

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 66

Introduced by Schumacher, 22.

Read first time January 08, 2015

Committee: Judiciary

- 1 A BILL FOR AN ACT relating to bonds; to amend section 13-928, Reissue
- 2 Revised Statutes of Nebraska; to require disclosure statements as
- 3 prescribed; to provide for joint and several liability; to harmonize
- 4 provisions; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) The governing body of a school district, city,
2 village, or county which issues bonds shall disclose, in bold type, on
3 the first page of any bond prospectus published in connection with
4 issuing the bonds (a) the amount of any unfunded pension obligations of
5 the school district, city, village, or county, (b) the actual amount of
6 the valuation of the real estate subject to taxation in the school
7 district, city, village, or county, (c) the actual amount of the
8 valuation of the real estate in the school district, city, village, or
9 county that will not be available for payment of the bonds because of tax
10 increment financing, and (d) a statement substantially as follows: It is
11 uncertain if the bonds being issued would have priority over the pension
12 obligations of (insert name of school district, city, village, or county)
13 if it declares bankruptcy.

14 (2) The members of any governing body which offers or sells bonds in
15 violation of this section or offers or sells bonds by means of any untrue
16 statement of a material fact or any omission to state a material fact
17 necessary in order to make the statements, made in the light of the
18 circumstances under which they are made, not misleading shall be jointly
19 and severally liable to the buyer of the bonds if the buyer did not know
20 of the untruth or omission and if the members of the governing body do
21 not sustain the burden of proof that they did not know and in the
22 exercise of reasonable care could not have known of the untruth or
23 omission. The buyer may sue the governing body under the Political
24 Subdivisions Tort Claims Act or the members of the governing body in
25 their individual capacities who voted in favor of the issuance of the
26 bonds to recover the consideration paid for the bond, together with
27 interest at six percent per annum from the date of payment, costs, and
28 reasonable attorney's fees, less the amount of any income received on the
29 bonds, upon the tender of the bonds, or for damages if the buyer no
30 longer owns the bonds. Damages shall be the amount that would be
31 recoverable upon a tender less (a) the value of the bonds when the buyer

1 disposed of them and (b) interest at six percent per annum from the date
2 of disposition. For purposes of this section, the required disclosures in
3 subsection (1) of this section constitute a statement of material fact.

4 Sec. 2. Section 13-928, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 13-928 A cause of action for violation of subsection (1) of section
7 1 of this act arises upon the filing of a petition in bankruptcy by the
8 school district, city, village, or county. The Political Subdivisions
9 Tort Claims Act shall apply to any claim arising under section 1 of this
10 act and any claim arising during the time specified in a notice provided
11 by a political subdivision pursuant to subsection (3) of section 39-1359.

12 Sec. 3. Original section 13-928, Reissue Revised Statutes of
13 Nebraska, is repealed.