

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 324

FINAL READING
(SECOND)

Introduced by McCollister, 20; Coash, 27; Craighead, 6; Crawford, 45;
Ebke, 32; Hughes, 44.

Read first time January 15, 2015

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to sanitary and improvement districts; to
2 amend sections 31-727, 31-727.03, 31-729, 31-740, 31-763, and
3 31-766, Reissue Revised Statutes of Nebraska; to provide
4 authorization to contract for solid waste collection services; to
5 provide additional powers for certain sanitary and improvement
6 districts subject to approval as prescribed; to require
7 acknowledgments to be obtained from purchasers of real estate within
8 sanitary and improvement districts as prescribed; and to repeal the
9 original sections.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 31-727, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 31-727 (1)(a) A majority of the owners having an interest in the
4 real property within the limits of a proposed sanitary and improvement
5 district, situated in one or more counties in this state, may form a
6 sanitary and improvement district for the purposes of installing electric
7 service lines and conduits, a sewer system, a water system, an emergency
8 management warning system, a system of sidewalks, public roads, streets,
9 and highways, public waterways, docks, or wharfs, and related
10 appurtenances, contracting for water for fire protection and for resale
11 to residents of the district, contracting for police protection and
12 security services, contracting for solid waste collection services,
13 contracting for access to the facilities and use of the services of the
14 library system of one or more neighboring cities or villages, and
15 contracting for gas and for electricity for street lighting for the
16 public streets and highways within such proposed district, constructing
17 and contracting for the construction of dikes and levees for flood
18 protection for the district, and acquiring, improving, and operating
19 public parks, playgrounds, and recreational facilities.

20 (b) The sanitary and improvement district may also contract with a
21 county within which all or a portion of such sanitary and improvement
22 district is located or a city within whose zoning jurisdiction such
23 sanitary and improvement district is located for any public purpose
24 specifically authorized in this section.

25 (c) Sanitary and improvement districts located in any county which
26 has a city of the metropolitan class within its boundaries or in any
27 adjacent county which has adopted a comprehensive plan may contract with
28 other sanitary and improvement districts to acquire, build, improve, and
29 operate public parks, playgrounds, and recreational facilities for the
30 joint use of the residents of the contracting districts.

31 (d) Nothing in this section shall authorize districts to purchase

1 electric service and resell the same.

2 (e) The district, in lieu of establishing its own water system, may
3 contract with any utilities district, municipality, or corporation for
4 the installation of a water system and for the provision of water service
5 for fire protection and for the use of the residents of the district.

6 (f) For the purposes listed in this section, such majority of the
7 owners may make and sign articles of association in which shall be stated
8 (i) the name of the district, (ii) that the district will have perpetual
9 existence, (iii) the limits of the district, (iv) the names and places of
10 residence of the owners of the land in the proposed district, (v) the
11 description of the several tracts of land situated in the district owned
12 by those who may organize the district, (vi) the name or names and the
13 description of the real estate owned by such owners as do not join in the
14 organization of the district but who will be benefited thereby, and (vii)
15 whether the purpose of the corporation is installing gas and electric
16 service lines and conduits, installing a sewer system, installing a water
17 system, installing a system of public roads, streets, and highways,
18 public waterways, docks, or wharfs, and related appurtenances,
19 contracting for water for fire protection and for resale to residents of
20 the district, contracting for police protection and security services,
21 contracting for solid waste collection services, contracting for access
22 to the facilities and use of the services of the library system of one or
23 more neighboring cities or villages, contracting for street lighting for
24 the public streets and highways within the proposed district,
25 constructing or contracting for the construction of dikes and levees for
26 flood protection of the proposed district, acquiring, improving, and
27 operating public parks, playgrounds, and recreational facilities, or,
28 when permitted by this section, contracting with other sanitary and
29 improvement districts to acquire, build, improve, and operate public
30 parks, playgrounds, and recreational facilities for the joint use of the
31 residents of the contracting districts, contracting for any public

1 purpose specifically authorized in this section, or combination of any
2 one or more of such purposes, or all of such purposes. Such owners of
3 real estate as are unknown may also be set out in the articles as such.

4 (g) No sanitary and improvement district may own or hold land in
5 excess of ten acres, unless such land so owned and held by such district
6 is actually used for a public purpose, as provided in this section,
7 within three years of its acquisition. Any sanitary and improvement
8 district which has acquired land in excess of ten acres in area and has
9 not devoted the same to a public purpose, as set forth in this section,
10 within three years of the date of its acquisition, shall devote the same
11 to a use set forth in this section or shall divest itself of such land.
12 When a district divests itself of land pursuant to this section, it shall
13 do so by sale at public auction to the highest bidder after notice of
14 such sale has been given by publication at least three times for three
15 consecutive weeks prior to the date of sale in a legal newspaper of
16 general circulation within the area of the district.

17 (2) The articles of association shall further state that the owners
18 of real estate so forming the district for such purposes are willing and
19 obligate themselves to pay the tax or taxes which may be levied against
20 all the property in the district and special assessments against the real
21 property benefited which may be assessed against them to pay the expenses
22 that may be necessary to install a sewer or water system or both a sewer
23 and water system, the cost of water for fire protection, the cost of
24 grading, changing grade, paving, repairing, graveling, regrading,
25 widening, or narrowing sidewalks and roads, resurfacing or relaying
26 existing pavement, or otherwise improving any public roads, streets, or
27 highways within the district, including protecting existing sidewalks,
28 streets, highways, and roads from floods or erosion which has moved
29 within fifteen feet from the edge of such sidewalks, streets, highways,
30 or roads, regardless of whether such flooding or erosion is of natural or
31 artificial origin, the cost of constructing public waterways, docks, or

1 wharfs, and related appurtenances, the cost of constructing or
2 contracting for the construction of dikes and levees for flood protection
3 for the district, the cost of contracting for water for fire protection
4 and for resale to residents of the district, the cost of contracting for
5 police protection and security services, the cost of contracting for
6 solid waste collection services, the cost of contracting for access to
7 the facilities and use of the services of the library system of one or
8 more neighboring cities or villages, the cost of electricity for street
9 lighting for the public streets and highways within the district, the
10 cost of installing gas and electric service lines and conduits, the cost
11 of acquiring, improving, and operating public parks, playgrounds, and
12 recreational facilities, and, when permitted by this section, the cost of
13 contracting for building, acquiring, improving, and operating public
14 parks, playgrounds, and recreational facilities, and the cost of
15 contracting for any public purpose specifically authorized in this
16 section, as provided by law.

17 (3) The articles shall propose the names of five or more trustees
18 who are (a) owners of real estate located in the proposed district or (b)
19 designees of the owners if the real estate is owned by a limited
20 partnership, a general partnership, a limited liability company, a
21 public, private, or municipal corporation, an estate, or a trust. These
22 five trustees shall serve as a board of trustees until their successors
23 are elected and qualified if such district is organized. No corporation
24 formed or hereafter formed shall perform any new functions, other than
25 those for which the corporation was formed, without amending its articles
26 of association to include the new function or functions.

27 (4) After the articles are signed, the same shall be filed in the
28 office of the clerk of the district court of the county in which such
29 sanitary and improvement district is located or, if such sanitary and
30 improvement district is composed of tracts or parcels of land in two or
31 more different counties, in the office of the clerk of the district court

1 for the county in which the greater portion of such proposed sanitary and
2 improvement district is located, together with a petition praying that
3 the same may be declared a sanitary and improvement district under
4 sections 31-727 to 31-762.

5 (5) Notwithstanding the repeal of sections 31-701 to 31-726.01 by
6 Laws 1996, LB 1321:

7 (a) Any sanitary and improvement district organized pursuant to such
8 sections and in existence on July 19, 1996, shall, after August 31, 2003,
9 be treated for all purposes as if formed and organized pursuant to
10 sections 31-727 to 31-762;

11 (b) Any act or proceeding performed or conducted by a sanitary and
12 improvement district organized pursuant to such repealed sections shall
13 be deemed lawful and within the authority of such sanitary and
14 improvement district to perform or conduct after August 31, 2003; and

15 (c) Any trustees of a sanitary and improvement district organized
16 pursuant to such repealed sections and lawfully elected pursuant to such
17 repealed sections or in conformity with the provisions of sections 31-727
18 to 31-762 shall be deemed for all purposes, on and after August 31, 2003,
19 to be lawful trustees of such sanitary and improvement district for the
20 term provided by such sections. Upon the expiration of the term of office
21 of a trustee or at such time as there is a vacancy in the office of any
22 such trustee prior to the expiration of his or her term, his or her
23 successors or replacement shall be elected pursuant to sections 31-727 to
24 31-762.

25 (6)(a) A sanitary and improvement district that meets the
26 requirements of this subsection shall have the additional powers provided
27 for in subdivision (b) of this subsection, subject to the approval and
28 restrictions established by the city council or village board within
29 whose zoning jurisdiction the sanitary and improvement district is
30 located and the county board in which a majority of the sanitary and
31 improvement district is located. The sanitary and improvement district

1 shall be (i) located in a county with a population less than one hundred
2 thousand inhabitants, (ii) located predominately in a county different
3 from the county of the municipality within whose zoning jurisdiction such
4 sanitary and improvement district is located, (iii) unable to incorporate
5 due to its close proximity to a municipality, and (iv) unable to be
6 annexed by a municipality with zoning jurisdiction because the sanitary
7 and improvement district is not adjacent or contiguous to such
8 municipality.

9 (b) Any sanitary and improvement district that meets the
10 requirements of subdivision (6)(a) of this section shall have only the
11 following additional powers, subject to the approval and restrictions of
12 the city council or village board within whose zoning jurisdiction such
13 sanitary and improvement district is located and the county board in
14 which a majority of the sanitary and improvement district is located.
15 Such sanitary and improvement district shall have the power to (i)
16 regulate and license dogs and other animals, (ii) regulate and provide
17 for streets and sidewalks, including the removal of obstructions and
18 encroachments, (iii) regulate parking on public roads and rights-of-way
19 relating to snow removal and access by emergency vehicles, and (iv)
20 regulate the parking of abandoned motor vehicles.

21 (7 ~~6~~) For the purposes of sections 31-727 to 31-762 and 31-771 to
22 31-780, unless the context otherwise requires:

23 (a) Public waterways means artificially created boat channels
24 dedicated to public use and providing access to navigable rivers or
25 streams;

26 (b) Operation and maintenance expenses means and includes, but is
27 not limited to, salaries, cost of materials and supplies for operation
28 and maintenance of the district's facilities, cost of ordinary repairs,
29 replacements, and alterations, cost of surety bonds and insurance, cost
30 of audits and other fees, and taxes;

31 (c) Capital outlay means expenditures for construction or

1 reconstruction of major permanent facilities having an expected long
2 life, including, but not limited to, street paving and curbs, storm and
3 sanitary sewers, and other utilities;

4 (d) Warrant means an investment security under article 8, Uniform
5 Commercial Code, in the form of a short-term, interest-bearing order
6 payable on a specified date issued by the board of trustees or
7 administrator of a sanitary and improvement district to be paid from
8 funds expected to be received in the future, and includes, but is not
9 limited to, property tax collections, special assessment collections, and
10 proceeds of sale of general obligation bonds;

11 (e) General obligation bond means an investment security under
12 article 8, Uniform Commercial Code, in the form of a long-term, written
13 promise to pay a specified sum of money, referred to as the face value or
14 principal amount, at a specified maturity date or dates in the future,
15 plus periodic interest at a specified rate; and

16 (f) Administrator means the person appointed by the Auditor of
17 Public Accounts pursuant to section 31-771 to manage the affairs of a
18 sanitary and improvement district and to exercise the powers of the board
19 of trustees during the period of the appointment to the extent prescribed
20 in sections 31-727 to 31-780.

21 Sec. 2. Section 31-727.03, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 31-727.03 (1) On or before December 31 of each year, the clerk of
24 each sanitary and improvement district shall file with the register of
25 deeds or, if none, the county clerk of the county or counties in which
26 the sanitary and improvement district is located a statement updated each
27 December 31 containing the following information:

28 (a 1) The names of the members of the current board of trustees of
29 the district;

30 (b 2) The names of the current attorney, accountant, and fiscal
31 agent of the district;

1 (c 3) The warrant and the bond principal indebtedness of the
2 district as of the preceding June 30. Such statement shall contain an
3 acknowledgment that the warrant and indebtedness are reflective of such
4 date; and

5 (d 4) The current bond tax levy and the current operating levy of
6 the district, as described in section 31-739, as of December 31.

7 For any late filing of the statement, the sanitary and improvement
8 district shall be assessed a late fee of ten dollars per day, not to
9 exceed a total of three hundred dollars for each late filing.

10 (2) The real estate broker or salesperson or, if none, the owner
11 shall distribute the most recent statement filed in accordance with this
12 section to any prospective purchaser of any real estate located within a
13 sanitary and improvement district.

14 (3) The real estate broker or salesperson or, if none, the owner
15 shall obtain an acknowledgment from any purchaser of any real estate
16 located within a sanitary and improvement district that the purchaser
17 understands: (a) The property is located within a sanitary and
18 improvement district; (b) sanitary and improvement districts are located
19 outside the corporate limits of any municipality; (c) residents of
20 sanitary and improvement districts are not eligible to vote in municipal
21 elections; and (d) owners of property located within sanitary and
22 improvement districts have limited access to services provided by nearby
23 municipalities until and unless the property is annexed by the
24 municipality. Such acknowledgment may be obtained separately from the
25 disclosure required under section 76-2,120.

26 (4) The statement shall be distributed and the acknowledgment
27 obtained on or before the date on which the purchaser becomes obligated
28 to purchase such real estate. The exclusive remedy for failure to provide
29 such statements and obtain such acknowledgments shall be an action for
30 damages, and any such failure shall not affect title to the real estate
31 or the validity of the conveyance.

1 Sec. 3. Section 31-729, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 31-729 All owners of real estate situated in the proposed district
4 who have not signed the articles of association and who may object to the
5 organization of the district or to any one or more of the proposed
6 trustees shall, on or before the time in which they are required to
7 answer, file any such objection in writing, stating (1) why such sanitary
8 and improvement district should not be organized and declared a public
9 corporation in this state, (2) why their land will not be benefited by
10 the installation of a sewer or water system, or both a sewer and water
11 system, a system of sidewalks, public roads, streets, and highways,
12 public waterways, docks or wharfs, and related appurtenances, and gas and
13 electricity for street lighting for the public streets and highways
14 within the district, by the contracting for solid waste collection
15 services, by the construction or contracting for the construction of
16 dikes and levees for flood protection for the district, gas or electric
17 service lines and conduits, and water for fire protection and the health
18 and property of the owners protected, by the acquisition, improvement and
19 operation of public parks, playgrounds, and recreational facilities, and,
20 where permitted by section 31-727, by the contracting with other sanitary
21 and improvement districts for the building, acquisition, improvement, and
22 operation of public parks, playgrounds, and recreational facilities for
23 the joint use of the residents of the contracting districts, (3) why
24 their land should not be embraced in the limits of such district, and (4)
25 their objections if any to any one or more of the proposed trustees.

26 Sec. 4. Section 31-740, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 31-740 (1) The board of trustees or the administrator of any
29 district organized under sections 31-727 to 31-762 shall have power to
30 provide for establishing, maintaining, and constructing gas and electric
31 service lines and conduits, an emergency management warning system, water

1 mains, sewers, and disposal plants and disposing of drainage, waste, and
2 sewage of such district in a satisfactory manner; for establishing,
3 maintaining, and constructing sidewalks, public roads, streets, and
4 highways, including grading, changing grade, paving, repaving, graveling,
5 regravelling, widening, or narrowing roads, resurfacing or relaying
6 existing pavement, or otherwise improving any road, street, or highway
7 within the district, including protecting existing sidewalks, streets,
8 highways, and roads from floods or erosion which has moved within fifteen
9 feet from the edge of such sidewalks, streets, highways, or roads,
10 regardless of whether such flooding or erosion is of natural or
11 artificial origin; for establishing, maintaining, and constructing public
12 waterways, docks, or wharfs, and related appurtenances; and for
13 constructing and contracting for the construction of dikes and levees for
14 flood protection for the district.

15 (2) The board of trustees or the administrator of any district may
16 contract for access to the facilities and use of the services of the
17 library system of one or more neighboring cities or villages, for solid
18 waste collection services, and for electricity for street lighting for
19 the public streets and highways within the district and shall have power
20 to provide for building, acquisition, improvement, maintenance, and
21 operation of public parks, playgrounds, and recreational facilities, and,
22 when permitted by section 31-727, for contracting with other sanitary and
23 improvement districts for the building, acquisition, improvement,
24 maintenance, and operation of public parks, playgrounds, and recreational
25 facilities for the joint use of the residents of the contracting
26 districts, and for contracting for any public purpose specifically
27 authorized in this section. Power to construct clubhouses and similar
28 facilities for the giving of private parties within the zoning
29 jurisdiction of any city or village is not included in the powers granted
30 in this section. Any sewer system established shall be approved by the
31 Department of Health and Human Services. Any contract entered into on or

1 after the effective date of this act for solid waste collection services
2 shall include a provision that, in the event the district is annexed in
3 whole or in part by a city or village, the contract shall be canceled and
4 voided upon such annexation as to the annexed areas.

5 (3) Prior to the installation of any of the improvements or services
6 provided for in this section, the plans or contracts for such
7 improvements or services, other than for public parks, playgrounds, and
8 recreational facilities, whether a district acts separately or jointly
9 with other districts as permitted by section 31-727, shall be approved by
10 the public works department of any municipality when such improvements or
11 any part thereof or services are within the area of the zoning
12 jurisdiction of such municipality. If such improvements or services are
13 without the area of the zoning jurisdiction of any municipality, plans
14 for such improvements shall be approved by the county board of the county
15 in which such improvements are located. Plans and exact costs for public
16 parks, playgrounds, and recreational facilities shall be approved by
17 resolution of the governing body of such municipality or county after a
18 public hearing. Purchases of public parks, playgrounds, and recreational
19 facilities so approved may be completed and shall be valid
20 notwithstanding any interest of any trustee of the district in the
21 transaction. Such approval shall relate to conformity with the master
22 plan and the construction specifications and standards established by
23 such municipality or county. When no master plan and construction
24 specifications and standards have been established, such approval shall
25 not be required. When such improvements are within the area of the zoning
26 jurisdiction of more than one municipality, such approval shall be
27 required only from the most populous municipality, except that when such
28 improvements are furnished to the district by contract with a particular
29 municipality, the necessary approval shall in all cases be given by such
30 municipality. The municipality or county shall be required to approve
31 plans for such improvements and shall enforce compliance with such plans

1 by action in equity.

2 (4) The district may construct its sewage disposal plant and other
3 sewerage or water improvements, or both, in whole or in part, inside or
4 outside the boundaries of the district and may contract with corporations
5 or municipalities for disposal of sewage and use of existing sewerage
6 improvements and for a supply of water for fire protection and for resale
7 to residents of the district. It may also contract with any corporation,
8 public power district, electric membership or cooperative association, or
9 municipality for access to the facilities and use of the services of the
10 library system of one or more neighboring cities or villages, for solid
11 waste collection services, for the installation, maintenance, and cost of
12 operating a system of street lighting upon the public streets and
13 highways within the district, for installation, maintenance, and
14 operation of a water system, or for the installation, maintenance, and
15 operation of electric service lines and conduits, and to provide water
16 service for fire protection and use by the residents of the district. It
17 may also contract with any corporation, municipality, or other sanitary
18 and improvement district, as permitted by section 31-727, for building,
19 acquiring, improving, and operating public parks, playgrounds, and
20 recreational facilities for the joint use of the residents of the
21 contracting parties. It may also contract with a county within which all
22 or a portion of such sanitary and improvement district is located or a
23 city within whose zoning jurisdiction the sanitary and improvement
24 district is located for intersection and traffic control improvements,
25 which improvements serve or benefit the district and which may be within
26 or without the corporate boundaries of the district, and for any public
27 purpose specifically authorized in this section.

28 (5) Each sanitary and improvement district shall have the books of
29 account kept by the board of trustees of the district examined and
30 audited by a certified public accountant or a public accountant for the
31 year ending June 30 and shall file a copy of the audit with the office of

1 the Auditor of Public Accounts by December 31 of the same year. Such
2 audits may be waived by the Auditor of Public Accounts upon proper
3 showing by the district that the audit is unnecessary. Such examination
4 and audit shall show (a) the gross income of the district from all
5 sources for the previous year, (b) the amount spent for access to the
6 facilities and use of the services of the library system of one or more
7 neighboring cities or villages, (c) the amount spent for solid waste
8 collection services, (d) the amount spent for sewage disposal, (e) the
9 amount expended on water mains, (f) the gross amount of sewage
10 processed in the district, (g) the cost per thousand gallons of
11 processing sewage, (h) the amount expended each year for (i)
12 maintenance and repairs, (ii) new equipment, (iii) new construction work,
13 and (iv) property purchased, (j) a detailed statement of all items of
14 expense, (k) the number of employees, (l) the salaries and fees paid
15 employees, (m) the total amount of taxes levied upon the property
16 within the district, and (n) all other facts necessary to give an
17 accurate and comprehensive view of the cost of carrying on the activities
18 and work of such sanitary and improvement district. The reports of all
19 audits provided for in this section shall be and remain a part of the
20 public records in the office of the Auditor of Public Accounts. The
21 expense of such audits shall be paid out of the funds of the district.
22 The Auditor of Public Accounts shall be given access to all books and
23 papers, contracts, minutes, bonds, and other documents and memoranda of
24 every kind and character of such district and be furnished all additional
25 information possessed by any present or past officer or employee of any
26 such district, or by any other person, that is essential to the making of
27 a comprehensive and correct audit.

28 (6) If any sanitary and improvement district fails or refuses to
29 cause such annual audit to be made of all of its functions, activities,
30 and transactions for the fiscal year within a period of six months
31 following the close of such fiscal year, unless such audit has been

1 waived, the Auditor of Public Accounts shall, after due notice and a
2 hearing to show cause by such district, appoint a certified public
3 accountant or public accountant to conduct the annual audit of the
4 district and the fee for such audit shall become a lien against the
5 district.

6 (7) Whenever the sanitary sewer system or any part thereof of a
7 sanitary and improvement district is directly or indirectly connected to
8 the sewerage system of any city, such city, without enacting an ordinance
9 or adopting any resolution for such purpose, may collect such city's
10 applicable rental or use charge from the users in the sanitary and
11 improvement district and from the owners of the property served within
12 the sanitary and improvement district. The charges of such city shall be
13 charged to each property served by the city sewerage system, shall be a
14 lien upon the property served, and may be collected from the owner or the
15 person, firm, or corporation using the service. If the city's applicable
16 rental or service charge is not paid when due, such sum may be recovered
17 by the municipality in a civil action or it may be assessed against the
18 premises served in the same manner as special taxes or assessments are
19 assessed by such city and collected and returned in the same manner as
20 other municipal special taxes or assessments are enforced and collected.
21 When any such tax or assessment is levied, it shall be the duty of the
22 city clerk to deliver a certified copy of the ordinance to the county
23 treasurer of the county in which the premises assessed are located and
24 such county treasurer shall collect the same as provided by law and
25 return the same to the city treasurer. Funds of such city raised from
26 such charges shall be used by it in accordance with laws applicable to
27 its sewer service rental or charges. The governing body of any city may
28 make all necessary rules and regulations governing the direct or indirect
29 use of its sewerage system by any user and premises within any sanitary
30 and improvement district and may establish just and equitable rates or
31 charges to be paid to such city for use of any of its disposal plants and

1 sewerage system. The board of trustees shall have power, in connection
2 with the issuance of any warrants or bonds of the district, to agree to
3 make a specified minimum levy on taxable property in the district to pay,
4 or to provide a sinking fund to pay, principal and interest on warrants
5 and bonds of the district for such number of years as the board may
6 establish at the time of making such agreement and shall also have power
7 to agree to enforce, by foreclosure or otherwise as permitted by
8 applicable laws, the collection of special assessments levied by the
9 district. Such agreements may contain provisions granting to creditors
10 and others the right to enforce and carry out the agreements on behalf of
11 the district and its creditors.

12 (8) The board of trustees or administrator shall have power to sell
13 and convey real and personal property of the district on such terms as it
14 or he or she shall determine, except that real estate shall be sold to
15 the highest bidder at public auction after notice of the time and place
16 of the sale has been published for three consecutive weeks prior to the
17 sale in a newspaper of general circulation in the county. The board of
18 trustees or administrator may reject such bids and negotiate a sale at a
19 price higher than the highest bid at the public auction at such terms as
20 may be agreed.

21 Sec. 5. Section 31-763, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 31-763 (1) Whenever any city or village annexes all the territory
24 within the boundaries of any sanitary and improvement district organized
25 under the provisions of sections 31-701 to 31-726.01 ~~31-726~~, or under
26 sections 31-727 to 31-762, or any road improvement district organized
27 under sections 39-1601 to 39-1636, or any fire protection district
28 authorized under Chapter 35, article 5, the district shall merge with the
29 city or village and the city or village shall succeed to all the property
30 and property rights of every kind, contracts, obligations, and choses in
31 action of every kind, held by or belonging to the district, and the city

1 or village shall be liable for and recognize, assume, and carry out all
2 valid contracts and obligations of the district. All taxes, assessments,
3 claims, and demands of every kind due or owing to the district shall be
4 paid to and collected by the city or village. Any special assessments
5 which the district was authorized to levy, assess, relevel, or reassess,
6 but which were not levied, assessed, relevel, or reassessed, at the time
7 of the merger, for improvements made by it or in the process of
8 construction or contracted for may be levied, assessed, relevel, or
9 reassessed by the annexing city or village to the same extent as the
10 district may have levied or assessed but for the merger. Nothing in this
11 section ; ~~Provided, nothing herein contained~~ shall authorize the annexing
12 city or village to revoke any resolution, order, or finding made by the
13 district in regard to special benefits or increase any assessments made
14 by the district, but such city or village shall be bound by all such
15 findings or orders and assessments to the same extent as the district
16 would be bound. No ; and provided further, that no district so annexed
17 shall have power to levy any special assessments after the effective date
18 of such annexation.

19 (2) Any contract entered into on or after the effective date of this
20 act by a sanitary and improvement district for solid waste collection
21 services shall, upon annexation of such district by a city or village, be
22 canceled and voided.

23 Sec. 6. Section 31-766, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 31-766 (1) If only a part of the territory within any sanitary and
26 improvement district, any road improvement district, or any fire
27 protection district is annexed by a city or village, the road improvement
28 district or fire protection district acting through its trustees or the
29 sanitary and improvement district acting through its trustees or
30 administrator and the city or village acting through its governing body
31 may agree between themselves as to the division of the assets,

1 liabilities, maintenance, contracts, or other obligations of the district
2 for a change in the boundaries of the district so as to exclude the
3 portion annexed by the city or village or may agree upon a merger of the
4 district with the city or village. The division of assets, liabilities,
5 maintenance, contracts, or other obligations of the district shall be
6 equitable, shall be proportionate to the valuation of the portion of the
7 district annexed and to the valuation of the portion of the district
8 remaining following annexation, and shall, to the greatest extent
9 feasible, reflect the actual impact of the annexation on the ability of
10 the district to perform its duties and responsibilities within its new
11 boundaries following annexation. In the event a merger is agreed upon,
12 the city or village shall have all the rights, privileges, duties, and
13 obligations as provided in sections 31-763 to 31-766 when the city
14 annexes the entire territory within the district, and the trustees or
15 administrator shall be relieved of all further duties and liabilities and
16 their bonds exonerated as provided in section 31-764. No agreement
17 between the district and the city or village shall be effective until
18 submitted to and approved by the district court of the county in which
19 the major portion of the district is located. No agreement shall be
20 approved which may prejudice the rights of any bondholder or creditor of
21 the district or employee under contract to the district. The court may
22 authorize or direct amendments to the agreement before approving the
23 same. If the district and city or village do not agree upon the proper
24 adjustment of all matters growing out of the annexation of a part of the
25 territory located within the district, the district, the annexing city or
26 village, any bondholder or creditor of the district, or any employee
27 under contract to the district may apply to the district court of the
28 county where the major portion of the district is located for an
29 adjustment of all matters growing out of or in any way connected with the
30 annexation of such territory, and after a hearing thereon the court may
31 enter an order or decree fixing the rights, duties, and obligations of

1 the parties. In every case such decree or order shall require a change of
2 the district boundaries so as to exclude from the district that portion
3 of the territory of the district which has been annexed. Such change of
4 boundaries shall become effective on the date of entry of such decree.
5 Only the district and the city or village shall be necessary parties to
6 such an action. Any bondholder or creditor of the district or any
7 employee under contract to the district whose interests may be adversely
8 affected by the annexation may intervene in the action pursuant to
9 section 25-328. The decree when entered shall be binding on the parties
10 the same as though the parties had voluntarily agreed thereto. Nothing
11 contained in this section shall authorize any district to levy any
12 special assessments within the annexed area after the effective date of
13 annexation.

14 (2) Any contract entered into on or after the effective date of this
15 act by a sanitary and improvement district for solid waste collection
16 services shall, upon annexation of all or part of such district by a city
17 or village, be canceled and voided as to the annexed areas.

18 Sec. 7. Original sections 31-727, 31-727.03, 31-729, 31-740,
19 31-763, and 31-766, Reissue Revised Statutes of Nebraska, are repealed.