ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011
COMMITTEE STATEMENT
LB633

Hearing Date: Tuesday March 01, 2011
Committee On: Education
Introducer: Adams
One Liner: Change provisions relating to certain tax levies and certain bonds of school districts and authorize refunding bonds

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	8	Senators Adams, Avery, Cornett, Council, Haar, Howard, Sullivan, Schilz
Nay:		
Absent:		
Present Not Voting:		

Proponents:	**Representing:**
Senator Greg Adams	Introducer
Scott Keene	Ameritas Investment Corp
Lauren Wismer	Gilmore & Bell PC
Mark Shepard	Lincoln Public Schools
Doug Nabb	Fremont Public Schools
Mike Dulaney	Nebraska Council of School Administrators
Jon Habben	Nebraska Rural Community School Association
Brian Hale	Nebraska Association of School Boards

Opponents:	**Representing:**

Neutral:	**Representing:**

Summary of purpose and/or changes:
Legislative Bill 633 would authorize school districts to issue refunding bonds with which to call and redeem bonds issued pursuant to section 79-10,110. The bill would also provide technical changes to section 79-10,110.

Section 1 would provide technical changes to section 79-10,110. Specifically, these changes would:
*Modify language regarding calculation of the estimated property tax levy needed to finance projects undertaken by school districts under the section;
*Harmonize language in subsection (3) of the section with definitions provided in the section;
*Clarify that bonds issued by a school district for a qualified capital purpose or an American Recovery and Reinvestment Act of 2009 purpose are limited to the types of federal bonds authorized for such purposes in subsections (2) and (3) of the section;
*Harmonize language and procedures pertaining to qualified capital purposes and American Recovery and Reinvestment Act of 2009 purposes, out of recognition that both are financed with federal bonds; and
*Specify that the Hiring Incentives to Restore Employment Act referenced in subsection (8)(d) is a federal act.

Section 2 of the bill would authorize school districts to issue refunding bonds with which to call or redeem bonds issued pursuant to section 79-10,110.

Specifically, the section would provide authority to any school board which has issued or shall issue bonds pursuant to section 79-10,110, and such bonds or any part of such bonds are unpaid, are a legal liability against the school district governed by such school board, and are bearing interest, to issue refunding bonds with which to call and redeem all or any part of such outstanding bonds at or before the maturity or the redemption date of such bonds. Such school board would be authorized to include various series and issues of the outstanding bonds in a single issue of refunding bonds and could issue refunding bonds to pay any redemption premium and interest to accrue and become payable on the outstanding bonds being refunded. The refunding bonds could be issued and delivered at any time prior to the date of maturity or the redemption date of the bonds to be refunded that the school board determines to be in the best interests of the school district. The proceeds derived from the sale of the refunding bonds issued pursuant to this section could be invested in obligations of or guaranteed by the United States Government pending the time the proceeds are required for the purposes for which such refunding bonds were issued. To further secure the refunding bonds, the school board could enter into a contract with any bank or trust company within or without the state with respect to the safekeeping and application of the proceeds of the refunding bonds and the safekeeping and application of the earnings on the investment. All bonds issued under the section would be redeemable at such times and under such conditions determined by the school board at the time of issuance.

The section would specify that any outstanding bonds or other evidences of indebtedness issued by a school board for which sufficient funds or obligations of or guaranteed by the United States Government have been pledged and set aside in safekeeping to be applied for the complete payment of such bonds or other evidences of indebtedness at maturity or upon redemption prior to maturity, interest thereon, and redemption premium, if any, would not be considered as outstanding and unpaid.

Each refunding bond issued under the section would be required to state on the bond (a) the object of its issue, (b) this section or the sections of the law under which such issue was made, including a statement that the issue is made in pursuance of such section or sections, and (c) the date and principal amount of the bond or bonds for which the refunding bonds are being issued.

Refunding bonds issued under the section would be paid, and the levy made and the tax collected for their payment, in accordance with section 79-10,110.

Section 3 would repeal the original section.

Explanation of amendments:

The committee amendment incorporates two additional changes to section 1 of the bill. The committee amendment adds the provisions of LB 634, with technical changes to the language used to reference the maximum levy authorized in section 79-10,110. The LB 634 provisions would enable a school district to exceed the maximum levy of five and one-fifth cents per one hundred dollars of taxable valuation authorized by section 79-10,110 in any year in which (a) the taxable valuation of the district is lower than the taxable valuation in the year in which the district last issued bonds pursuant to this section and (b) such maximum levy is insufficient to meet the combined annual principal and interest obligations for all bonds issued pursuant to such section. The amount generated from a district's levy in excess of the maximum levy upon the taxable valuation of the district could not exceed the combined annual principal and interest obligations for such bonds minus the amount generated by levying the maximum levy upon the taxable valuation of the district and minus any federal payments or subsidies associated with such bonds.

The committee amendment also applies the term American Recovery and Reinvestment Act of 2009 bond to the bonds referred to in subsection (3) of section 79-10,110.

Greg Adams, Chairperson