

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1053

Introduced by Karpisek, 32.

Read first time January 22, 2014

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections 13-518
2 and 71-5314, Reissue Revised Statutes of Nebraska, and
3 sections 77-3,119, 77-27,139.03, 81-15,147, and 83-380,
4 Revised Statutes Cumulative Supplement, 2012; to provide
5 state aid to municipalities, counties, and natural
6 resources districts; to harmonize provisions; to provide
7 an operative date; to repeal the original sections; and
8 to declare an emergency.
9 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 section
7 77-3446, if any, due to improvements to real property as a result of
8 new construction, additions to existing buildings, any improvements
9 to real property which increase the value of such property, and any
10 increase in valuation due to annexation and any personal property
11 valuation over the prior year and (b) for community colleges, the
12 percentage increase in excess of the base limitation, if any, in
13 full-time equivalent students from the second year to the first year
14 preceding the year for which the budget is being determined;

15 (2) Capital improvements means (a) acquisition of real
16 property or (b) acquisition, construction, or extension of any
17 improvements on real property;

18 (3) Governing body has the same meaning as in section
19 13-503;

20 (4) Governmental unit means every political subdivision
21 which has authority to levy a property tax or authority to request
22 levy authority under section 77-3443 except sanitary and improvement
23 districts which have been in existence for five years or less and
24 school districts;

25 (5) Qualified sinking fund means a fund or funds

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

7 (6) Restricted funds means (a) property tax, excluding
8 any amounts refunded to taxpayers, (b) payments in lieu of property
9 taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e)
10 state aid, (f) transfers of surpluses from any user fee, permit fee,
11 or regulatory fee if the fee surplus is transferred to fund a service
12 or function not directly related to the fee and the costs of the
13 activity funded from the fee, (g) any funds excluded from restricted
14 funds for the prior year because they were budgeted for capital
15 improvements but which were not spent and are not expected to be
16 spent for capital improvements, (h) the tax provided in sections
17 77-27,223 to 77-27,227 beginning in the second fiscal year in which
18 the county will receive a full year of receipts, and (i) any excess
19 tax collections returned to the county under section 77-1776. Funds
20 received pursuant to the nameplate capacity tax levied under section
21 77-6203 for the first five years after a wind energy generation
22 facility has been commissioned are nonrestricted funds; and

23 (7) State aid means:

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

1 (b) For municipalities, state aid to municipalities paid
2 pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3,190, and
3 77-27,139.04 and section 6 of this act and insurance premium tax paid
4 to municipalities;

5 (c) For counties, state aid to counties paid pursuant to
6 sections 39-2501 to 39-2520 and 60-3,184 to 60-3,190 and section 7 of
7 this act, insurance premium tax paid to counties, and reimbursements
8 to counties from funds appropriated pursuant to section 29-3933;

9 (d) For community colleges, (i) for fiscal years 2010-11,
10 2011-12, and 2012-13, state aid to community colleges paid pursuant
11 to section 90-517 and (ii) for fiscal year 2013-14 and each fiscal
12 year thereafter, state aid to community colleges paid pursuant to the
13 Community College Aid Act;

14 (e) For educational service units, state aid appropriated
15 under sections 79-1241.01 and 79-1241.03; ~~and~~

16 (f) For local public health departments as defined in
17 section 71-1626, state aid as distributed under section 71-1628.08;
18 and -

19 (g) For natural resources districts, state aid to natural
20 resources districts paid pursuant to section 8 of this act.

21 Sec. 2. Section 71-5314, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 71-5314 Sections 71-5314 to 71-5327 and section 3 of this
24 act shall be known and may be cited as the Drinking Water State
25 Revolving Fund Act.

1 Sec. 3. If a municipality, county, or natural resources
2 district fails to make any payment pursuant to a loan within sixty
3 days of the date due, such payment shall be deducted from the amount
4 of aid to municipalities, counties, or natural resources districts to
5 which the municipality, county, or natural resources district is
6 entitled under sections 6 to 8 of this act. Such amount shall be paid
7 directly to the fund from which the loan was made.

8 Sec. 4. Section 77-3,119, Revised Statutes Cumulative
9 Supplement, 2012, is amended to read:

10 77-3,119 (1) The Tax Commissioner shall certify the
11 population of cities and villages to be used for purposes of
12 calculations made pursuant to subdivision (4) of section 18-2603,
13 subdivisions (3)(a) and (b) of section 35-1205, subdivision (1) of
14 section 39-2517, and sections 39-2513 and 77-27,139.02 and section 6
15 of this act. The Tax Commissioner shall transmit copies of such
16 certification to all interested parties upon request.

17 (2) The Tax Commissioner shall certify the population of
18 each city and village based upon the most recent federal census. The
19 Tax Commissioner shall determine the most recent federal census for
20 each city and village by using the most recent federal census figures
21 available from (a) the most recent federal decennial census, (b) the
22 most recent federal census update or recount certified by the United
23 States Bureau of the Census, or (c) the most recent federal census
24 figure of the city or village plus the population of territory
25 annexed as calculated in sections 18-1753 and 18-1754.

1 (3) The Tax Commissioner may adopt and promulgate rules
2 and regulations to carry out this section.

3 Sec. 5. Section 77-27,139.03, Revised Statutes Cumulative
4 Supplement, 2012, is amended to read:

5 77-27,139.03 (1) State aid provided to municipalities
6 pursuant to sections 77-27,139.01 to 77-27,139.04 shall be calculated
7 by determining the average property tax levy for operational purposes
8 other than for principal and interest payments on the indebtedness of
9 all incorporated municipalities. The Auditor of Public Accounts shall
10 provide to the Department of Revenue a list of the bond and nonbond
11 tax request amounts from the most recent budgets filed by
12 incorporated municipalities. The information shall be used to
13 calculate the bond and nonbond tax levies for aid purposes under this
14 section. The auditor shall provide the information to the department
15 by February 1 each year.

16 (2) Each municipality shall receive state aid from the
17 Municipal Equalization Fund equal to (a) the product of the average
18 per capita property tax of the appropriate population group
19 multiplied by the current population of the municipality minus (b)
20 the product of the average property tax levy multiplied by the
21 certified valuation within the incorporated municipality, except that
22 a municipality shall not receive any aid under this section if the
23 calculation results in a negative number.

24 (3) If a municipal tax levy for operational purposes was
25 less than the average property tax levy in the immediately preceding

1 fiscal year, the state aid provided to such municipality shall be
2 reduced by twenty percent for each one-cent increment the levy was
3 below the average property tax levy but the reduction shall not
4 exceed eighty percent.

5 (4) If the amount of money in the Municipal Equalization
6 Fund is less than the total amount of state aid for all
7 municipalities as required by the allocation formula in subsection
8 (2) of this section, the money in the fund shall be allocated on a
9 prorated basis to such municipalities. If the amount of money in the
10 fund is more than the total amount of state aid for municipalities as
11 required by the allocation formula, the excess money in the fund
12 ~~shall be credited to the General Fund. that is in excess of three~~
13 hundred thousand dollars shall be credited to the General Fund and
14 the first three hundred thousand dollars shall be distributed in the
15 same manner as provided in section 6 of this act to municipalities
16 that have not adopted a local option sales tax by January 1 of the
17 fiscal year for which the Municipal Equalization Fund is distributed.

18 Sec. 6. (1) The Legislature may appropriate funds
19 collected by a general sales tax and income tax for aid to
20 incorporated municipalities.

21 (2) The appropriation made pursuant to the authority in
22 this section for aid to incorporated municipalities shall be
23 allocated by the Tax Commissioner to the various incorporated
24 municipalities. The Tax Commissioner shall determine the amount to be
25 distributed to the incorporated municipalities and certify such

1 amounts by voucher to the Director of Administrative Services. Each
2 amount shall be distributed in seven as nearly as possible equal
3 monthly payments on the last business day of each month beginning in
4 December. The State Treasurer shall, on the business day preceding
5 the last business day of each month, notify the Director of
6 Administrative Services of the amount of funds available in the
7 General Fund for payment purposes. The Director of Administrative
8 Services shall, on the last business day of each month, draw warrants
9 against funds appropriated. The Tax Commissioner shall compute the
10 amount due the incorporated municipalities on the ratio of the
11 population of the particular incorporated municipality to the total
12 population of all incorporated municipalities in the state as
13 determined by the most recent federal census figures certified by the
14 Tax Commissioner as provided in section 77-3,119, which amounts shall
15 be placed in the general fund of such municipalities.

16 Sec. 7. (1) The Legislature shall appropriate funds as
17 aid to counties in an amount equal to a percentage of the total real
18 and personal property valuation of all counties, such percent to be
19 not less than .0075 percent nor more than .0125 percent.

20 (2) Of the appropriation, each county shall receive
21 thirty thousand dollars and the remaining amount shall be distributed
22 to each county on the basis of the ratio of the total real and
23 personal property valuation in the county to the total real and
24 personal property valuation in the state.

25 (3) The Tax Commissioner shall determine the amount to be

1 distributed to the various counties under this section and certify
2 such amounts to the Director of Administrative Services on or before
3 July 1 of each year. Each amount shall be distributed in nine as
4 nearly as possible equal monthly payments on the last business day of
5 each month beginning in September.

6 Sec. 8. The Legislature may appropriate funds collected
7 by a general sales tax and income tax for aid to natural resources
8 districts. The appropriation for aid to natural resources districts
9 shall be distributed to the various natural resources districts of
10 the state on the basis of the ratio of the total amount of property
11 taxes levied by the particular natural resources district to the
12 total amount of property taxes levied by all natural resources
13 districts within the state based on amounts stated in the most recent
14 certificate of taxes levied statement and schedules submitted by each
15 county pursuant to section 77-1613.01. For purposes of calculating
16 the ratio in this section, in determining the total amount of
17 property taxes levied by natural resources districts, the total shall
18 exclude those property taxes levied for the payment of principal or
19 interest on bonds. The Tax Commissioner shall determine the amount to
20 be distributed to the various natural resources districts and certify
21 such amounts by voucher to the Director of Administrative Services.
22 Each amount shall be distributed in seven as nearly as possible equal
23 monthly payments between the fifth and twentieth day of each month
24 beginning in December. The State Treasurer shall, between the fifth
25 and twentieth day of each month, notify the Director of

1 Administrative Services of the amount of funds available in the
2 General Fund for payment purposes. The Director of Administrative
3 Services shall, upon receipt of such notification and vouchers, draw
4 warrants against funds appropriated. The proceeds of the payments
5 received by the various natural resources districts shall be credited
6 to the general fund of the district.

7 Sec. 9. Each political subdivision receiving funds as
8 provided by sections 6 to 8 of this act shall take into consideration
9 the amount it will receive under such sections during its fiscal year
10 in determining its tax levy for that fiscal year.

11 Sec. 10. Section 81-15,147, Revised Statutes Cumulative
12 Supplement, 2012, is amended to read:

13 81-15,147 Sections 81-15,147 to 81-15,157 and section 11
14 of this act shall be known and may be cited as the Wastewater
15 Treatment Facilities Construction Assistance Act.

16 Sec. 11. If a municipality or county fails to make any
17 payment pursuant to a loan within sixty days of the date due, such
18 payment shall be deducted from the amount of aid to municipalities or
19 counties to which the municipality or county is entitled under
20 section 6 or 7 of this act. Such amount shall be paid directly to the
21 Wastewater Treatment Facilities Construction Loan Fund.

22 Sec. 12. Section 83-380, Revised Statutes Cumulative
23 Supplement, 2012, is amended to read:

24 83-380 Within thirty days after June 30, 1971, and each
25 year thereafter, the department shall certify to the Director of

1 Administrative Services all amounts not previously certified due to
2 each state institution from the several counties having patients
3 chargeable thereto. The Director of Administrative Services shall
4 thereupon notify the county clerk of each county of the amount each
5 county owes. The county board shall add to its next levy an amount
6 sufficient to raise the amount certified as due. The county shall pay
7 the amount certified into the state treasury on or before the next
8 June 1 following such certification.

9 From any county which fails to pay the total amount
10 certified as due annually by the next June 1 following certification,
11 there shall be withheld by the State Treasurer from the next
12 allocation to such county due under the provisions of section 7 of
13 this act an amount sufficient to equal the amount unpaid from such
14 county which amount shall be deducted from the county's portion and
15 not the municipalities' under section 6 of this act. The State
16 Treasurer shall credit the amount withheld the same as if the county
17 had paid it when due as above provided.

18 Sec. 13. This act becomes operative on July 1, 2014.

19 Sec. 14. Original sections 13-518 and 71-5314, Reissue
20 Revised Statutes of Nebraska, and sections 77-3,119, 77-27,139.03,
21 81-15,147, and 83-380, Revised Statutes Cumulative Supplement, 2012,
22 are repealed.

23 Sec. 15. Since an emergency exists, this act takes effect
24 when passed and approved according to law.