

LEGISLATIVE BILL 693

Approved by the Governor April 18, 1996

Introduced by Warner, 25

AN ACT relating to government; to amend section 77-912, Revised Statutes Supplement, 1994, section 77-1601, Revised Statutes Supplement, 1995, as amended by section 56, Legislative Bill 1085, Ninety-fourth Legislature, Second Session, 1996, and sections 54 and 55, Legislative Bill 1085, Ninety-fourth Legislature, Second Session, 1996; to create a commission; to provide powers and duties; to create a fund; to provide for appropriations and transfer of funds; to change provisions relating to property tax levies; to harmonize provisions; to provide a termination date; and to repeal the original sections.

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

Section 1. Property tax levy limits, constitutional and statutory authorizations for mergers and restructuring of governments, revised local aid programs, and alternative local option revenue sources proposed by the Ninety-fourth Legislature, Second Session, 1996, may require local political subdivisions to examine how they deliver and finance necessary public services.

Innovations in delivery of services, changes in structures of local governments, and consolidations of services require careful deliberation, citizen involvement, and coordinated action. Efforts to deliver public services in the most effective way should be encouraged and fostered by state government. A structure for encouraging a state and local cooperative approach to change is necessary. The need for this approach will be most critical to restructuring efforts over the next four years as Nebraska prepares for delivering public services in the next century.

The Legislature recognizes this need for encouraging innovations in service delivery and government restructuring by creating the Nebraska Commission on Local Government Innovation and Restructuring.

Sec. 2. The Nebraska Commission on Local Government Innovation and Restructuring shall consist of eighteen members appointed by the Governor. The members shall include:

- (1) The Property Tax Administrator or his or her designee;
- (2) The Director of Administrative Services or his or her designee;
- (3) The Director of Economic Development or his or her designee;
- (4) Three persons representing school districts;
- (5) Three persons representing municipalities;
- (6) Three persons representing county government;
- (7) Three persons with expertise and experience in public sector finance, analysis, or management; and
- (8) Three persons with private sector finance or management experience.

Sec. 3. The Nebraska Commission on Local Government Innovation and Restructuring shall meet and elect a chairperson from among its members. The commission shall have the authority to hire such temporary staff as it deems necessary to carry out its duties. The commission shall conduct public meetings and maintain public records and an office. All meetings of the commission shall be conducted according to sections 84-1408 to 84-1414. Members shall be reimbursed for their actual and necessary expenses as provided in sections 81-1174 to 81-1177.

Sec. 4. The Nebraska Commission on Local Government Innovation and Restructuring shall have the following powers and duties:

- (1) To fund outstanding local government projects in government innovation, restructuring, and cooperative services provision. Funds shall be available for planning and evaluating such projects. Funds shall be provided on a matching fund basis;
- (2) To conduct research and publish evaluations of efforts to develop public services innovation, restructuring, and cooperation efforts;
- (3) To sponsor educational activities which provide information and training for citizens and government officials on the topic of government services innovation;
- (4) To identify intergovernmental mandates which affect the ability of federal, state, and local governments to deliver services in an effective manner and to recommend changes to increase effectiveness in accomplishing public purposes and delivering public services;

(5) To identify issues, guidelines, and incentives for collaborative or joint use of facilities and capital equipment by local governments; and

(6) To accept and receive funds or donations from public and private funding sources.

Sec. 5. The Nebraska Local Government Innovation and Restructuring Fund is hereby created. The fund shall be used to carry out the purposes of sections 1 to 6 of this act. The fund shall be administered by the Department of Administrative Services and shall receive funds pursuant to section 77-912. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 6. The Nebraska Commission on Local Government Innovation and Restructuring shall develop guidelines for a matching grant program to fund local government program and service restructuring innovations in which taxpayer savings or service quality improvements can be identified and quantified to the satisfaction of the commission.

Sec. 7. Sections 1 to 6 of this act terminate on July 1, 2000.

Sec. 8. Section 77-912, Revised Statutes Supplement, 1994, is amended to read:

77-912. The Director of Insurance shall transmit one-half of the taxes paid in conformity with Chapter 44, article 1, and Chapter 77, article 9, to the State Treasurer and one-half of such taxes paid to the General Fund promptly upon completion of his or her audit and examination and in no event later than May 1 of each year, except that:

(1) All fire insurance taxes paid pursuant to sections 44-150 and 81-523 shall be remitted to the State Treasurer for credit to the Fire Insurance Tax Fund; and

(2) All workers' compensation insurance taxes paid pursuant to section 44-150 shall be remitted to the State Treasurer for credit to the Compensation Court Cash Fund; and

(3) On August 1, 1996, and each August 1 thereafter through August 1, 1999, the State Treasurer shall transfer one hundred thousand dollars to the Nebraska Local Government Innovation and Restructuring Fund.

Sec. 9. Section 54, Legislative Bill 1085, Ninety-fourth Legislature, Second Session, 1996, is amended to read:

Sec. 54. On or before September 10 each year, the county clerk shall ~~set~~ certify a preliminary property tax rate for each political subdivision which levied property taxes in the county the previous year. For school systems with multiple school districts, the county clerk shall certify to each school district the combined valuation of the school system with the multiple school districts and the proportion of valuation in each district by September 10. The county clerk shall also certify the preliminary levy based on the combined valuation and the amount requested for the school system for the prior year. The rate shall be calculated by dividing the amount requested for property taxes in the budget of the previous year by the final valuation in the political subdivision for the current year. For any subdivision levying taxes in more than one county, the county clerks of all the affected counties shall agree on the preliminary levy. Except for school systems with multiple school districts, the preliminary levy shall be published for each political subdivision in a newspaper of general circulation in the county on or before September 15. The preliminary levy shall be considered as the final levy as set by the county board of equalization in section 77-1601 unless changed by the political subdivision pursuant to section 55 of this act prior to October 15.

Sec. 10. Section 55, Legislative Bill 1085, Ninety-fourth Legislature, Second Session, 1996, is amended to read:

Sec. 55. The preliminary levy ~~set~~ certified in section 54 of this act shall be the final levy unless the governing body of a political subdivision passes by a majority vote a resolution or ordinance setting the levy at a different amount. School systems with multiple school districts shall hold a hearing to approve or modify the preliminary systemwide levies on or before September 15. For a school system with multiple districts, the school board of the Class VI school district or kindergarten through grade twelve district shall have the authority to set the tax rate for the school system. Such resolution or ordinance shall only be passed after a special public hearing called for such purpose is held and after notice is published in a newspaper of general circulation in the area of the political subdivision at least five days prior to the hearing. Any resolution setting a tax levy under this section shall be forwarded to the county clerk and certified.

Sec. 11. Section 77-1601, Revised Statutes Supplement, 1995, as amended by section 56, Legislative Bill 1085, Ninety-fourth Legislature, Second Session, 1996, is amended to read:

77-1601. (1) The county board of equalization shall each year, on or before October 15, levy the necessary taxes for the current year. The levy shall include all such taxes as ~~set~~ certified by the county clerk or approved by the governing body under sections 54 and 55 of this act. Any such taxes regularly voted and certified to the county assessor, after the county board has made such levy and before the county clerk has completed the tax list, shall be levied by the county board of equalization, if within the limit of the law, and extended upon the tax list.

(2) Within thirty days after a levy has been made pursuant to this section, the county board of equalization upon its own motion may act to correct a clerical error which has resulted in the calculation of an incorrect levy. The county board of equalization shall hold a special hearing to determine what adjustment to the levy is proper, legal, or necessary. Notice of the place and time of such hearing shall be published at least five days prior to the date set for hearing in a newspaper of general circulation within the county. The published notice shall set forth (a) the time and place of the hearing, (b) the dollar amount at issue, and (c) a statement setting forth the nature of the error. Notice shall also be provided to the governing body of each political subdivision affected by the error.

(3) Upon the conclusion of the special hearing, the county board of equalization may issue a corrected levy if it determines the magnitude of the error warrants the action. The county board of equalization shall then order (a) the county assessor, county clerk, and county treasurer to revise assessment books, unit valuation ledgers, tax statements, and any other tax records to reflect the correction made and (b) the recertification of the information provided to the Property Tax Administrator pursuant to section 77-1613.01.

Sec. 12. There is hereby appropriated (1) \$100,000 from the Nebraska Local Government Innovation and Restructuring Fund for FY1996-97 and (2) \$100,000 from the Nebraska Local Government Innovation and Restructuring Fund for FY1997-98 to the Department of Administrative Services, Program 049, to aid in carrying out the provisions of this legislative bill.

Total expenditures for permanent and temporary salaries and per diems from funds appropriated in this section shall not exceed \$30,000 for FY1996-97 or \$30,000 for FY1997-98.

Sec. 13. Original section 77-912, Revised Statutes Supplement, 1994, section 77-1601, Revised Statutes Supplement, 1995, as amended by section 56, Legislative Bill 1085, Ninety-fourth Legislature, Second Session, 1996, and sections 54 and 55, Legislative Bill 1085, Ninety-fourth Legislature, Second Session, 1996, are repealed.