit,  
6 ~~or~~ (7) the dollar amount by which restricted funds budgeted by a  
7 natural resources district to administer and implement ground water  
8 management activities and integrated management activities under  
9 the Nebraska Ground Water Management and Protection Act exceed  
10 its restricted funds budgeted to administer and implement ground  
11 water management activities and integrated management activities  
12 for FY2003-04, or (8) restricted funds budgeted to pay for any  
13 drug prevention or drug enforcement costs in excess of the amount  
14 budgeted for such costs for fiscal year 2008-09.

15 Sec. 3. Section 77-3442, Revised Statutes Cumulative  
16 Supplement, 2008, is amended to read:

17 77-3442 (1) Property tax levies for the support of local  
18 governments for fiscal years beginning on or after July 1, 1998,  
19 shall be limited to the amounts set forth in this section except as  
20 provided in section 77-3444.

21 (2)(a) Except as provided in subdivision (2)(e) of this  
22 section, school districts and multiple-district school systems,  
23 except learning communities and school districts that are members  
24 of learning communities, may levy a maximum levy of one dollar and  
25 five cents per one hundred dollars of taxable valuation of property

1 subject to the levy.

2 (b) For each fiscal year, learning communities may levy  
3 a maximum levy for the general fund budgets of member school  
4 districts of ninety-five cents per one hundred dollars of taxable  
5 valuation of property subject to the levy. The proceeds from the  
6 levy pursuant to this subdivision shall be distributed pursuant to  
7 section 79-1073.

8 (c) Except as provided in subdivision (2)(e) of this  
9 section, for each fiscal year, school districts that are members  
10 of learning communities may levy for purposes of such districts'  
11 general fund budget and special building funds a maximum combined  
12 levy of the difference of one dollar and five cents on each one  
13 hundred dollars of taxable property subject to the levy minus  
14 the learning community levies pursuant to subdivisions (2)(b) and  
15 (2)(g) of this section for such learning community.

16 (d) Excluded from the limitations in subdivisions (2)(a)  
17 and (2)(c) of this section are amounts levied to pay for  
18 sums agreed to be paid by a school district to certificated  
19 employees in exchange for a voluntary termination of employment  
20 and amounts levied to pay for special building funds and sinking  
21 funds established for projects commenced prior to April 1, 1996,  
22 for construction, expansion, or alteration of school district  
23 buildings. For purposes of this subsection, commenced means any  
24 action taken by the school board on the record which commits  
25 the board to expend district funds in planning, constructing, or

1 carrying out the project.

2 (e) Federal aid school districts may exceed the maximum  
3 levy prescribed by subdivision (2)(a) or (2)(c) of this section  
4 only to the extent necessary to qualify to receive federal aid  
5 pursuant to Title VIII of Public Law 103-382, as such title existed  
6 on September 1, 2001. For purposes of this subdivision, federal  
7 aid school district means any school district which receives ten  
8 percent or more of the revenue for its general fund budget from  
9 federal government sources pursuant to Title VIII of Public Law  
10 103-382, as such title existed on September 1, 2001.

11 (f) For school fiscal year 2002-03 through school fiscal  
12 year 2007-08, school districts and multiple-district school systems  
13 may, upon a three-fourths majority vote of the school board of  
14 the school district, the board of the unified system, or the  
15 school board of the high school district of the multiple-district  
16 school system that is not a unified system, exceed the maximum  
17 levy prescribed by subdivision (2)(a) of this section in an amount  
18 equal to the net difference between the amount of state aid that  
19 would have been provided under the Tax Equity and Educational  
20 Opportunities Support Act without the temporary aid adjustment  
21 factor as defined in section 79-1003 for the ensuing school fiscal  
22 year for the school district or multiple-district school system  
23 and the amount provided with the temporary aid adjustment factor.  
24 The State Department of Education shall certify to the school  
25 districts and multiple-district school systems the amount by which



1 the maximum levy may be exceeded for the next school fiscal year  
2 pursuant to this subdivision (f) of this subsection on or before  
3 February 15 for school fiscal years 2004-05 through 2007-08.

4 (g) For each fiscal year, learning communities may levy a  
5 maximum levy of two cents on each one hundred dollars of taxable  
6 property subject to the levy for special building funds for member  
7 school districts. The proceeds from the levy pursuant to this  
8 subdivision shall be distributed pursuant to section 79-1073.01.

9 (h) For each fiscal year, learning communities may levy  
10 a maximum levy of five cents on each one hundred dollars of  
11 taxable property subject to the levy for elementary learning center  
12 facilities and for up to fifty percent of the estimated cost for  
13 capital projects approved by the learning community coordinating  
14 council pursuant to section 79-2111.

15 (3) Community colleges may levy a maximum levy calculated  
16 pursuant to the Community College Foundation and Equalization Aid  
17 Act on each one hundred dollars of taxable property subject to the  
18 levy.

19 (4) (a) Natural resources districts may levy a maximum  
20 levy of four and one-half cents per one hundred dollars of taxable  
21 valuation of property subject to the levy.

22 (b) Natural resources districts shall also have the power  
23 and authority to levy a tax equal to the dollar amount by which  
24 their restricted funds budgeted to administer and implement ground  
25 water management activities and integrated management activities

1 under the Nebraska Ground Water Management and Protection Act  
2 exceed their restricted funds budgeted to administer and implement  
3 ground water management activities and integrated management  
4 activities for FY2003-04, not to exceed one cent on each one  
5 hundred dollars of taxable valuation annually on all of the taxable  
6 property within the district.

7 (c) In addition, natural resources districts located in  
8 a river basin, subbasin, or reach that has been determined to  
9 be fully appropriated pursuant to section 46-714 or designated  
10 as overappropriated pursuant to section 46-713 by the Department  
11 of Natural Resources shall also have the power and authority to  
12 levy a tax equal to the dollar amount by which their restricted  
13 funds budgeted to administer and implement ground water management  
14 activities and integrated management activities under the Nebraska  
15 Ground Water Management and Protection Act exceed their restricted  
16 funds budgeted to administer and implement ground water management  
17 activities and integrated management activities for FY2005-06, not  
18 to exceed three cents on each one hundred dollars of taxable  
19 valuation on all of the taxable property within the district for  
20 fiscal year 2006-07 and each fiscal year thereafter through fiscal  
21 year 2011-12.

22 (5) Any educational service unit authorized to levy a  
23 property tax pursuant to section 79-1225 may levy a maximum levy of  
24 one and one-half cents per one hundred dollars of taxable valuation  
25 of property subject to the levy.

1           (6) (a) Incorporated cities and villages which are not  
2 within the boundaries of a municipal county may levy a maximum levy  
3 of forty-five cents per one hundred dollars of taxable valuation  
4 of property subject to the levy plus an additional five cents per  
5 one hundred dollars of taxable valuation to provide financing for  
6 the municipality's share of revenue required under an agreement  
7 or agreements executed pursuant to the Interlocal Cooperation Act  
8 or the Joint Public Agency Act. The maximum levy shall include  
9 amounts levied to pay for sums to support a library pursuant  
10 to section 51-201, museum pursuant to section 51-501, visiting  
11 community nurse, home health nurse, or home health agency pursuant  
12 to section 71-1637, or statue, memorial, or monument pursuant to  
13 section 80-202.

14           (b) Incorporated cities and villages which are within the  
15 boundaries of a municipal county may levy a maximum levy of ninety  
16 cents per one hundred dollars of taxable valuation of property  
17 subject to the levy. The maximum levy shall include amounts paid  
18 to a municipal county for county services, amounts levied to pay  
19 for sums to support a library pursuant to section 51-201, a museum  
20 pursuant to section 51-501, a visiting community nurse, home health  
21 nurse, or home health agency pursuant to section 71-1637, or a  
22 statue, memorial, or monument pursuant to section 80-202.

23           (c) Property tax levies for capital improvements as  
24 defined in section 13-518 are not included in the levy limits  
25 established in this subsection.

1           (7) Sanitary and improvement districts which have been in  
2 existence for more than five years may levy a maximum levy of forty  
3 cents per one hundred dollars of taxable valuation of property  
4 subject to the levy, and sanitary and improvement districts which  
5 have been in existence for five years or less shall not have  
6 a maximum levy. Unconsolidated sanitary and improvement districts  
7 which have been in existence for more than five years and are  
8 located in a municipal county may levy a maximum of eighty-five  
9 cents per hundred dollars of taxable valuation of property subject  
10 to the levy.

11           (8) Counties may levy or authorize a maximum levy of  
12 fifty cents per one hundred dollars of taxable valuation of  
13 property subject to the levy, except that five cents per one  
14 hundred dollars of taxable valuation of property subject to the  
15 levy may only be levied to provide financing for the county's  
16 share of revenue required under an agreement or agreements executed  
17 pursuant to the Interlocal Cooperation Act or the Joint Public  
18 Agency Act. The maximum levy shall include amounts levied to pay  
19 for sums to support a library pursuant to section 51-201 or museum  
20 pursuant to section 51-501. The county may allocate up to fifteen  
21 cents of its authority to other political subdivisions subject  
22 to allocation of property tax authority under subsection (1) of  
23 section 77-3443 and not specifically covered in this section to  
24 levy taxes as authorized by law which do not collectively exceed  
25 fifteen cents per one hundred dollars of taxable valuation on any

1 parcel or item of taxable property. The county may allocate to  
2 one or more other political subdivisions subject to allocation  
3 of property tax authority by the county under subsection (1) of  
4 section 77-3443 some or all of the county's five cents per one  
5 hundred dollars of valuation authorized for support of an agreement  
6 or agreements to be levied by the political subdivision for the  
7 purpose of supporting that political subdivision's share of revenue  
8 required under an agreement or agreements executed pursuant to the  
9 Interlocal Cooperation Act or the Joint Public Agency Act. If an  
10 allocation by a county would cause another county to exceed its  
11 levy authority under this section, the second county may exceed the  
12 levy authority in order to levy the amount allocated. Property tax  
13 levies for capital improvements as defined in section 13-518 are  
14 not included in the levy limits established in this subsection.

15 (9) Municipal counties may levy or authorize a maximum  
16 levy of one dollar per one hundred dollars of taxable valuation  
17 of property subject to the levy. The municipal county may allocate  
18 levy authority to any political subdivision or entity subject to  
19 allocation under section 77-3443. Property tax levies for capital  
20 improvements as defined in section 13-518 are not included in the  
21 levy limits established in this subsection.

22 (10) Property tax levies for judgments, except judgments  
23 or orders from the Commission of Industrial Relations, obtained  
24 against a political subdivision which require or obligate a  
25 political subdivision to pay such judgment, to the extent such

1 judgment is not paid by liability insurance coverage of a  
2 political subdivision, for preexisting lease-purchase contracts  
3 approved prior to July 1, 1998, for bonded indebtedness approved  
4 according to law and secured by a levy on property except as  
5 provided in section 44-4317 for bonded indebtedness issued by  
6 educational service units and school districts, ~~and~~ for payments by  
7 a public airport to retire interest-free loans from the Department  
8 of Aeronautics in lieu of bonded indebtedness at a lower cost to  
9 the public airport, and for any drug prevention or drug enforcement  
10 costs in excess of the amount budgeted for such costs for fiscal  
11 year 2008-09 are not included in the levy limits established by  
12 this section.

13 (11) The limitations on tax levies provided in this  
14 section are to include all other general or special levies  
15 provided by law. Notwithstanding other provisions of law, the  
16 only exceptions to the limits in this section are those provided by  
17 or authorized by sections 77-3442 to 77-3444.

18 (12) Tax levies in excess of the limitations in this  
19 section shall be considered unauthorized levies under section  
20 77-1606 unless approved under section 77-3444.

21 (13) For purposes of sections 77-3442 to 77-3444,  
22 political subdivision means a political subdivision of this state  
23 and a county agricultural society.

24 (14) For school districts that file a binding resolution  
25 on or before May 9, 2008, with the county assessors, county clerks,

1 and county treasurers for all counties in which the school district  
2 has territory pursuant to subsection (7) of section 79-458, if the  
3 combined levies, except levies for bonded indebtedness approved by  
4 the voters of the school district and levies for the refinancing  
5 of such bonded indebtedness, are in excess of the greater of (a)  
6 one dollar and twenty cents per one hundred dollars of taxable  
7 valuation of property subject to the levy or (b) the maximum  
8 levy authorized by a vote pursuant to section 77-3444, all school  
9 district levies, except levies for bonded indebtedness approved by  
10 the voters of the school district and levies for the refinancing of  
11 such bonded indebtedness, shall be considered unauthorized levies  
12 under section 77-1606.

13           Sec. 4. Original sections 13-518 and 13-520, Reissue  
14 Revised Statutes of Nebraska, and section 77-3442, Revised Statutes  
15 Cumulative Supplement, 2008, are repealed.

16           Sec. 5. Since an emergency exists, this act takes effect  
17 when passed and approved according to law.