

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SECOND LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 537**

Introduced by Karpisek, 32.

Read first time January 18, 2011

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections 13-519  
2 and 77-3442, Revised Statutes Cumulative Supplement,  
3 2010; to change provisions relating to budget limitations  
4 and property tax levy limitations; to repeal the original  
5 sections; and to declare an emergency.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 13-519, Revised Statutes Cumulative  
2 Supplement, 2010, is amended to read:

3           13-519 (1)(a) Subject to subdivision (1)(b) of this  
4 section, for all fiscal years beginning on or after July 1, 1998, no  
5 governmental unit shall adopt a budget containing a total of budgeted  
6 restricted funds more than the last prior year's total of budgeted  
7 restricted funds plus (i) allowable growth, (ii) plus—the basic  
8 allowable growth percentage of the base limitation established under  
9 section 77-3446, and (iii) for fiscal years beginning on or after  
10 July 1, 2011, an amount equal to the reduction in state aid as  
11 defined in subdivision (7) of section 13-518 from the prior fiscal  
12 year. For the second fiscal year in which a county will receive a  
13 full year of receipts from the tax imposed in sections 77-27,223 to  
14 77-27,227, the prior year's total of restricted funds shall be the  
15 prior year's total of restricted funds plus the total receipts from  
16 the tax imposed in sections 77-27,223 to 77-27,227 in the prior year.  
17 For fiscal years 2010-11 through 2013-14 in which a county will  
18 reassume the assessment function pursuant to section 77-1340 or  
19 77-1340.04, the prior year's total of restricted funds shall be the  
20 prior year's total of restricted funds plus the total budgeted for  
21 the reassumption of the assessment function. If a governmental unit  
22 transfers the financial responsibility of providing a service  
23 financed in whole or in part with restricted funds to another  
24 governmental unit or the state, the amount of restricted funds  
25 associated with providing the service shall be subtracted from the

1 last prior year's total of budgeted restricted funds for the previous  
2 provider and may be added to the last prior year's total of  
3 restricted funds for the new provider. For governmental units that  
4 have consolidated, the calculations made under this section for  
5 consolidating units shall be made based on the combined total of  
6 restricted funds, population, or full-time equivalent students of  
7 each governmental unit.

8 (b) For all fiscal years beginning on or after July 1,  
9 2008, educational service units may exceed the limitations of  
10 subdivision (1)(a) of this section to the extent that one hundred ten  
11 percent of the needs for the educational service unit calculated  
12 pursuant to section 79-1241.03 exceeds the budgeted restricted funds  
13 allowed pursuant to subdivision (1)(a) of this section.

14 (2) A governmental unit may exceed the limit provided in  
15 subdivision (1)(a) of this section for a fiscal year by up to an  
16 additional one percent upon the affirmative vote of at least seventy-  
17 five percent of the governing body.

18 (3) A governmental unit may exceed the applicable  
19 allowable growth percentage otherwise prescribed in this section by  
20 an amount approved by a majority of legal voters voting on the issue  
21 at a special election called for such purpose upon the recommendation  
22 of the governing body or upon the receipt by the county clerk or  
23 election commissioner of a petition requesting an election signed by  
24 at least five percent of the legal voters of the governmental unit.  
25 The recommendation of the governing body or the petition of the legal

1 voters shall include the amount and percentage by which the governing  
2 body would increase its budgeted restricted funds for the ensuing  
3 year over and above the current year's budgeted restricted funds. The  
4 county clerk or election commissioner shall call for a special  
5 election on the issue within thirty days after the receipt of such  
6 governing body recommendation or legal voter petition. The election  
7 shall be held pursuant to the Election Act, and all costs shall be  
8 paid by the governing body. The issue may be approved on the same  
9 question as a vote to exceed the levy limits provided in section  
10 77-3444.

11 (4) In lieu of the election procedures in subsection (3)  
12 of this section, any governmental unit may exceed the allowable  
13 growth percentage otherwise prescribed in this section by an amount  
14 approved by a majority of legal voters voting at a meeting of the  
15 residents of the governmental unit, called after notice is published  
16 in a newspaper of general circulation in the governmental unit at  
17 least twenty days prior to the meeting. At least ten percent of the  
18 registered voters residing in the governmental unit shall constitute  
19 a quorum for purposes of taking action to exceed the allowable growth  
20 percentage. If a majority of the registered voters present at the  
21 meeting vote in favor of exceeding the allowable growth percentage, a  
22 copy of the record of that action shall be forwarded to the Auditor  
23 of Public Accounts along with the budget documents. The issue to  
24 exceed the allowable growth percentage may be approved at the same  
25 meeting as a vote to exceed the limits or final levy allocation

1 provided in section 77-3444.

2           Sec. 2. Section 77-3442, Revised Statutes Cumulative  
3 Supplement, 2010, is amended to read:

4           77-3442 (1) Property tax levies for the support of local  
5 governments for fiscal years beginning on or after July 1, 1998,  
6 shall be limited to the amounts set forth in this section except as  
7 provided in section 77-3444.

8           (2)(a) Except as provided in subdivision (2)(e) of this  
9 section, school districts and multiple-district school systems,  
10 except learning communities and school districts that are members of  
11 learning communities, may levy a maximum levy of one dollar and five  
12 cents per one hundred dollars of taxable valuation of property  
13 subject to the levy.

14           (b) For each fiscal year, learning communities may levy a  
15 maximum levy for the general fund budgets of member school districts  
16 of ninety-five cents per one hundred dollars of taxable valuation of  
17 property subject to the levy. The proceeds from the levy pursuant to  
18 this subdivision shall be distributed pursuant to section 79-1073.

19           (c) Except as provided in subdivision (2)(e) of this  
20 section, for each fiscal year, school districts that are members of  
21 learning communities may levy for purposes of such districts' general  
22 fund budget and special building funds a maximum combined levy of the  
23 difference of one dollar and five cents on each one hundred dollars  
24 of taxable property subject to the levy minus the learning community  
25 levies pursuant to subdivisions (2)(b) and (2)(g) of this section for

1 such learning community.

2 (d) Excluded from the limitations in subdivisions (2)(a)  
3 and (2)(c) of this section are amounts levied to pay for sums agreed  
4 to be paid by a school district to certificated employees in exchange  
5 for a voluntary termination of employment and amounts levied to pay  
6 for special building funds and sinking funds established for projects  
7 commenced prior to April 1, 1996, for construction, expansion, or  
8 alteration of school district buildings. For purposes of this  
9 subsection, commenced means any action taken by the school board on  
10 the record which commits the board to expend district funds in  
11 planning, constructing, or carrying out the project.

12 (e) Federal aid school districts may exceed the maximum  
13 levy prescribed by subdivision (2)(a) or (2)(c) of this section only  
14 to the extent necessary to qualify to receive federal aid pursuant to  
15 Title VIII of Public Law 103-382, as such title existed on September  
16 1, 2001. For purposes of this subdivision, federal aid school  
17 district means any school district which receives ten percent or more  
18 of the revenue for its general fund budget from federal government  
19 sources pursuant to Title VIII of Public Law 103-382, as such title  
20 existed on September 1, 2001.

21 (f) For school fiscal year 2002-03 through school fiscal  
22 year 2007-08, school districts and multiple-district school systems  
23 may, upon a three-fourths majority vote of the school board of the  
24 school district, the board of the unified system, or the school board  
25 of the high school district of the multiple-district school system

1 that is not a unified system, exceed the maximum levy prescribed by  
2 subdivision (2)(a) of this section in an amount equal to the net  
3 difference between the amount of state aid that would have been  
4 provided under the Tax Equity and Educational Opportunities Support  
5 Act without the temporary aid adjustment factor as defined in section  
6 79-1003 for the ensuing school fiscal year for the school district or  
7 multiple-district school system and the amount provided with the  
8 temporary aid adjustment factor. The State Department of Education  
9 shall certify to the school districts and multiple-district school  
10 systems the amount by which the maximum levy may be exceeded for the  
11 next school fiscal year pursuant to this subdivision (f) of this  
12 subsection on or before February 15 for school fiscal years 2004-05  
13 through 2007-08.

14 (g) For each fiscal year, learning communities may levy a  
15 maximum levy of two cents on each one hundred dollars of taxable  
16 property subject to the levy for special building funds for member  
17 school districts. The proceeds from the levy pursuant to this  
18 subdivision shall be distributed pursuant to section 79-1073.01.

19 (h) For each fiscal year, learning communities may levy a  
20 maximum levy of two cents on each one hundred dollars of taxable  
21 property subject to the levy for elementary learning center facility  
22 leases, for remodeling of leased elementary learning center  
23 facilities, and for up to fifty percent of the estimated cost for  
24 focus school or program capital projects approved by the learning  
25 community coordinating council pursuant to section 79-2111.

1           (i) For each fiscal year, learning communities may levy a  
2 maximum levy of one cent on each one hundred dollars of taxable  
3 property subject to the levy for elementary learning center  
4 employees, for contracts with other entities or individuals who are  
5 not employees of the learning community for elementary learning  
6 center programs and services, and for pilot projects, except that no  
7 more than ten percent of such levy may be used for elementary  
8 learning center employees.

9           (3)(a) For fiscal years prior to fiscal year 2010-11,  
10 community colleges may levy a maximum levy calculated pursuant to the  
11 Community College Foundation and Equalization Aid Act on each one  
12 hundred dollars of taxable property subject to the levy.

13           (b) For fiscal year 2010-11 and each fiscal year  
14 thereafter, in lieu of the calculation of a maximum levy for  
15 operating expenditures pursuant to the Community College Foundation  
16 and Equalization Aid Act, community colleges may levy a maximum of  
17 ten and one-quarter cents per one hundred dollars of taxable  
18 valuation of property subject to the levy for operating expenditures  
19 and may also levy the additional levies provided in subsection (2) of  
20 section 85-1517.

21           (4)(a) Natural resources districts may levy a maximum  
22 levy of four and one-half cents per one hundred dollars of taxable  
23 valuation of property subject to the levy.

24           (b) Natural resources districts shall also have the power  
25 and authority to levy a tax equal to the dollar amount by which their



1 restricted funds budgeted to administer and implement ground water  
2 management activities and integrated management activities under the  
3 Nebraska Ground Water Management and Protection Act exceed their  
4 restricted funds budgeted to administer and implement ground water  
5 management activities and integrated management activities for  
6 FY2003-04, not to exceed one cent on each one hundred dollars of  
7 taxable valuation annually on all of the taxable property within the  
8 district.

9 (c) In addition, natural resources districts located in a  
10 river basin, subbasin, or reach that has been determined to be fully  
11 appropriated pursuant to section 46-714 or designated as  
12 overappropriated pursuant to section 46-713 by the Department of  
13 Natural Resources shall also have the power and authority to levy a  
14 tax equal to the dollar amount by which their restricted funds  
15 budgeted to administer and implement ground water management  
16 activities and integrated management activities under the Nebraska  
17 Ground Water Management and Protection Act exceed their restricted  
18 funds budgeted to administer and implement ground water management  
19 activities and integrated management activities for FY2005-06, not to  
20 exceed three cents on each one hundred dollars of taxable valuation  
21 on all of the taxable property within the district for fiscal year  
22 2006-07 and each fiscal year thereafter through fiscal year 2011-12.

23 (5) Any educational service unit authorized to levy a  
24 property tax pursuant to section 79-1225 may levy a maximum levy of  
25 one and one-half cents per one hundred dollars of taxable valuation

1 of property subject to the levy.

2 (6)(a) Incorporated cities and villages which are not  
3 within the boundaries of a municipal county may levy a maximum levy  
4 of forty-five cents per one hundred dollars of taxable valuation of  
5 property subject to the levy plus an additional five cents per one  
6 hundred dollars of taxable valuation to provide financing for the  
7 municipality's share of revenue required under an agreement or  
8 agreements executed pursuant to the Interlocal Cooperation Act or the  
9 Joint Public Agency Act. The maximum levy shall include amounts  
10 levied to pay for sums to support a library pursuant to section  
11 51-201, museum pursuant to section 51-501, visiting community nurse,  
12 home health nurse, or home health agency pursuant to section 71-1637,  
13 or statue, memorial, or monument pursuant to section 80-202.

14 (b) Incorporated cities and villages which are within the  
15 boundaries of a municipal county may levy a maximum levy of ninety  
16 cents per one hundred dollars of taxable valuation of property  
17 subject to the levy. The maximum levy shall include amounts paid to a  
18 municipal county for county services, amounts levied to pay for sums  
19 to support a library pursuant to section 51-201, a museum pursuant to  
20 section 51-501, a visiting community nurse, home health nurse, or  
21 home health agency pursuant to section 71-1637, or a statue,  
22 memorial, or monument pursuant to section 80-202.

23 (7) Sanitary and improvement districts which have been in  
24 existence for more than five years may levy a maximum levy of forty  
25 cents per one hundred dollars of taxable valuation of property

1 subject to the levy, and sanitary and improvement districts which  
2 have been in existence for five years or less shall not have a  
3 maximum levy. Unconsolidated sanitary and improvement districts which  
4 have been in existence for more than five years and are located in a  
5 municipal county may levy a maximum of eighty-five cents per hundred  
6 dollars of taxable valuation of property subject to the levy.

7 (8) Counties may levy or authorize a maximum levy of  
8 fifty cents per one hundred dollars of taxable valuation of property  
9 subject to the levy, except that five cents per one hundred dollars  
10 of taxable valuation of property subject to the levy may only be  
11 levied to provide financing for the county's share of revenue  
12 required under an agreement or agreements executed pursuant to the  
13 Interlocal Cooperation Act or the Joint Public Agency Act. The  
14 maximum levy shall include amounts levied to pay for sums to support  
15 a library pursuant to section 51-201 or museum pursuant to section  
16 51-501. The county may allocate up to fifteen cents of its authority  
17 to other political subdivisions subject to allocation of property tax  
18 authority under subsection (1) of section 77-3443 and not  
19 specifically covered in this section to levy taxes as authorized by  
20 law which do not collectively exceed fifteen cents per one hundred  
21 dollars of taxable valuation on any parcel or item of taxable  
22 property. The county may allocate to one or more other political  
23 subdivisions subject to allocation of property tax authority by the  
24 county under subsection (1) of section 77-3443 some or all of the  
25 county's five cents per one hundred dollars of valuation authorized

1 for support of an agreement or agreements to be levied by the  
2 political subdivision for the purpose of supporting that political  
3 subdivision's share of revenue required under an agreement or  
4 agreements executed pursuant to the Interlocal Cooperation Act or the  
5 Joint Public Agency Act. If an allocation by a county would cause  
6 another county to exceed its levy authority under this section, the  
7 second county may exceed the levy authority in order to levy the  
8 amount allocated. Property tax levies for costs of reassumption of  
9 the assessment function pursuant to section 77-1340 or 77-1340.04 are  
10 not included in the levy limits established in this subsection for  
11 fiscal years 2010-11 through 2013-14.

12 (9) Municipal counties may levy or authorize a maximum  
13 levy of one dollar per one hundred dollars of taxable valuation of  
14 property subject to the levy. The municipal county may allocate levy  
15 authority to any political subdivision or entity subject to  
16 allocation under section 77-3443.

17 (10) Property tax levies (a) for judgments, except  
18 judgments or orders from the Commission of Industrial Relations,  
19 obtained against a political subdivision which require or obligate a  
20 political subdivision to pay such judgment, to the extent such  
21 judgment is not paid by liability insurance coverage of a political  
22 subdivision, (b) for preexisting lease-purchase contracts approved  
23 prior to July 1, 1998, (c) for bonded indebtedness approved according  
24 to law and secured by a levy on property except as provided in  
25 section 44-4317 for bonded indebtedness issued by educational service

1 units and school districts, ~~and (d)~~ for payments by a public airport  
2 to retire interest-free loans from the Department of Aeronautics in  
3 lieu of bonded indebtedness at a lower cost to the public airport,  
4 and (e) for fiscal years beginning on or after July 1, 2011, for  
5 replacing revenue lost due to reductions in state aid as defined in  
6 subdivision (7) of section 13-518 from the prior fiscal year are not  
7 included in the levy limits established by this section.

8 (11) The limitations on tax levies provided in this  
9 section are to include all other general or special levies provided  
10 by law. Notwithstanding other provisions of law, the only exceptions  
11 to the limits in this section are those provided by or authorized by  
12 sections 77-3442 to 77-3444.

13 (12) Tax levies in excess of the limitations in this  
14 section shall be considered unauthorized levies under section 77-1606  
15 unless approved under section 77-3444.

16 (13) For purposes of sections 77-3442 to 77-3444,  
17 political subdivision means a political subdivision of this state and  
18 a county agricultural society.

19 (14) For school districts that file a binding resolution  
20 on or before May 9, 2008, with the county assessors, county clerks,  
21 and county treasurers for all counties in which the school district  
22 has territory pursuant to subsection (7) of section 79-458, if the  
23 combined levies, except levies for bonded indebtedness approved by  
24 the voters of the school district and levies for the refinancing of  
25 such bonded indebtedness, are in excess of the greater of (a) one

1 dollar and twenty cents per one hundred dollars of taxable valuation  
2 of property subject to the levy or (b) the maximum levy authorized by  
3 a vote pursuant to section 77-3444, all school district levies,  
4 except levies for bonded indebtedness approved by the voters of the  
5 school district and levies for the refinancing of such bonded  
6 indebtedness, shall be considered unauthorized levies under section  
7 77-1606.

8           Sec. 3. Original sections 13-519 and 77-3442, Revised  
9 Statutes Cumulative Supplement, 2010, are repealed.

10           Sec. 4. Since an emergency exists, this act takes effect  
11 when passed and approved according to law.