

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 596

Introduced by Davis, 43.

Read first time January 21, 2015

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to economic development; to amend sections
2 18-2102.01, 18-2116, 18-2117.01, and 84-304, Reissue Revised
3 Statutes of Nebraska, and sections 18-2101 and 18-2103, Revised
4 Statutes Cumulative Supplement, 2014; to change the Community
5 Development Law; to create the Tax-increment Financing Division of
6 the Auditor of Public Accounts and provide duties; to harmonize
7 provisions; to provide a duty for the Revisor of Statutes; and to
8 repeal the original sections.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 18-2101, Revised Statutes Cumulative Supplement,
2 2014, is amended to read:

3 18-2101 Sections 18-2101 to 18-2144 and section 6 of this act shall
4 be known and may be cited as the Community Development Law.

5 Sec. 2. Section 18-2102.01, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 18-2102.01 Cities of all classes and villages of this state are
8 hereby granted power and authority to create community redevelopment
9 authorities and limited community redevelopment authorities.

10 (1) Whenever an authority or limited authority is created it shall
11 bear the name of the city creating it and shall be legally known as the
12 Community Redevelopment Authority of the City (or Village)
13 of (name of city or village) or the Limited Community
14 Redevelopment Authority of the City (or Village) of (name
15 of city or village).

16 (2) When it is determined by the governing body of any city by
17 ordinance in the exercise of its discretion that it is expedient to
18 create a community redevelopment authority or limited community
19 redevelopment authority, the mayor of the city or, if the mayor shall
20 fail to act within ninety days after the passage of the ordinance, the
21 president or other presiding officer other than the mayor of the
22 governing body, with the approval of the governing body of the city,
23 shall appoint five or seven persons who shall constitute the authority or
24 the limited authority. The terms of office of the members of a five-
25 member authority initially appointed shall be for one year, two years,
26 three years, four years, and five years, as designated by the mayor,
27 president, other presiding officer, or city manager in making the
28 respective appointments. The terms of office of the members of a seven-
29 member authority initially appointed shall be one member each for one
30 year, two years, and five years, and two members each for three years and
31 four years, as designated by the mayor, president, other presiding

1 officer, or city manager in making the respective appointments. As the
2 terms of the members of the authority expire in cities not having the
3 city manager form of government, the mayor, with the approval of the
4 governing body of the city, shall appoint or reappoint a member of the
5 authority for a term of five years to succeed the member whose term
6 expires. In cities having the city manager form of government, the city
7 manager shall appoint or reappoint the members with the approval of the
8 governing body. The terms of office of the members of a limited community
9 redevelopment authority shall be for the duration of only one single
10 specific limited pilot project authorized in the ordinance creating the
11 limited community redevelopment authority, and the terms of the members
12 of a limited community redevelopment authority shall expire upon the
13 completion of the single specific limited pilot project authorized in the
14 ordinance creating the limited community redevelopment authority. The
15 members of the authority or limited authority appointed pursuant to this
16 subdivision shall consist of local stakeholders with clear accountability
17 and authority relative to tax-increment financing and may include city
18 staff, members of the governing body, representatives of other taxing
19 bodies that levy property taxes, experts in the area of economic
20 development, and the public. At a minimum, such members shall include:

21 (a) One member who has been approved by the school board of the
22 school district that encompasses the largest part of the city creating
23 the authority or limited authority;

24 (b) One member who has been approved by the county board of the
25 county in which the city creating the authority or limited authority is
26 located; and

27 (c) One member who has been approved by the Community College Board
28 of Governors for the community college area that encompasses the largest
29 part of the city creating the authority or limited authority.

30 A governing body may at its option submit an ordinance which creates
31 a community redevelopment authority or a limited community redevelopment

1 authority to the electors of the city for approval by a majority vote of
2 the electors voting on the ordinance. On submitting the ordinance for
3 approval, the governing body is authorized to call, by the ordinance, a
4 special or general election and to submit, after thirty days' notice of
5 the time and place of holding the election and according to the manner
6 and method otherwise provided by law for the calling, conducting,
7 canvassing, and certifying of the result of city elections on the
8 submission of propositions to the electors, the proposition to be stated
9 on the ballot as follows:

10 Shall the City (or Village) of (name of city or
11 village) create a Community Redevelopment Authority of the City (or
12 Village) of (name of city or village)?

13 ... Yes

14 ... No.

15 When the ordinance submitted to the electors for approval by a
16 majority vote of the electors voting on the ordinance is to create a
17 limited community redevelopment authority the proposition shall be stated
18 on the ballot as follows:

19 Shall the City (or Village) of (name of city or
20 village) create a Limited Community Redevelopment Authority of the City
21 (or Village) of (name of city or village)?

22 ... Yes

23 ... No.

24 Vacancies shall be filled for any unexpired term in the same manner
25 as the original appointment. Members of the authority so appointed shall
26 hold office until their successors have been appointed and qualified.
27 Members of a limited authority shall hold office as provided in this
28 section. All members of the authority shall serve without compensation,
29 but shall be entitled to be reimbursed for all necessary expenses
30 incurred.

31 (3) Any authority established under this section shall organize by

1 electing one of its members chairperson and another vice-chairperson,
2 shall have power to employ counsel, a director who shall be ex officio
3 secretary of the authority, and such other officers and employees as may
4 be desired, and shall fix the term of office, qualifications, and
5 compensation of each. The holder of the office of community redevelopment
6 administrator or coordinator of the city may, but need not, be appointed
7 the director but at no additional compensation by the authority.
8 Community redevelopment authorities of cities of the first and second
9 class and villages may secure the services of a director, community
10 redevelopment administrator, or coordinator, and other officers and
11 employees as may be desired through contract with the Department of
12 Economic Development upon terms which are mutually agreeable. Any
13 authority established under this section may validly and effectively act
14 on all matters requiring a resolution or other official action by the
15 concurrence of three members of a five-member authority or four members
16 of a seven-member authority present and voting at a meeting of the
17 authority. Orders, requisitions, warrants, and other documents may be
18 executed by the chairperson or vice-chairperson or by or with others
19 designated in its bylaws.

20 (4) No member or employee of any authority established under this
21 section shall have any interest directly or indirectly in any contract
22 for property, materials, or services to be required by such authority.

23 (5) The authority shall keep an accurate account of all its
24 activities and of all receipts and disbursements and make an annual
25 report of such activities, receipts, and disbursements to the governing
26 body of the city.

27 (6) The governing body of a city creating a community redevelopment
28 authority or a limited community redevelopment authority is hereby
29 authorized to appropriate and loan to the authority a sum not exceeding
30 ten thousand dollars for the purposes of paying expenses of organizing
31 and supervising the work of the authority at the beginning of its

1 activities. The loan shall be authorized by resolution of the governing
2 body which shall set forth the terms and time of the repayment of the
3 loan. The loan may be appropriated out of the general funds or any
4 sinking fund.

5 (7) All income, revenue, profits, and other funds received by any
6 authority established under this section from whatever source derived, or
7 appropriated by the city, or realized from tax receipts or comprised in
8 the special revenue fund of the city designated for the authority or from
9 the proceeds of bonds, or otherwise, shall be deposited with the city
10 treasurer as ex officio treasurer of the authority without commingling
11 the money with any other money under his or her control and disbursed by
12 him or her by check, draft, or order only upon warrants, orders, or
13 requisitions by the chairperson of the authority or other person
14 authorized by the authority which shall state distinctly the purpose for
15 which the same are drawn. A permanent record shall be kept by the
16 authority of all warrants, orders, or requisitions so drawn, showing the
17 date, amount, consideration, and to whom payable. When paid, the same
18 shall be canceled and kept on file by the city treasurer. The books of
19 any authority established under this section shall from time to time be
20 audited upon the order of the governing body of the municipality in such
21 manner as it may direct, and all books and records of the authority shall
22 at all times be open to public inspection. The authority may contract
23 with the holders of any of its bonds or notes as to collection, custody,
24 securing investment, and payment of any money of the authority or any
25 money held in trust or otherwise for the payment of bonds or notes or in
26 any way to secure bonds or notes. The authority may carry out the
27 contract notwithstanding that such contract may be inconsistent with the
28 previous provisions of this subdivision. All banks, capital stock
29 financial institutions, qualifying mutual financial institutions, and
30 trust companies are hereby authorized to give security for the deposits
31 of money of any authority established under the provisions of this

1 section pursuant to the Public Funds Deposit Security Act. Section
2 77-2366 applies to deposits in capital stock financial institutions.
3 Section 77-2365.01 shall apply to deposits in qualifying mutual financial
4 institutions.

5 Sec. 3. Section 18-2103, Revised Statutes Cumulative Supplement,
6 2014, is amended to read:

7 18-2103 For purposes of the Community Development Law, unless the
8 context otherwise requires:

9 (1) An authority means any community redevelopment authority created
10 pursuant to section 18-2102.01 and a city or village which has created a
11 community development agency pursuant to the provisions of section
12 18-2101.01 and does not include a limited community redevelopment
13 authority;

14 (2) Limited community redevelopment authority means a community
15 redevelopment authority created pursuant to section 18-2102.01 having
16 only one single specific limited pilot project authorized;

17 (3) City means any city or incorporated village in the state;

18 (4) Public body means the state or any municipality, county,
19 township, board, commission, authority, district, or other political
20 subdivision or public body of the state;

21 (5) Governing body or local governing body means the city council,
22 board of trustees, or other legislative body charged with governing the
23 municipality;

24 (6) Mayor means the mayor of the city or chairperson of the board of
25 trustees of the village;

26 (7) Clerk means the clerk of the city or village;

27 (8) Federal government means the United States of America, or any
28 agency or instrumentality, corporate or otherwise, of the United States
29 of America;

30 (9) Area of operation means and includes the area within the
31 corporate limits of the city and such land outside the city as may come

1 within the purview of sections 18-2123 and 18-2123.01;

2 (10) Substandard areas means an area in which there is a
3 predominance of buildings or improvements, whether nonresidential or
4 residential in character, which, by reason of dilapidation,
5 deterioration, age or obsolescence, inadequate provision for ventilation,
6 light, air, sanitation, or open spaces, high density of population and
7 overcrowding, or the existence of conditions which endanger life or
8 property by fire and other causes, or any combination of such factors, is
9 conducive to ill health, transmission of disease, infant mortality,
10 juvenile delinquency, and crime, (which cannot be remedied through
11 construction of prisons), and is detrimental to the public health,
12 safety, morals, or welfare;

13 (11) Blighted area means an area, which (a) by reason of the
14 presence of a substantial number of deteriorated or deteriorating
15 structures, existence of defective or inadequate street layout, faulty
16 lot layout in relation to size, adequacy, accessibility, or usefulness,
17 insanitary or unsafe conditions, deterioration of site or other
18 improvements, diversity of ownership, tax or special assessment
19 delinquency exceeding the fair value of the land, defective or unusual
20 conditions of title, improper subdivision or obsolete platting, or the
21 existence of conditions which endanger life or property by fire and other
22 causes, or any combination of such factors, substantially impairs or
23 arrests the sound growth of the community, retards the provision of
24 housing accommodations, or constitutes an economic or social liability
25 and is detrimental to the public health, safety, morals, or welfare in
26 its present condition and use and (b) in which there is at least one of
27 the following conditions: (i) Unemployment in the designated area is at
28 least one hundred twenty percent of the state or national average; (ii)
29 the average age of the residential or commercial units in the area is at
30 least forty years; (iii) more than half of the plotted and subdivided
31 property in an area is unimproved land that has been within the city for

1 forty years and has remained unimproved during that time; (iv) the per
2 capita income of the area is lower than the average per capita income of
3 the city or village in which the area is designated; or (v) the area has
4 had either stable or decreasing population based on the last two
5 decennial censuses. In no event shall a city of the metropolitan,
6 primary, or first class designate more than thirty-five percent of the
7 city as blighted, a city of the second class shall not designate an area
8 larger than fifty percent of the city as blighted, and a village shall
9 not designate an area larger than one hundred percent of the village as
10 blighted. A redevelopment project involving a formerly used defense site
11 as authorized under section 18-2123.01 shall not count towards the
12 percentage limitations contained in this subdivision;

13 (12) Redevelopment project means any work or undertaking in one or
14 more community redevelopment areas: (a) To acquire substandard and
15 blighted areas or portions thereof, including lands, structures, or
16 improvements the acquisition of which is necessary or incidental to the
17 proper clearance, development, or redevelopment of such substandard and
18 blighted areas; (b) to clear any such areas by demolition or removal of
19 existing buildings, structures, streets, utilities, or other improvements
20 thereon and to install, construct, or reconstruct streets, utilities,
21 parks, playgrounds, public spaces, public parking facilities, sidewalks
22 or moving sidewalks, convention and civic centers, bus stop shelters,
23 lighting, benches or other similar furniture, trash receptacles,
24 shelters, skywalks and pedestrian and vehicular overpasses and
25 underpasses, and any other necessary public improvements essential to the
26 preparation of sites for uses in accordance with a redevelopment plan;
27 (c) to sell, lease, or otherwise make available land in such areas for
28 residential, recreational, commercial, industrial, or other uses,
29 including parking or other facilities functionally related or subordinate
30 to such uses, or for public use or to retain such land for public use, in
31 accordance with a redevelopment plan; and may also include the

1 preparation of the redevelopment plan, the planning, survey, and other
2 work incident to a redevelopment project and the preparation of all plans
3 and arrangements for carrying out a redevelopment project; (d) to dispose
4 of all real and personal property or any interest in such property, or
5 assets, cash, or other funds held or used in connection with residential,
6 recreational, commercial, industrial, or other uses, including parking or
7 other facilities functionally related or subordinate to such uses, or any
8 public use specified in a redevelopment plan or project, except that such
9 disposition shall be at its fair value for uses in accordance with the
10 redevelopment plan; (e) to acquire real property in a community
11 redevelopment area which, under the redevelopment plan, is to be repaired
12 or rehabilitated for dwelling use or related facilities, repair or
13 rehabilitate the structures, and resell the property; and (f) to carry
14 out plans for a program of voluntary or compulsory repair,
15 rehabilitation, or demolition of buildings or other improvements in
16 accordance with the redevelopment plan;

17 (13) Redevelopment plan means a plan, as it exists from time to time
18 for one or more community redevelopment areas, or for a redevelopment
19 project, which (a) conforms to the general plan for the municipality as a
20 whole and (b) is sufficiently complete to indicate such land acquisition,
21 demolition and removal of structures, redevelopment, improvements, and
22 rehabilitation as may be proposed to be carried out in the community
23 redevelopment area, zoning and planning changes, if any, land uses,
24 maximum densities, and building requirements;

25 (14) Redeveloper means any person, partnership, or public or private
26 corporation or agency which enters or proposes to enter into a
27 redevelopment contract;

28 (15) Redevelopment contract means a contract entered into between an
29 authority and a redeveloper for the redevelopment of an area in
30 conformity with a redevelopment plan;

31 (16) Real property means all lands, including improvements and

1 fixtures thereon, and property of any nature appurtenant thereto, or used
2 in connection therewith, and every estate, interest and right, legal or
3 equitable, therein, including terms for years and liens by way of
4 judgment, mortgage, or otherwise, and the indebtedness secured by such
5 liens;

6 (17) Bonds means any bonds, including refunding bonds, notes,
7 interim certificates, debentures, or other obligations issued pursuant to
8 the Community Development Law except for bonds issued pursuant to section
9 18-2142.04;

10 (18) Obligee means any bondholder, agent, or trustee for any
11 bondholder, or lessor demising to any authority, established pursuant to
12 section 18-2102.01, property used in connection with a redevelopment
13 project, or any assignee or assignees of such lessor's interest or any
14 part thereof, and the federal government when it is a party to any
15 contract with such authority;

16 (19) Person means any individual, firm, partnership, limited
17 liability company, corporation, company, association, joint-stock
18 association, or body politic and includes any trustee, receiver,
19 assignee, or other similar representative thereof;

20 (20) Community redevelopment area means a substandard and blighted
21 area which the community redevelopment authority designates as
22 appropriate for a renewal project;

23 (21) Redevelopment project valuation means the valuation for
24 assessment of the taxable real property in a redevelopment project last
25 certified for the year prior to the effective date of the provision
26 authorized in section 18-2147;

27 (22) Enhanced employment area means an area not exceeding six
28 hundred acres (a) within a community redevelopment area which is
29 designated by an authority as eligible for the imposition of an
30 occupation tax or (b) not within a community redevelopment area as may be
31 designated under section 18-2142.04;

1 (23) Employee means a person employed at a business as a result of a
2 redevelopment project;

3 (24) Employer-provided health benefit means any item paid for by the
4 employer in total or in part that aids in the cost of health care
5 services, including, but not limited to, health insurance, health savings
6 accounts, and employer reimbursement of health care costs;

7 (25) Equivalent employees means the number of employees computed by
8 (a) dividing the total hours to be paid in a year by (b) the product of
9 forty times the number of weeks in a year;

10 (26) Business means any private business located in an enhanced
11 employment area;

12 (27) New investment means the value of improvements to real estate
13 made in an enhanced employment area by a developer or a business;

14 (28) Number of new employees means the number of equivalent
15 employees that are employed at a business as a result of the
16 redevelopment project during a year that are in excess of the number of
17 equivalent employees during the year immediately prior to the year that a
18 redevelopment plan is adopted;~~and~~

19 (29) Occupation tax means a tax imposed under section 18-2142.02;
20 and -

21 (30) Tax-increment Financing Division means the Tax-increment
22 Financing Division of the Auditor of Public Accounts.

23 Sec. 4. Section 18-2116, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 18-2116 (1) Following such hearing, the governing body may approve a
26 redevelopment plan if (a) it finds that the plan is feasible and in
27 conformity with the general plan for the development of the city as a
28 whole and the plan is in conformity with the legislative declarations and
29 determinations set forth in the Community Development Law and (b) it
30 finds that, if the plan uses funds authorized in section 18-2147, (i) the
31 redevelopment project in the plan would not be economically feasible

1 without the use of tax-increment financing, (ii) the redevelopment
2 project would not occur in the community redevelopment area without the
3 use of tax-increment financing, and (iii) the costs and benefits of the
4 redevelopment project, including costs and benefits to other affected
5 political subdivisions, the economy of the community, and the demand for
6 public and private services have been analyzed by the governing body and
7 have been found to be in the long-term best interest of the community
8 impacted by the redevelopment project. In making the findings required
9 under subdivision (1)(b) of this section, the governing body may consider
10 the tax-increment financing manual produced by the Tax-increment
11 Financing Division under section 6 of this act.

12 (2) In connection with the approval of any redevelopment plan which
13 includes the designation of an enhanced employment area, the governing
14 body may approve the redevelopment plan if it determines that any new
15 investment within such enhanced employment area will result in at least
16 (a) two new employees and new investment of one hundred twenty-five
17 thousand dollars in counties with fewer than fifteen thousand
18 inhabitants, (b) five new employees and new investment of two hundred
19 fifty thousand dollars in counties with at least fifteen thousand
20 inhabitants but fewer than twenty-five thousand inhabitants, (c) ten new
21 employees and new investment of five hundred thousand dollars in counties
22 with at least twenty-five thousand inhabitants but fewer than fifty
23 thousand inhabitants, (d) fifteen new employees and new investment of one
24 million dollars in counties with at least fifty thousand inhabitants but
25 fewer than one hundred thousand inhabitants, (e) twenty new employees and
26 new investment of one million five hundred thousand dollars in counties
27 with at least one hundred thousand inhabitants but fewer than two hundred
28 thousand inhabitants, (f) twenty-five new employees and new investment of
29 two million dollars in counties with at least two hundred thousand
30 inhabitants but fewer than four hundred thousand inhabitants, or (g)
31 thirty new employees and new investment of three million dollars in

1 counties with at least four hundred thousand inhabitants. Any business
2 that has one hundred thirty-five thousand square feet or more and annual
3 gross sales of ten million dollars or more shall provide an employer-
4 provided health benefit of at least three thousand dollars annually to
5 all new employees who are working thirty hours per week or more on
6 average and have been employed at least six months. In making such
7 determination, the governing body may rely upon written undertakings
8 provided by any redeveloper in connection with application for approval
9 of the redevelopment plan.

10 Sec. 5. Section 18-2117.01, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 18-2117.01 (1) On or before December 1 each year, each city which
13 has approved one or more redevelopment plans which are financed in whole
14 or in part through the use of tax-increment financing as provided in
15 section 18-2147 shall provide a report to the Property Tax Administrator
16 and the Tax-increment Financing Division on each such redevelopment plan
17 which includes the following information:

18 (a) A copy of the redevelopment plan and any amendments thereto if
19 they have not been previously filed, including the date upon which the
20 redevelopment plan was approved, the effective date for dividing the ad
21 valorem tax as provided to the county assessor pursuant to subsection (3)
22 of section 18-2147, and the location and boundaries of the property in
23 the redevelopment project; and

24 (b) A short narrative description of (i) the type of development
25 undertaken by the city or village with the financing and the type of
26 business or commercial activity locating within the redevelopment project
27 area as a result of the redevelopment project, (ii) strategies and
28 priorities for the following year for the use of tax-increment financing,
29 and (iii) a summary of how the use of tax-increment financing is
30 contributing to the local community.

31 (2) The Property Tax Administrator shall compile a report for each

1 active redevelopment project, based upon information provided by the
2 cities pursuant to subsection (1) of this section and information
3 reported by the county assessor or county clerk on the certificate of
4 taxes levied pursuant to section 77-1613.01. Each report shall be
5 electronically transmitted to the Clerk of the Legislature not later than
6 March 1 each year. The report may include any recommendations of the
7 Property Tax Administrator as to what other information should be
8 included in the report from the cities so as to facilitate analysis of
9 the uses, purposes, and effectiveness of tax-increment financing and the
10 process for its implementation or to streamline the reporting process
11 provided for in this section to eliminate unnecessary paperwork.

12 (3)(a) On or before December 1 each year, each city which has
13 approved one or more redevelopment plans which are financed in whole or
14 in part through the use of tax-increment financing as provided in section
15 18-2147 shall conduct a review of each such redevelopment plan and
16 determine whether the redevelopment plan has met its stated goals and
17 objectives.

18 (b) If the redevelopment plan has not met its stated goals and
19 objectives or if the recipient of the tax-increment financing fails to
20 meet any requirements for receiving the tax-increment financing, all or a
21 portion of the incentives provided to the recipient of the tax-increment
22 financing may be recaptured by the city from such recipient.

23 (c) The recapture required by this section shall not occur if (i)
24 the failure to meet the stated goals and objectives of the redevelopment
25 plan or the failure of the recipient of the tax-increment financing to
26 meet any requirements for receiving the tax-increment financing was
27 caused by an act of God or national emergency or (ii) the cost of
28 recapture would exceed the amount to be recaptured in the opinion of the
29 city.

30 Sec. 6. (1) The primary responsibility of the Tax-increment
31 Financing Division shall be to provide state-level assistance for tax-

1 increment financing projects that are approved under the Community
2 Development Law.

3 (2) The division shall create a well-defined and transparent tax-
4 increment financing manual that is made available to the public and
5 includes, at a minimum, the following:

6 (a) The tax-increment financing certification process;

7 (b) The financial metrics that must be used in evaluating tax-
8 increment financing proposals to meet statutory requirements; and

9 (c) The statutory definition of the "but for" test and how it must
10 be used in determining tax-increment financing eligibility.

11 (3) The manual may be used by the authority in determining whether a
12 redevelopment plan involving the use of tax-increment financing should be
13 approved under section 18-2116.

14 (4) The Tax-increment Financing Division shall create a public web
15 site to make available the reports received pursuant to section
16 18-2117.01.

17 (5) The Tax-increment Financing Division shall have the authority to
18 audit redevelopment projects and proposals to ensure compliance under the
19 Community Development Law and all other laws of Nebraska. If a project or
20 proposal is not in compliance:

21 (a) The division shall file a report with the Clerk of the
22 Legislature detailing its findings. The report shall also be made
23 available on the public web site established under subsection (4) of this
24 section;

25 (b) The authority or governing body shall be authorized to implement
26 the necessary changes to make the project or proposal compliant; and

27 (c) The project or proposal may be subject to recapture pursuant to
28 section 18-2117.01.

29 (6) The Tax-increment Financing Division shall establish a fee
30 structure for redevelopment projects that use tax-increment financing in
31 an amount sufficient to cover the costs of the division.

1 Sec. 7. Section 84-304, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 84-304 It shall be the duty of the Auditor of Public Accounts:

4 (1) To give information electronically to the Legislature, whenever
5 required, upon any subject relating to the fiscal affairs of the state or
6 with regard to any duty of his or her office;

7 (2) To furnish offices for himself or herself and all fuel, lights,
8 books, blanks, forms, paper, and stationery required for the proper
9 discharge of the duties of his or her office;

10 (3) To examine or cause to be examined, at such time as he or she
11 shall determine, books, accounts, vouchers, records, and expenditures of
12 all state officers, state bureaus, state boards, state commissioners, the
13 state library, societies and associations supported by the state, state
14 institutions, state colleges, and the University of Nebraska, except when
15 required to be performed by other officers or persons. Such examinations
16 shall be done in accordance with generally accepted government auditing
17 standards for financial audits and attestation engagements set forth in
18 Government Auditing Standards (2011 Revision), published by the
19 Comptroller General of the United States, Government Accountability
20 Office, and except as provided in subdivision (11) of this section,
21 subdivision (16) of section 50-1205, and section 84-322, shall not
22 include performance audits, whether conducted pursuant to attestation
23 engagements or performance audit standards as set forth in Government
24 Auditing Standards (2011 Revision), published by the Comptroller General
25 of the United States, Government Accountability Office;

26 (4)(a) To examine or cause to be examined, at the expense of the
27 political subdivision, when the Auditor of Public Accounts determines
28 such examination necessary or when requested by the political
29 subdivision, the books, accounts, vouchers, records, and expenditures of
30 any agricultural association formed under Chapter 2, article 20, any
31 county agricultural society, any joint airport authority formed under the

1 Joint Airport Authorities Act, any city or county airport authority, any
2 bridge commission created pursuant to section 39-868, any cemetery
3 district, any development district, any drainage district, any health
4 district, any local public health department as defined in section
5 71-1626, any historical society, any hospital authority or district, any
6 county hospital, any housing agency as defined in section 71-1575, any
7 irrigation district, any county or municipal library, any community
8 mental health center, any railroad transportation safety district, any
9 rural water district, any township, Wyuka Cemetery, the Educational
10 Service Unit Coordinating Council, any entity created pursuant to the
11 Interlocal Cooperation Act which includes either the participation of the
12 Educational Service Unit Coordinating Council or any educational service
13 unit, any village, any political subdivision with the authority to levy a
14 property tax or a toll, or any entity created pursuant to the Joint
15 Public Agency Act which has separately levied a property tax based on
16 legal authority for a joint public agency to levy such a tax independent
17 of the public agencies forming such joint public agency.

18 (b) The Auditor of Public Accounts may waive the audit requirement
19 of subdivision (4)(a) of this section upon the submission by the
20 political subdivision of a written request in a form prescribed by the
21 auditor. The auditor shall notify the political subdivision in writing of
22 the approval or denial of the request for a waiver.

23 (c) The Auditor of Public Accounts may conduct audits under this
24 subdivision for purposes of sections 2-3228, 12-101, 13-2402, 14-567,
25 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,
26 23-3526, and 71-1631.02;

27 (5) To report promptly to the Governor and the appropriate standing
28 committee of the Legislature the fiscal condition shown by such
29 examinations conducted by the auditor, including any irregularities or
30 misconduct of officers or employees, any misappropriation or misuse of
31 public funds or property, and any improper system or method of

1 bookkeeping or condition of accounts. The report submitted to the
2 committee shall be submitted electronically. In addition, if, in the
3 normal course of conducting an audit in accordance with subdivision (3)
4 of this section, the auditor discovers any potential problems related to
5 the effectiveness, efficiency, or performance of state programs, he or
6 she shall immediately report them electronically to the Legislative
7 Performance Audit Committee which may investigate the issue further,
8 report it electronically to the appropriate standing committee of the
9 Legislature, or both;

10 (6)(a) To examine or cause to be examined the books, accounts,
11 vouchers, records, and expenditures of a fire protection district. The
12 expense of the examination shall be paid by the political subdivision.

13 (b) Whenever the expenditures of a fire protection district are one
14 hundred fifty thousand dollars or less per fiscal year, the fire
15 protection district shall be audited no more than once every five years
16 except as directed by the board of directors of the fire protection
17 district or unless the auditor receives a verifiable report from a third
18 party indicating any irregularities or misconduct of officers or
19 employees of the fire protection district, any misappropriation or misuse
20 of public funds or property, or any improper system or method of
21 bookkeeping or condition of accounts of the fire protection district. In
22 the absence of such a report, the auditor may waive the five-year audit
23 requirement upon the submission of a written request by the fire
24 protection district in a form prescribed by the auditor. The auditor
25 shall notify the fire protection district in writing of the approval or
26 denial of a request for waiver of the five-year audit requirement. Upon
27 approval of the request for waiver of the five-year audit requirement, a
28 new five-year audit period shall begin.

29 (c) Whenever the expenditures of a fire protection district exceed
30 one hundred fifty thousand dollars in a fiscal year, the auditor may
31 waive the audit requirement upon the submission of a written request by

1 the fire protection district in a form prescribed by the auditor. The
2 auditor shall notify the fire protection district in writing of the
3 approval or denial of a request for waiver. Upon approval of the request
4 for waiver, a new five-year audit period shall begin for the fire
5 protection district if its expenditures are one hundred fifty thousand
6 dollars or less per fiscal year in subsequent years;

7 (7) To appoint two assistant deputies (a) whose entire time shall be
8 devoted to the service of the state as directed by the auditor, (b) who
9 shall be certified public accountants with at least five years'
10 experience, (c) who shall be selected without regard to party affiliation
11 or to place of residence at the time of appointment, (d) who shall
12 promptly report in duplicate to the auditor the fiscal condition shown by
13 each examination, including any irregularities or misconduct of officers
14 or employees, any misappropriation or misuse of public funds or property,
15 and any improper system or method of bookkeeping or condition of
16 accounts, and it shall be the duty of the auditor to file promptly with
17 the Governor a duplicate of such report, and (e) who shall qualify by
18 taking an oath which shall be filed in the office of the Secretary of
19 State;

20 (8) To conduct audits and related activities for state agencies,
21 political subdivisions of this state, or grantees of federal funds
22 disbursed by a receiving agency on a contractual or other basis for
23 reimbursement to assure proper accounting by all such agencies, political
24 subdivisions, and grantees for funds appropriated by the Legislature and
25 federal funds disbursed by any receiving agency. The auditor may contract
26 with any political subdivision to perform the audit of such political
27 subdivision required by or provided for in section 23-1608 or 79-1229 or
28 this section and charge the political subdivision for conducting the
29 audit. The fees charged by the auditor for conducting audits on a
30 contractual basis shall be in an amount sufficient to pay the cost of the
31 audit. The fees remitted to the auditor for such audits and services

1 shall be deposited in the Auditor of Public Accounts Cash Fund;

2 (9) To conduct all audits and examinations in a timely manner and in
3 accordance with the standards for audits of governmental organizations,
4 programs, activities, and functions published by the Comptroller General
5 of the United States;

6 (10) To develop and maintain an annual budget and actual financial
7 information reporting system for political subdivisions that is
8 accessible online by the public;~~and~~

9 (11) When authorized, to conduct joint audits with the Legislative
10 Performance Audit Committee as described in section 50-1205; ~~and~~ -

11 (12) To establish the Tax-increment Financing Division. Such
12 division shall have the duties described in section 6 of this act.

13 Sec. 8. The Revisor of Statutes shall assign section 6 of this act
14 within sections 18-2101 to 18-2144.

15 Sec. 9. Original sections 18-2102.01, 18-2116, 18-2117.01, and
16 84-304, Reissue Revised Statutes of Nebraska, and sections 18-2101 and
17 18-2103, Revised Statutes Cumulative Supplement, 2014, are repealed.