

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 182**

Introduced by Bolz, 29.

Read first time January 11, 2019

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to adopt the School
- 2 District Local Option Income Surtax Act.
- 3 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 8 of this act shall be known and may be  
2 cited as the School District Local Option Income Surtax Act.

3           Sec. 2. For purposes of the School District Local Option Income  
4 Surtax Act:

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

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

7           Sec. 3. (1) The school board of any school district may impose a  
8 local option income surtax for the following purposes:

9           (a) Property tax reduction; or

10           (b) Building construction, remodeling, and site acquisition.

11           (2) The local option income surtax shall be imposed upon individuals  
12 who reside in the school district. Such individuals shall be determined  
13 using the school district indicated on state income tax returns pursuant  
14 to section 77-27,119.

15           (3) The local option income surtax shall be equal to the  
16 individual's state income tax liability, less any amount of nonrefundable  
17 credits allowed to such individual under state law, multiplied by a rate  
18 determined by the school board, not to exceed twenty percent.

19           (4) The local option income surtax shall be collected when  
20 individuals file their state income tax returns. The Tax Commissioner  
21 shall adjust income tax forms to include calculation of the surtax.

22           (5) No local option income surtax shall be imposed pursuant to this  
23 section until an election has been held and a majority of the registered  
24 voters in such school district have approved such surtax pursuant to  
25 section 4 of this act.

26           Sec. 4. (1) A school board may, by majority vote, pass a resolution  
27 to place the issue of enacting a local option income surtax before the  
28 registered voters of the school district at any primary, general, or  
29 special election.

30           (2) A school board may pass no more than one resolution calling for  
31 an election pursuant to this section during any one calendar year.

1       (3) The school board shall deliver a copy of such resolution to the  
2 county clerk or election commissioner of each county that contains all or  
3 part of the school district.

4       (4) The resolution shall include:

5       (a) The local option income surtax rate which would be imposed, not  
6 to exceed twenty percent;

7       (b) The duration of the local option income surtax, not to exceed  
8 five years; and

9       (c) The purpose for which the local option income surtax revenue  
10 will be used. Such purpose may be one or both of the purposes allowed  
11 under subsection (1) of section 3 of this act.

12       (5) If the resolution calls for a vote at a primary or general  
13 election, the resolution shall be filed with the county clerk or election  
14 commissioner no later than thirty days prior to the date of the primary  
15 or general election and the time for publishing and providing a copy of  
16 the notice of election, as required in section 32-802, shall be no later  
17 than twenty days prior to the election. The county clerk or election  
18 commissioner shall place the issue on the ballot at the primary or  
19 general election called for in the resolution if such election is at  
20 least thirty days after the date that the county clerk or election  
21 commissioner received the resolution. The election shall be held pursuant  
22 to the Election Act.

23       (6) If the resolution calls for a vote at a special election, the  
24 resolution shall be filed with the county clerk or election commissioner  
25 no later than twenty days prior to the date of the special election and  
26 such special election shall be conducted in the same manner as described  
27 in section 10-703.01.

28       (7) The ballot question may include terms and conditions set forth  
29 in the resolution and shall include the following: "Shall (name of school  
30 district) be allowed to impose a local option income surtax of (rate set  
31 by the school board) on the income tax liability of residents of the

1 school district until (last year of the surtax) for purposes of (property  
2 tax reduction; building construction, remodeling, and site acquisition;  
3 or both property tax reduction and building construction, remodeling, and  
4 site acquisition)?".

5 (8) If a majority of the votes cast upon the ballot question are in  
6 favor of the local option income surtax, the local option income surtax  
7 shall be imposed and the school board shall notify the Tax Commissioner  
8 of such surtax. If a majority of those voting on the ballot question are  
9 opposed to the local option income surtax, the local option income surtax  
10 shall not be imposed.

11 Sec. 5. (1) The Tax Commissioner shall determine the total local  
12 option income surtax owed to each school district and shall distribute  
13 such amounts to the applicable school districts on or before July 1 of  
14 each year.

15 (2) School districts shall notify the Tax Commissioner by August 1  
16 of each year of the school district's local option income surtax rate to  
17 be imposed for the following tax year.

18 Sec. 6. (1) If a local option income surtax is imposed in any  
19 school district pursuant to the School District Local Option Income  
20 Surtax Act, the surtax shall not increase the school district's budget  
21 authority for the general fund budget of expenditures as prescribed in  
22 section 79-1023.

23 (2) If the purpose of a local option income surtax is property tax  
24 reduction, the proceeds from the surtax shall be deposited in the school  
25 district's general fund.

26 (3) If the purpose of a local option income surtax is building  
27 construction, remodeling, and site acquisition, the proceeds from the  
28 surtax shall be deposited in a special building fund of the school  
29 district.

30 Sec. 7. (1) The school board of a school district may rescind or  
31 modify a previously approved local option income surtax prior to its

1 expiration if such rescission or modification is approved by a majority  
2 of registered voters voting on the issue in a primary, general, or  
3 special election.

4 (2) The school board may call for the submission of the issue to the  
5 voters by passing a resolution calling for the rescission or modification  
6 by a majority vote of the members of the school board and delivering a  
7 copy of the resolution to the county clerk or election commissioner of  
8 each county which contains all or part of the school district.

9 (3) The resolution shall include the rate, duration, and purpose of  
10 the previously approved local option income surtax and a statement that  
11 either such surtax will be rescinded or such surtax will be modified. If  
12 the surtax will be modified, the type and duration of the modification  
13 shall be stated. The modification shall not have a duration of greater  
14 than five years.

15 (4) If the resolution calls for a vote at a primary or general  
16 election, the resolution shall be filed with the county clerk or election  
17 commissioner no later than thirty days prior to the date of the primary  
18 or general election and the time for publishing and providing a copy of  
19 the notice of election, as required in section 32-802, shall be no later  
20 than twenty days prior to the election. The county clerk or election  
21 commissioner shall place the issue on the ballot at the primary or  
22 general election called for in the resolution if such election is at  
23 least thirty days after the date that the county clerk or election  
24 commissioner received the resolution. The election shall be held pursuant  
25 to the Election Act.

26 (5) If the resolution calls for a vote at a special election, the  
27 resolution shall be filed with the county clerk or election commissioner  
28 no later than twenty days prior to the date of the special election and  
29 such special election shall be conducted in the same manner as described  
30 in section 10-703.01.

31 Sec. 8. The Department of Revenue may adopt and promulgate rules

- 1 and regulations to carry out the School District Local Option Income
- 2 Surtax Act.