

ONE HUNDRED FIFTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE RESOLUTION 455**

Introduced by Stinner, 48.

PURPOSE: The purpose of this study is to identify evidence-based best practices for establishing an early warning system to identify and respond to fiscal distress among local political subdivisions.

Local political subdivisions continue to face increasing budgetary stresses due to a variety of factors such as growing liabilities, costly infrastructure repairs, and decreasing aid amid state mandates. In addition to these localized influences on the health of local governments, a changing economy, coupled with outmoded taxing systems as the economy moves more towards services and online sales puts increasing pressure on local political subdivisions.

This study shall focus on evidence-based best practices for identifying the appropriate financial indicators used to adequately signal that a local political subdivision is experiencing or is likely to experience fiscal distress. It shall also be the aim of the study to identify and recommend model policies for the monitoring of fiscal distress and establishing an intervention mechanism for responding to fiscal distress and its risks. The study shall include the following:

(1) An inventory of evidence-based financial indicators used in the identification of financial stressors among local political subdivisions;

(2) An analysis of best practice model policies at the state level which monitor and signal the existence or impending materialization of fiscal distress among local political subdivisions;

(3) An analysis of best practice model policies at the state level which establish early warning and escalating intervention systems to prevent or improve the condition of fiscal distress among local political subdivisions;

(4) Policy recommendations appropriate to the State of Nebraska and its local political subdivisions; and

(5) Other recommendations as appropriate.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Government, Military and Veterans Affairs Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.