

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1059**

FINAL READING

Introduced by Crawford, 45.

Read first time January 20, 2016

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to municipalities; to amend sections 18-2119,  
2 18-2701, 18-2703, and 18-2714, Reissue Revised Statutes of Nebraska,  
3 and section 18-2705, Revised Statutes Supplement, 2015; to require  
4 certain disclosures under the Community Development Law and the  
5 Local Option Municipal Economic Development Act; to provide for  
6 redeveloper duties; to define and redefine terms; to provide for  
7 workforce housing plan and economic development program disclosures;  
8 to harmonize provisions; to provide severability; and to repeal the  
9 original sections.  
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 18-2119, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 18-2119 (1) An authority shall, by public notice by publication once  
4 each week for two consecutive weeks in a legal newspaper having a general  
5 circulation in the city, prior to the consideration of any redevelopment  
6 contract proposal relating to real estate owned or to be owned by the  
7 authority, invite proposals from, and make available all pertinent  
8 information to, private redevelopers or any persons interested in  
9 undertaking the redevelopment of an area, or any part thereof, which the  
10 governing body has declared to be in need of redevelopment. Such notice  
11 shall identify the area, and shall state that such further information as  
12 is available may be obtained at the office of the authority. The  
13 authority shall consider all redevelopment proposals and the financial  
14 and legal ability of the prospective redevelopers to carry out their  
15 proposals and may negotiate with any redevelopers for proposals for the  
16 purchase or lease of any real property in the redevelopment project area.  
17 The authority may accept such redevelopment contract proposal as it deems  
18 to be in the public interest and in furtherance of the purposes of the  
19 Community Development Law if the authority has, not less than thirty days  
20 prior thereto, notified the governing body in writing of its intention to  
21 accept such redevelopment contract proposal. Thereafter, the authority  
22 may execute such redevelopment contract in accordance with the provisions  
23 of section 18-2118 and deliver deeds, leases, and other instruments and  
24 take all steps necessary to effectuate such redevelopment contract. In  
25 its discretion, the authority may, without regard to the foregoing  
26 provisions of this section, dispose of real property in a redevelopment  
27 project area to private redevelopers for redevelopment under such  
28 reasonable competitive bidding procedures as it shall prescribe, subject  
29 to the provisions of section 18-2118.

30 (2) In the case of any real estate owned by a redeveloper, the  
31 authority may enter into a redevelopment contract providing for such

1 undertakings as the authority shall determine appropriate. Any such  
2 redevelopment contract relating to real estate within an enhanced  
3 employment area shall include a statement of the redeveloper's consent  
4 with respect to the designation of the area as an enhanced employment  
5 area, shall be recorded with respect to the real estate owned by the  
6 redeveloper, and shall be binding upon all future owners of such real  
7 estate.

8 (3)(a) Prior to entering into a redevelopment contract pursuant to  
9 this section for a redevelopment plan that includes the use of tax-  
10 increment financing as provided in section 18-2147, the authority shall  
11 require the redeveloper to certify the following to the authority:

12 (i) Whether the redeveloper has filed or intends to file an  
13 application with the Department of Revenue to receive tax incentives  
14 under the Nebraska Advantage Act for a project located or to be located  
15 within the redevelopment project area;

16 (ii) Whether such application includes or will include, as one of  
17 the tax incentives, a refund of the city's local option sales tax  
18 revenue; and

19 (iii) Whether such application has been approved under the Nebraska  
20 Advantage Act.

21 (b) The authority may consider the information provided under  
22 subdivision (3)(a) of this section in determining whether to enter into  
23 the redevelopment contract.

24 Sec. 2. Section 18-2701, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 18-2701 Sections 18-2701 to 18-2739 and sections 5, 6, and 8 of this  
27 act shall be known and may be cited as the Local Option Municipal  
28 Economic Development Act.

29 Sec. 3. Section 18-2703, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 18-2703 For purposes of the Local Option Municipal Economic

1 Development Act, the definitions found in sections 18-2703.01 to 18-2709  
2 and section 5 of this act shall be used.

3 Sec. 4. Section 18-2705, Revised Statutes Supplement, 2015, is  
4 amended to read:

5 18-2705 (1) Economic development program means any project or  
6 program utilizing funds derived from local sources of revenue for the  
7 purpose of providing direct or indirect financial assistance to a  
8 qualifying business or the payment of related costs and expenses or both,  
9 without regard to whether that business is identified at the time the  
10 project or program is initiated or is to be determined by specified means  
11 at some time in the future.

12 (2) An economic development program may include, but shall not be  
13 limited to, the following activities: Direct loans or grants to  
14 qualifying businesses for fixed assets or working capital or both; loan  
15 guarantees for qualifying businesses; grants for public works  
16 improvements which are essential to the location or expansion of, or the  
17 provision of new services by, a qualifying business; grants or loans to  
18 qualifying businesses for job training; the purchase of real estate,  
19 options for such purchases, and the renewal or extension of such options;  
20 grants or loans to qualifying businesses to provide relocation incentives  
21 for new residents; the issuance of bonds as provided for in the Local  
22 Option Municipal Economic Development Act; and payments for salaries and  
23 support of city staff to implement the economic development program or  
24 the contracting of such to an outside entity.

25 (3) For cities of the first and second class and villages, an  
26 economic development program may also include grants or loans for the  
27 construction or rehabilitation for sale or lease of housing for persons  
28 of low or moderate income.

29 (4) For cities of the first and second class and villages, an  
30 economic development program may also include grants, loans, or funds for  
31 rural infrastructure development as defined in section 66-2102.

1       (5) For cities of the first and second class and villages, an  
2 economic development program may also include grants or loans for the  
3 construction or rehabilitation for sale or lease of housing as part of a  
4 workforce housing plan.

5       (6 5) An economic development program may be conducted jointly by  
6 two or more cities after the approval of the program by the voters of  
7 each participating city.

8       Sec. 5. Workforce housing plan means a program to construct or  
9 rehabilitate single-family housing or market rate multi-family housing  
10 which is designed to address a housing shortage that impairs the ability  
11 of the city to attract new businesses or impairs the ability of existing  
12 businesses to recruit new employees.

13       Sec. 6. If the proposed economic development program involves the  
14 making of grants or loans for the construction or rehabilitation for sale  
15 or lease of housing as part of a workforce housing plan, the proposed  
16 plan shall include:

17       (1) An assessment of current housing stock in the city, including  
18 both single-family and market rate multi-family housing;

19       (2) Whether the plan will also include housing for persons of low or  
20 moderate income under section 18-2710.01;

21       (3) Such other factors, as determined by the city, which are  
22 particularly relevant in assessing the conditions faced by existing  
23 businesses in recruiting new employees; and

24       (4) Such other factors, as determined by the city, which are  
25 particularly relevant in assessing the conditions faced by persons  
26 seeking new or rehabilitated housing in the city.

27       Sec. 7. Section 18-2714, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29       18-2714 (1) After approval by the voters of an economic development  
30 program, the governing body of the city shall, within forty-five days  
31 after such approval, establish the economic development program by

1 ordinance in conformity with the terms of such program as set out in the  
2 original enabling resolution.

3 (2) After the adoption of the ordinance establishing the economic  
4 development program, such ordinance shall only be amended ~~(a) to conform~~  
5 ~~to the provisions of any existing or future state or federal law or (b)~~  
6 after the governing body of the city (a) gives notice of and holds , at  
7 least one public hearing on the proposed changes, (b) approves the  
8 proposed changes by and a two-thirds vote of the members of such the  
9 governing body, and (c) except as provided in subsection (3) of this  
10 section, submits the proposed changes to a new vote of the registered  
11 voters of the city in the manner provided in section 18-2713 of the city,  
12 ~~when necessary to accomplish the purposes of the original enabling~~  
13 ~~resolution.~~

14 (3) ~~A The governing body of a city shall not amend the economic~~  
15 ~~development program so as to fundamentally alter its basic structure or~~  
16 ~~goals, either with regard to the qualifying businesses that are eligible~~  
17 ~~to participate, the local sources of revenue used to fund the program,~~  
18 ~~the uses of the funds collected, or the basic terms set out in the~~  
19 ~~original enabling resolution, without submitting the proposed changes to~~  
20 ~~a new vote of the registered voters of the city is not required for the~~  
21 following types of amendments to an economic development program: in the  
22 manner provided for in section 18-2713.

23 (a) An amendment adding a type of qualifying business to those that  
24 are eligible to participate in the economic development program or  
25 removing a type of qualifying business from those that are eligible to  
26 participate in such program if such addition or removal is recommended by  
27 the citizen advisory review committee established under section 18-2715;

28 (b) An amendment making corrective changes to comply with the Local  
29 Option Municipal Economic Development Act; or

30 (c) An amendment making corrective changes to comply with any other  
31 existing or future state or federal law.

1           (4) The governing body of a city may, at any time after the adoption  
2 of the ordinance establishing the economic development program, by a two-  
3 thirds vote of the members of the governing body, repeal the ordinance in  
4 its entirety and end the economic development program, subject only to  
5 the provisions of any existing contracts relating to such program and the  
6 rights of any third parties arising from those contracts. Prior to such  
7 vote by the governing body, it shall publish notice of its intent to  
8 consider the repeal and hold a public hearing on the issue. Any funds in  
9 the custody of the city for such economic development program which are  
10 not spent or committed at the time of the repeal and any funds to be  
11 received in the future from the prior operation of the economic  
12 development program shall be placed into the general fund of the city.

13           Sec. 8. (1) At the time that a qualifying business applies to a  
14 city to participate in an economic development program, the qualifying  
15 business shall certify the following to the city:

16           (a) Whether the qualifying business has filed or intends to file an  
17 application with the Department of Revenue to receive tax incentives  
18 under the Nebraska Advantage Act for the same project for which the  
19 qualifying business is seeking financial assistance under the Local  
20 Option Municipal Economic Development Act;

21           (b) Whether such application includes or will include, as one of the  
22 tax incentives, a refund of the city's local option sales tax revenue;  
23 and

24           (c) Whether such application has been approved under the Nebraska  
25 Advantage Act.

26           (2) The city may consider the information provided under this  
27 section in determining whether to provide financial assistance to the  
28 qualifying business under the Local Option Municipal Economic Development  
29 Act.

30           Sec. 9. If any section in this act or any part of any section is  
31 declared invalid or unconstitutional, the declaration shall not affect

1 the validity or constitutionality of the remaining portions.

2 Sec. 10. Original sections 18-2119, 18-2701, 18-2703, and 18-2714,  
3 Reissue Revised Statutes of Nebraska, and section 18-2705, Revised  
4 Statutes Supplement, 2015, are repealed.