

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 987**

Introduced by Briese, 41.

Read first time January 12, 2022

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 13-506, 77-1632, and 77-1633, Revised Statutes Supplement, 2021; to  
3 adopt the School District Property Tax Limitation Act; to change  
4 provisions relating to hearings on proposed budget statements; to  
5 harmonize provisions; to provide an operative date; and to repeal  
6 the original sections.

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

1           Section 1. Sections 1 to 4 of this act shall be known and may be  
2 cited as the School District Property Tax Limitation Act.

3           Sec. 2. For purposes of the School District Property Tax Limitation  
4 Act:

5           (1) Approved bonds means bonds as defined in subdivision (1) of  
6 section 10-134 and approved according to law;

7           (2) Property tax request means the total amount of property taxes  
8 requested to be raised for a school district through the levy imposed  
9 pursuant to section 77-1601;

10           (3) Real growth percentage means the percentage obtained by dividing  
11 (a) the school district's real growth value by (b) the school district's  
12 total real property valuation from the prior year;

13           (4) Real growth value means the increase in a school district's real  
14 property valuation from the prior year to the current year due to (a)  
15 improvements to real property as a result of new construction and  
16 additions to existing buildings, (b) any other improvements to real  
17 property which increase the value of such property, and (c) annexation of  
18 property by the school district;

19           (5) School board has the same meaning as in section 79-101; and

20           (6) School district has the same meaning as in section 79-101.

21           Sec. 3. (1) Except as otherwise provided in this section, a school  
22 district's property tax request for any year shall not exceed its request  
23 authority. A school district's request authority for any year shall be  
24 equal to such school district's property tax request from the prior year  
25 increased by the greater of three percent or the percentage increase in  
26 the Consumer Price Index for All Urban Consumers, as prepared by the  
27 United States Department of Labor, Bureau of Labor Statistics, for the  
28 twelve-month period ending on June 30 of the year in which the property  
29 tax request is made. For purposes of calculating request authority under  
30 this subsection, the following amounts shall be excluded from the school  
31 district's property tax request from the prior year:

1       (a) Any amount approved by voters under subsection (3) of this  
2 section that was included in the school district's property tax request  
3 in the prior year; and

4       (b) Any amount described in subsection (4) of this section that was  
5 included in the school district's property tax request in the prior year.

6       (2) A school district may, by majority vote of its school board,  
7 exceed the limit provided in subsection (1) of this section for no more  
8 than two consecutive years, in which case the school district's property  
9 tax request shall be reduced in subsequent years to ensure that the  
10 average annual increase in the school district's property tax requests  
11 over any three-year period does not exceed three percent. For purposes of  
12 calculating the annual increases over such three-year period, the amounts  
13 described in subdivisions (1)(a) and (b) of this section shall be  
14 excluded from the school district's property tax request from the prior  
15 year. Such three-year period shall be measured using the year in which  
16 the school district exceeds such limit as the first year of the period.  
17 If the school district votes to exceed the limit for two consecutive  
18 years, the three-year period shall be measured twice using each of the  
19 two consecutive years as the first year of the applicable three-year  
20 period.

21       (3) A school district may exceed the limit provided in subsection  
22 (1) of this section by an amount approved by a majority of registered  
23 voters voting on the issue in a primary or general election held in an  
24 even-numbered year or in a special election held during the month of May  
25 or November in an odd-numbered year. The school board of the school  
26 district shall call for the submission of the issue to the voters by  
27 passing a resolution, by majority vote of the school board, calling for  
28 exceeding the limit and delivering a copy of the resolution to the county  
29 clerk or election commissioner of every county which contains all or part  
30 of the school district. The resolution shall include the amount which  
31 would be requested in excess of the limit provided in subsection (1) of

1 this section. Any resolution calling for submission of the issue to the  
2 voters at a primary or general election shall be filed with the county  
3 clerk or election commissioner no later than March 1 for placement on the  
4 primary election ballot or September 1 for placement on the general  
5 election ballot. Any resolution calling for submission of the issue to  
6 the voters at a special election shall be filed with the county clerk or  
7 election commissioner no later than March 1 for a May special election or  
8 September 1 for a November special election. Nothing in this section  
9 shall prevent a school district from holding a special election in any  
10 month authorized in the Election Act due to the need to request funds as  
11 a result of a natural disaster. The election shall be held pursuant to  
12 the Election Act. If a majority of the votes cast upon the ballot  
13 question are in favor of allowing the school district to exceed the limit  
14 in subsection (1) of this section, the school district shall be  
15 authorized to do so. If a majority of those voting on the ballot question  
16 do not vote to allow the school district to exceed such limit, the school  
17 district shall not be authorized to do so.

18 (4)(a) The limit in subsection (1) of this section shall not apply  
19 to that portion of a school district's property tax request that is (i)  
20 budgeted for capital improvements to address fire or flood mitigation or  
21 prevention, an environmental hazard, an accessibility barrier, or a life  
22 safety code violation, (ii) pledged to retire approved bonds, (iii)  
23 budgeted to pay for repairs to infrastructure damaged by a natural  
24 disaster, or (iv) budgeted to pay for the portion of wages and benefits  
25 mandated by an order of the Commission of Industrial Relations.

26 (b) For purposes of this subsection:

27 (i) Accessibility barrier means anything which impedes entry into,  
28 exit from, or use of any building or facility by all people; and

29 (ii) Environmental hazard means any contamination of the air, water,  
30 or land surface or subsurface caused by any substance adversely affecting  
31 human health or safety if such substance has been declared hazardous by a

1 federal or state statute, rule, or regulation.

2 (5) A school district may exceed the limit provided in subsection  
3 (1) of this section by an amount equal to the school district's property  
4 tax request from the prior year multiplied by the school district's real  
5 growth percentage.

6 (6)(a) A school district may exceed the limit provided in subsection  
7 (1) of this section by an amount equal to the reduction, if any, in the  
8 school district's certified state aid amount from the prior school fiscal  
9 year to the current school fiscal year resulting from an increase in real  
10 property valuation, excluding any reduction in net option funding under  
11 section 79-1009.

12 (b) For purposes of this subsection, certified state aid amount  
13 means the amount of state aid certified pursuant to section 79-1022.

14 (7) A school district may choose not to increase its property tax  
15 request by the full amount allowed by the school district's request  
16 authority calculated under subsection (1) of this section. In such cases,  
17 the school district may carry forward one-half of the unused request  
18 authority to future years as carryover request authority. Such carryover  
19 request authority may then be used in later years to increase the school  
20 district's property tax request above the amount calculated under  
21 subsection (1) of this section.

22 (8) The limit in subsection (1) of this section shall apply to  
23 property tax requests set in 2023 through 2028. For property tax requests  
24 set in 2029 and thereafter, such limit shall no longer apply.

25 Sec. 4. Any levy which is not in compliance with the School  
26 District Property Tax Limitation Act shall be construed as an  
27 unauthorized levy under section 77-1606.

28 Sec. 5. Section 13-506, Revised Statutes Supplement, 2021, is  
29 amended to read:

30 13-506 (1) Each governing body shall each year or biennial period  
31 conduct a public hearing on its proposed budget statement. Such hearing

1 shall be held separately from any regularly scheduled meeting of the  
2 governing body and shall not be limited by time. Notice of place and time  
3 of such hearing, together with a summary of the proposed budget  
4 statement, shall be published at least four calendar days prior to the  
5 date set for hearing in a newspaper of general circulation within the  
6 governing body's jurisdiction. For purposes of such notice, the four  
7 calendar days shall include the day of publication but not the day of  
8 hearing. When the total operating budget, not including reserves, does  
9 not exceed ten thousand dollars per year or twenty thousand dollars per  
10 biennial period, the proposed budget summary may be posted at the  
11 governing body's principal headquarters. At such hearing, the governing  
12 body shall make at least three copies of the proposed budget statement  
13 available to the public and shall make a presentation outlining key  
14 provisions of the proposed budget statement, including, but not limited  
15 to, a comparison with the prior year's budget. For any school district,  
16 the presentation shall also include information showing that the school  
17 district is in compliance with the School District Property Tax  
18 Limitation Act. Any member of the public desiring to speak on the  
19 proposed budget statement shall be allowed to address the governing body  
20 at the hearing and shall be given a reasonable amount of time to do so.  
21 After such hearing, the proposed budget statement shall be adopted, or  
22 amended and adopted as amended, and a written record shall be kept of  
23 such hearing. The amount to be received from personal and real property  
24 taxation shall be certified to the levying board after the proposed  
25 budget statement is adopted or is amended and adopted as amended. If the  
26 levying board represents more than one county, a member or a  
27 representative of the governing board shall, upon the written request of  
28 any represented county, appear and present its budget at the hearing of  
29 the requesting county. The certification of the amount to be received  
30 from personal and real property taxation shall specify separately (a) the  
31 amount to be applied to the payment of principal or interest on bonds

1 issued by the governing body and (b) the amount to be received for all  
2 other purposes. If the adopted budget statement reflects a change from  
3 that shown in the published proposed budget statement, a summary of such  
4 changes shall be published within twenty calendar days after its adoption  
5 in the manner provided in this section, but without provision for  
6 hearing, setting forth the items changed and the reasons for such  
7 changes.

8 (2) Upon approval by the governing body, the budget shall be filed  
9 with the auditor. The auditor may review the budget for errors in  
10 mathematics, improper accounting, and noncompliance with the Nebraska  
11 Budget Act or sections 13-518 to 13-522. If the auditor detects such  
12 errors, he or she shall immediately notify the governing body of such  
13 errors. The governing body shall correct any such error as provided in  
14 section 13-511. Warrants for the payment of expenditures provided in the  
15 budget adopted under this section shall be valid notwithstanding any  
16 errors or noncompliance for which the auditor has notified the governing  
17 body.

18 (3) Each school district shall include in the notice required  
19 pursuant to subsection (1) of this section the following statement: For  
20 more information on statewide receipts and expenditures, and to compare  
21 cost per pupil and performance to other school districts, go to: [Insert  
22 Internet address for the website established pursuant to section  
23 79-302.01]. In addition, each school district shall electronically  
24 publish such statement on the school district website. Such electronic  
25 publication shall be prominently displayed with an active link to the  
26 Internet address for the website established pursuant to section  
27 79-302.01 to allow the public access to the information.

28 Sec. 6. Section 77-1632, Revised Statutes Supplement, 2021, is  
29 amended to read:

30 77-1632 (1) If the annual assessment of property would result in an  
31 increase in the total property taxes levied by a county, city, village,

1 school district, learning community, sanitary and improvement district,  
2 natural resources district, educational service unit, or community  
3 college, as determined using the previous year's rate of levy, such  
4 political subdivision's property tax request for the current year shall  
5 be no more than its property tax request in the prior year, and the  
6 political subdivision's rate of levy for the current year shall be  
7 decreased accordingly when such rate is set by the county board of  
8 equalization pursuant to section 77-1601. The governing body of the  
9 political subdivision shall pass a resolution or ordinance to set the  
10 amount of its property tax request after holding the public hearing  
11 required in subsection (3) of this section. If the governing body of a  
12 political subdivision seeks to set its property tax request at an amount  
13 that exceeds its property tax request in the prior year, it may do so to  
14 the extent allowed by law after holding the public hearing required in  
15 subsection (3) of this section and by passing a resolution or ordinance  
16 that complies with subsection (4) of this section. If any county, city,  
17 school district, or community college seeks to increase its property tax  
18 request by more than the allowable growth percentage, such political  
19 subdivision shall comply with the requirements of section 77-1633 in lieu  
20 of the requirements in subsections (3) and (4) of this section.

21 (2) If the annual assessment of property would result in no change  
22 or a decrease in the total property taxes levied by a county, city,  
23 village, school district, learning community, sanitary and improvement  
24 district, natural resources district, educational service unit, or  
25 community college, as determined using the previous year's rate of levy,  
26 such political subdivision's property tax request for the current year  
27 shall be no more than its property tax request in the prior year, and the  
28 political subdivision's rate of levy for the current year shall be  
29 adjusted accordingly when such rate is set by the county board of  
30 equalization pursuant to section 77-1601. The governing body of the  
31 political subdivision shall pass a resolution or ordinance to set the



1 amount of its property tax request after holding the public hearing  
2 required in subsection (3) of this section. If the governing body of a  
3 political subdivision seeks to set its property tax request at an amount  
4 that exceeds its property tax request in the prior year, it may do so to  
5 the extent allowed by law after holding the public hearing required in  
6 subsection (3) of this section and by passing a resolution or ordinance  
7 that complies with subsection (4) of this section. If any county, city,  
8 school district, or community college seeks to increase its property tax  
9 request by more than the allowable growth percentage, such political  
10 subdivision shall comply with the requirements of section 77-1633 in lieu  
11 of the requirements in subsections (3) and (4) of this section.

12 (3) The resolution or ordinance required under this section shall  
13 only be passed after a special public hearing called for such purpose is  
14 held and after notice is published in a newspaper of general circulation  
15 in the area of the political subdivision at least four calendar days  
16 prior to the hearing. For purposes of such notice, the four calendar days  
17 shall include the day of publication but not the day of hearing. If the  
18 political subdivision's total operating budget, not including reserves,  
19 does not exceed ten thousand dollars per year or twenty thousand dollars  
20 per biennial period, the notice may be posted at the governing body's  
21 principal headquarters. The hearing notice shall contain the following  
22 information: The certified taxable valuation under section 13-509 for the  
23 prior year, the certified taxable valuation under section 13-509 for the  
24 current year, and the percentage increase or decrease in such valuations  
25 from the prior year to the current year; the dollar amount of the prior  
26 year's tax request and the property tax rate that was necessary to fund  
27 that tax request; the property tax rate that would be necessary to fund  
28 last year's tax request if applied to the current year's valuation; the  
29 proposed dollar amount of the tax request for the current year and the  
30 property tax rate that will be necessary to fund that tax request; the  
31 percentage increase or decrease in the property tax rate from the prior

1 year to the current year; and the percentage increase or decrease in the  
2 total operating budget from the prior year to the current year.

3 (4) Any resolution or ordinance setting a political subdivision's  
4 property tax request under this section at an amount that exceeds the  
5 political subdivision's property tax request in the prior year shall  
6 include, but not be limited to, the following information:

7 (a) The name of the political subdivision;

8 (b) The amount of the property tax request;

9 (c) The following statements:

10 (i) The total assessed value of property differs from last year's  
11 total assessed value by ..... percent;

12 (ii) The tax rate which would levy the same amount of property taxes  
13 as last year, when multiplied by the new total assessed value of  
14 property, would be \$..... per \$100 of assessed value;

15 (iii) The (name of political subdivision) proposes to adopt a  
16 property tax request that will cause its tax rate to be \$..... per \$100  
17 of assessed value; and

18 (iv) Based on the proposed property tax request and changes in other  
19 revenue, the total operating budget of (name of political subdivision)  
20 will (increase or decrease) last year's budget by ..... percent; and

21 (d) The record vote of the governing body in passing such resolution  
22 or ordinance.

23 (5) Any resolution or ordinance setting a property tax request under  
24 this section shall be certified and forwarded to the county clerk on or  
25 before October 15 of the year for which the tax request is to apply.

26 Sec. 7. Section 77-1633, Revised Statutes Supplement, 2021, is  
27 amended to read:

28 77-1633 (1) For purposes of this section, political subdivision  
29 means any county, city, school district, or community college.

30 (2) If any political subdivision seeks to increase its property tax  
31 request by more than the allowable growth percentage, such political

1 subdivision may do so to the extent allowed by law if:

2 (a) A public hearing is held and notice of such hearing is provided  
3 in compliance with subsection (3) of this section; and

4 (b) The governing body of such political subdivision passes a  
5 resolution or an ordinance that complies with subsection (4) of this  
6 section.

7 (3)(a) Each political subdivision within a county that seeks to  
8 increase its property tax request by more than the allowable growth  
9 percentage shall participate in a joint public hearing. Each such  
10 political subdivision shall designate one representative to attend the  
11 joint public hearing on behalf of the political subdivision. If a  
12 political subdivision includes area in more than one county, the  
13 political subdivision shall be deemed to be within the county in which  
14 the political subdivision's principal headquarters are located. At such  
15 hearing, there shall be no items on the agenda other than discussion on  
16 each political subdivision's intent to increase its property tax request  
17 by more than the allowable growth percentage.

18 (b) The joint public hearing shall be held on or after September 17  
19 and prior to September 29 and before any of the participating political  
20 subdivisions file their adopted budget statement pursuant to section  
21 13-508.

22 (c) The joint public hearing shall be held after 6 p.m. local time  
23 on the relevant date.

24 (d) At the joint public hearing, the representative of each  
25 political subdivision shall give a brief presentation on the political  
26 subdivision's intent to increase its property tax request by more than  
27 the allowable growth percentage and the effect of such request on the  
28 political subdivision's budget. The presentation shall include:

29 (i) The name of the political subdivision;

30 (ii) The amount of the property tax request; and

31 (iii) The following statements:

1 (A) The total assessed value of property differs from last year's  
2 total assessed value by ..... percent;

3 (B) The tax rate which would levy the same amount of property taxes  
4 as last year, when multiplied by the new total assessed value of  
5 property, would be \$..... per \$100 of assessed value;

6 (C) The (name of political subdivision) proposes to adopt a property  
7 tax request that will cause its tax rate to be \$..... per \$100 of  
8 assessed value;

9 (D) Based on the proposed property tax request and changes in other  
10 revenue, the total operating budget of (name of political subdivision)  
11 will exceed last year's by ..... percent; and

12 (E) To obtain more information regarding the increase in the  
13 property tax request, citizens may contact the (name of political  
14 subdivision) at (telephone number and email address of political  
15 subdivision).

16 (e) Any member of the public shall be allowed to speak at the joint  
17 public hearing and shall be given a reasonable amount of time to do so.

18 (f) Notice of the joint public hearing shall be provided:

19 (i) By sending a postcard to all affected property taxpayers. The  
20 postcard shall be sent to the name and address to which the property tax  
21 statement is mailed;

22 (ii) By posting notice of the hearing on the home page of the  
23 relevant county's website, except that this requirement shall only apply  
24 if the county has a population of more than twenty-five thousand  
25 inhabitants; and

26 (iii) By publishing notice of the hearing in a legal newspaper in or  
27 of general circulation in the relevant county.

28 (g) Each political subdivision that participates in the joint public  
29 hearing shall send the information prescribed in subdivision (3)(h) of  
30 this section to the county clerk by September 5. The county clerk shall  
31 transmit the information to the county assessor no later than September

1 10. The county clerk shall notify each participating political  
2 subdivision of the date, time, and location of the joint public hearing.  
3 The county assessor shall mail the postcards required in this subsection.  
4 Such postcards shall be mailed at least seven calendar days before the  
5 joint public hearing. The cost of creating and mailing the postcards,  
6 including staff time, materials, and postage, shall be divided among the  
7 political subdivisions participating in the joint public hearing.

8 (h) The postcard sent under this subsection and the notice posted on  
9 the county's website, if required under subdivision (3)(f)(ii) of this  
10 section, and published in the newspaper shall include the date, time, and  
11 location for the joint public hearing, a listing of and telephone number  
12 for each political subdivision that will be participating in the joint  
13 public hearing, and the amount of each participating political  
14 subdivision's property tax request. The postcard shall also contain the  
15 following information:

16 (i) The following words in capitalized type at the top of the  
17 postcard: NOTICE OF PROPOSED TAX INCREASE;

18 (ii) The name of the county that will hold the joint public hearing,  
19 which shall appear directly underneath the capitalized words described in  
20 subdivision (3)(h)(i) of this section;

21 (iii) The following statement: The following political subdivisions  
22 are proposing a revenue increase as a result of property taxes in (insert  
23 current tax year). This notice contains estimates of the tax on your  
24 property and the proposed tax increase on your property as a result of  
25 this revenue increase. These estimates are calculated on the basis of the  
26 proposed (insert current tax year) data. The actual tax on your property  
27 and tax increase on your property may vary from these estimates.

28 (iv) The parcel number for the property;

29 (v) The name of the property owner and the address of the property;

30 (vi) The property's assessed value in the previous tax year;

31 (vii) The amount of property taxes due in the previous tax year for

1 each participating political subdivision;

2 (viii) The property's assessed value for the current tax year;

3 (ix) The amount of property taxes due for the current tax year for  
4 each participating political subdivision;

5 (x) The change in the amount of property taxes due for each  
6 participating political subdivision from the previous tax year to the  
7 current tax year; and

8 (xi) The following statement: To obtain more information regarding  
9 the tax increase, citizens may contact the political subdivision at the  
10 telephone number provided in this notice.

11 (4) After the joint public hearing required in subsection (3) of  
12 this section, the governing body of each participating political  
13 subdivision shall pass an ordinance or resolution to set such political  
14 subdivision's property tax request. If the political subdivision is  
15 increasing its property tax request over the amount from the prior year,  
16 including any increase in excess of the allowable growth percentage, then  
17 such ordinance or resolution shall include, but not be limited to, the  
18 following information:

19 (a) The name of the political subdivision;

20 (b) The amount of the property tax request;

21 (c) The following statements:

22 (i) The total assessed value of property differs from last year's  
23 total assessed value by ..... percent;

24 (ii) The tax rate which would levy the same amount of property taxes  
25 as last year, when multiplied by the new total assessed value of  
26 property, would be \$..... per \$100 of assessed value;

27 (iii) The (name of political subdivision) proposes to adopt a  
28 property tax request that will cause its tax rate to be \$..... per \$100  
29 of assessed value; and

30 (iv) Based on the proposed property tax request and changes in other  
31 revenue, the total operating budget of (name of political subdivision)

1 will exceed last year's by ..... percent; and

2 (d) The record vote of the governing body in passing such resolution  
3 or ordinance.

4 (5) Any resolution or ordinance setting a property tax request under  
5 this section shall be certified and forwarded to the county clerk on or  
6 before October 15 of the year for which the tax request is to apply.

7 (6) The county clerk, or his or her designee, shall prepare a report  
8 which shall include (a) the names of the representatives of the political  
9 subdivisions participating in the joint public hearing and (b) the name  
10 and address of each individual who spoke at the joint public hearing,  
11 unless the address requirement is waived to protect the security of the  
12 individual, and the name of any organization represented by each such  
13 individual. Such report shall be delivered to the political subdivisions  
14 participating in the joint public hearing within ten days after such  
15 hearing.

16 Sec. 8. This act becomes operative on January 1, 2023.

17 Sec. 9. Original sections 13-506, 77-1632, and 77-1633, Revised  
18 Statutes Supplement, 2021, are repealed.