

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 870**

Introduced by Crawford, 45; Walz, 15.

Read first time January 09, 2020

Committee: Urban Affairs

- 1 A BILL FOR AN ACT relating to cities and villages; to amend section
- 2 18-201, Revised Statutes Supplement, 2019; to change provisions
- 3 relating to direct borrowing; and to repeal the original section.
- 4 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 18-201, Revised Statutes Supplement, 2019, is  
2 amended to read:

3 18-201 (1) The mayor and the council of any city or board of  
4 trustees of any village, in addition to other powers granted by law, may  
5 by ordinance or resolution provide for direct borrowing from a financial  
6 institution for the purposes outlined in this section. Loans made under  
7 this section shall not be restricted to a single year and may be repaid  
8 in installment payments for a term not to exceed seven years.

9 (2) The mayor and the council of any city or board of trustees of  
10 any village may borrow directly from a financial institution for the (a)  
11 purchase of real or personal property, (b) construction of improvements,  
12 (c) repair or reconstruction of real or personal property, improvements,  
13 or infrastructure damaged as a result of a calamity, (d) provision of  
14 public services temporarily disrupted or suspended as a result of a  
15 calamity, or (e) refinancing of existing indebtedness upon a  
16 certification in the ordinance or resolution authorizing the direct  
17 borrowing that:

18 (i) (a) Financing the (A) purchase of real or personal property, (B)  
19 construction of improvements, (C) repair or reconstruction of real or  
20 personal property, improvements, or infrastructure damaged as a result of  
21 a calamity, (D) provision of public services temporarily disrupted or  
22 suspended as a result of a calamity, or (E) refinancing of existing  
23 indebtedness through traditional bond financing would be impractical;

24 (ii) (b) Financing the (A) purchase of real or personal property,  
25 (B) construction of improvements, (C) repair or reconstruction of real or  
26 personal property, improvements, or infrastructure damaged as a result of  
27 a calamity, (D) provision of public services temporarily disrupted or  
28 suspended as a result of a calamity, or (E) refinancing of existing  
29 indebtedness through traditional bond financing could not be completed  
30 within the time restraints facing the city or village; or

31 (iii) (c) Financing the (A) purchase of real or personal property,

1 (B) construction of improvements, (C) repair or reconstruction of real or  
2 personal property, improvements, or infrastructure damaged as a result of  
3 a calamity, (D) provision of public services temporarily disrupted or  
4 suspended as a result of a calamity, or (E) refinancing of existing  
5 indebtedness through direct borrowing would generate taxpayer savings  
6 over traditional bond financing.

7 (3) Prior to approving direct borrowing under this section, the  
8 council or board of trustees shall include in any public notice required  
9 for meetings a clear notation that an ordinance or resolution authorizing  
10 direct borrowing from a financial institution will appear on the agenda.

11 (4)(a) The total amount of indebtedness attributable to any year  
12 from direct borrowing under this section shall not exceed:

13 (i) For a city of the metropolitan class, city of the primary class,  
14 or city of the first class, ten percent of the municipal budget of the  
15 city; and

16 (ii) For any city of the second class or village, twenty percent of  
17 the municipal budget of the city or village.

18 (b) The limitations on the total amount of indebtedness attributable  
19 to any one year from direct borrowing under this section shall not apply  
20 to direct borrowing for repairs or reconstruction of real or personal  
21 property, improvements, or infrastructure damaged as a result of a  
22 calamity or for the provision of public services temporarily disrupted or  
23 suspended as a result of a calamity.

24 (c) ~~(b)~~ For purposes of this subsection, (i) the amount of any loan  
25 which shall be attributable to any year for purposes of the limitation on  
26 the total amount of indebtedness from direct borrowing is the total  
27 amount of the outstanding loan balance divided by the number of years  
28 over which the loan is to be repaid and (ii) the amount of indebtedness  
29 from any direct borrowing shall only be measured as of the date the  
30 ordinance or resolution providing for such direct borrowing is adopted.

31 (5) Prior to approving direct borrowing under this section, a

1 municipality shall consider, to the extent possible, proposals from  
2 multiple financial institutions.

3 (6) For purposes of this section: ~~τ~~

4 (a) Calamity means a disastrous event, including, but not limited  
5 to, a fire, an earthquake, a flood, a tornado, or other natural event  
6 which damages real or personal property, improvements, or infrastructure  
7 of a city or village or which results in the temporary disruption or  
8 suspension of public services provided by a city or village; and

9 (b) ~~Financial~~ financial institution means a state-chartered or  
10 federally chartered bank, savings bank, building and loan association, or  
11 savings and loan association.

12 Sec. 2. Original section 18-201, Revised Statutes Supplement, 2019,  
13 is repealed.