

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1414

Introduced by Linehan, 39; at the request of the Governor.

Read first time January 18, 2024

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 13-518, 13-519, 13-520, and 77-27,142, Reissue Revised Statutes of
3 Nebraska, sections 77-1776, 77-27,144, 77-3446, and 77-6203, Revised
4 Statutes Cumulative Supplement, 2022, and sections 77-1632 and
5 77-1633, Revised Statutes Supplement, 2023; to adopt the Property
6 Tax Growth Limitation Act; to change provisions relating to budget
7 limitations; to harmonize provisions; to repeal the original
8 sections; and to declare an emergency.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 10 of this act shall be known and may be
2 cited as the Property Tax Growth Limitation Act.

3 Sec. 2. For purposes of the Property Tax Growth Limitation Act:

4 (1) Approved bonds means bonds as defined in subdivision (1) of
5 section 10-134 that are approved according to law;

6 (2) Department means the Department of Revenue;

7 (3) Political subdivision means any county, city, village, learning
8 community, sanitary and improvement district, natural resources district,
9 or educational service unit;

10 (4) Property tax request means the total amount of property taxes
11 requested to be raised for a political subdivision through the levy
12 imposed pursuant to section 77-1601;

13 (5) Property tax request authority means the amount that may be
14 included in a political subdivision's property tax request as determined
15 under section 3 of this act;

16 (6) Real growth percentage means the percentage obtained by dividing
17 (a) the political subdivision's real growth value by (b) the political
18 subdivision's total real property valuation from the prior year;

19 (7) Real growth value means the increase in a political
20 subdivision's real property valuation from the prior year to the current
21 year due to (a) improvements to real property as a result of new
22 construction and additions to existing buildings, (b) any other
23 improvements to real property which increase the value of such property,
24 (c) annexation of real property by the political subdivision, and (d) a
25 change in the use of real property; and

26 (8) State aid has the same meaning as in section 13-518.

27 Sec. 3. (1) Except as otherwise provided in the Property Tax Growth
28 Limitation Act, a political subdivision's property tax request for any
29 year shall not exceed its property tax request authority. A political
30 subdivision's property tax request authority shall be an amount equal to
31 the political subdivision's property tax request from the prior year.

1 (2) For purposes of calculating property tax request authority under
2 subsection (1) of this section, the following amounts shall be excluded
3 when determining a political subdivision's property tax request from the
4 prior year:

5 (a) Any amount approved by voters under section 4 of this act that
6 was included in the political subdivision's property tax request in the
7 prior year; and

8 (b) Any amount described in section 5 of this act that was included
9 in the political subdivision's property tax request in the prior year.

10 Sec. 4. (1) A political subdivision's property tax request may
11 exceed its property tax request authority by an amount approved by a
12 majority of legal voters voting on the issue at an election described in
13 subsection (2) of this section. Such issue shall be placed on the ballot
14 (a) upon the recommendation of the governing body of such political
15 subdivision or (b) upon the receipt by the county clerk or election
16 commissioner of a petition requesting such issue to be placed on the
17 ballot which is signed by at least five percent of the legal voters of
18 the political subdivision. The recommendation of the governing body or
19 the petition of the legal voters shall include the amount by which the
20 political subdivision would increase its property tax request for the
21 year over and above the property tax request authority of such political
22 subdivision.

23 (2) Upon receipt of such recommendation or legal voter petition, the
24 county clerk or election commissioner shall place such issue on the
25 ballot at the next regularly scheduled election. If a majority of the
26 votes cast on the issue are in favor of exceeding the political
27 subdivision's property tax request authority, the political subdivision
28 shall be empowered to do so.

29 Sec. 5. A political subdivision's property tax request may exceed
30 its property tax request authority by the amount needed to pay the
31 principal and interest on approved bonds.

1 Sec. 6. A political subdivision's property tax request may exceed
2 its property tax request authority by the amount budgeted by the
3 political subdivision to pay for repairs to infrastructure damaged by a
4 natural disaster which is declared a disaster or emergency pursuant to
5 the Emergency Management Act.

6 Sec. 7. A political subdivision's property tax request may exceed
7 its property tax request authority pursuant to any property tax authority
8 approved by the voters at a levy override election under section 77-3444
9 held prior to the effective date of this act.

10 Sec. 8. (1) A political subdivision's property tax request may
11 exceed its property tax request authority by a percentage equal to the
12 political subdivision's real growth percentage.

13 (2) A political subdivision may choose not to increase its property
14 tax request for a particular year by the full real growth percentage. In
15 such cases, the unused percentage amount may be carried forward to future
16 years and may be used in future years to increase the political
17 subdivision's property tax request by more than the percentage determined
18 under subsection (1) of this section.

19 (3) In no case shall the percentage carried forward under subsection
20 (2) of this section exceed five percent.

21 Sec. 9. The department shall prepare forms to be used by political
22 subdivisions for the purpose of calculating property tax request
23 authority and the unused percentage carried forward pursuant to
24 subsection (2) of section 8 of this act. Each political subdivision shall
25 calculate such amounts and submit the forms to the department on or
26 before September 30 of each year. If a political subdivision fails to
27 submit such forms to the department or if the department determines from
28 such forms that a political subdivision is not complying with the limits
29 provided in the Property Tax Growth Limitation Act, the department shall
30 notify the political subdivision and the State Treasurer of the
31 noncompliance. The State Treasurer shall then suspend distribution of

1 state aid allocated to the political subdivision until the political
2 subdivision complies. The funds shall be held for six months. If the
3 political subdivision complies within the six-month period, it shall
4 receive the suspended funds. If the political subdivision fails to comply
5 within the six-month period, the suspended funds shall be forfeited and
6 shall be redistributed to other recipients of the state aid or, in the
7 case of homestead exemption reimbursement, returned to the General Fund.

8 Sec. 10. The department may adopt and promulgate rules and
9 regulations to carry out the Property Tax Growth Limitation Act.

10 Sec. 11. Section 13-518, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 13-518 For purposes of sections 13-518 to 13-522:

13 (1) Allowable growth means (a) for governmental units other than
14 community colleges, the percentage increase in taxable valuation in
15 excess of the base limitation established under section 77-3446, if any,
16 due to improvements to real property as a result of new construction,
17 additions to existing buildings, any improvements to real property which
18 increase the value of such property, ~~and~~ any increase in valuation due to
19 annexation, any increase in valuation due to a change in the use of real
20 property causing a change in the classification of such real property for
21 taxation purposes, the annual increase in excess value for any tax
22 increment financing project located in the governmental unit, and any
23 increase in personal property valuation over the prior year and (b) for
24 community colleges, the percentage increase in excess of the base
25 limitation, if any, in full-time equivalent students from the second year
26 to the first year preceding the year for which the budget is being
27 determined;

28 ~~(2) Capital improvements means (a) acquisition of real property or~~
29 ~~(b) acquisition, construction, or extension of any improvements on real~~
30 ~~property;~~

31 (2) Excess value means an amount equal to the assessed value of the

1 real property included in a tax increment financing project minus the
2 redevelopment project valuation for such real property;

3 (3) Governing body has the same meaning as in section 13-503;

4 (4) Governmental unit means every political subdivision which has
5 authority to levy a property tax or authority to request levy authority
6 under section 77-3443 except sanitary and improvement districts which
7 have been in existence for five years or less and school districts;

8 ~~(5) Qualified sinking fund means a fund or funds maintained~~
9 ~~separately from the general fund to pay for acquisition or replacement of~~
10 ~~tangible personal property with a useful life of five years or more which~~
11 ~~is to be undertaken in the future but is to be paid for in part or in~~
12 ~~total in advance using periodic payments into the fund. The term includes~~
13 ~~sinking funds under subdivision (13) of section 35-508 for firefighting~~
14 ~~and rescue equipment or apparatus;~~

15 (5) Redevelopment project valuation has the same meaning as in
16 section 18-2103;

17 (6) Restricted funds means (a) property tax, excluding any amounts
18 refunded to taxpayers, (b) payments in lieu of property taxes, and (c)
19 ~~local option sales taxes, (d) motor vehicle taxes, (e) state aid, (f)~~
20 ~~transfers of surpluses from any user fee, permit fee, or regulatory fee~~
21 ~~if the fee surplus is transferred to fund a service or function not~~
22 ~~directly related to the fee and the costs of the activity funded from the~~
23 ~~fee, (g) any funds excluded from restricted funds for the prior year~~
24 ~~because they were budgeted for capital improvements but which were not~~
25 ~~spent and are not expected to be spent for capital improvements, (h) the~~
26 ~~tax provided in sections 77-27,223 to 77-27,227 beginning in the second~~
27 ~~fiscal year in which the county will receive a full year of receipts, and~~
28 ~~(i) any excess tax collections returned to the county under section~~
29 ~~77-1776. Funds received pursuant to the nameplate capacity tax levied~~
30 ~~under section 77-6203 for the first five years after a renewable energy~~
31 ~~generation facility has been commissioned are nonrestricted funds; and~~

1 (7) State aid means:

2 (a) For all governmental units, state aid paid pursuant to sections
3 60-3,202 and 77-3523 and reimbursement provided pursuant to section
4 77-1239;

5 (b) For municipalities, state aid to municipalities paid pursuant to
6 sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04, state aid
7 provided to municipalities in exchange for direct property tax relief,
8 and insurance premium tax paid to municipalities;

9 (c) For counties, state aid to counties paid pursuant to sections
10 60-3,184 to 60-3,190, state aid provided to counties in exchange for
11 direct property tax relief, insurance premium tax paid to counties, and
12 reimbursements to counties from funds appropriated pursuant to section
13 29-3933;

14 (d) For community colleges, state aid to community colleges paid
15 pursuant to the Community College Aid Act;

16 (e) For educational service units, state aid appropriated under
17 sections 79-1241.01 and 79-1241.03; and

18 (f) For local public health departments as defined in section
19 71-1626, state aid as distributed under section 71-1628.08; and -

20 (8) Tax increment financing project means a redevelopment project as
21 defined in section 18-2103 that is financed through the division of taxes
22 as provided in section 18-2147.

23 Sec. 12. Section 13-519, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 13-519 (1)(a) Subject to subdivisions (1)(b) and (c) of this
26 section, for all fiscal years beginning on or after July 1, 1998, no
27 governmental unit shall adopt a budget containing a total of budgeted
28 restricted funds more than the last prior year's total of budgeted
29 restricted funds plus allowable growth plus the basic allowable growth
30 percentage of the base limitation established under section 77-3446. ~~For~~
31 ~~the second fiscal year in which a county will receive a full year of~~

1 ~~receipts from the tax imposed in sections 77-27,223 to 77-27,227, the~~
2 ~~prior year's total of restricted funds shall be the prior year's total of~~
3 ~~restricted funds plus the total receipts from the tax imposed in sections~~
4 ~~77-27,223 to 77-27,227 in the prior year.~~ If a governmental unit
5 transfers the financial responsibility of providing a service financed in
6 whole or in part with restricted funds to another governmental unit or
7 the state, the amount of restricted funds associated with providing the
8 service shall be subtracted from the last prior year's total of budgeted
9 restricted funds for the previous provider and may be added to the last
10 prior year's total of restricted funds for the new provider. For
11 governmental units that have consolidated, the calculations made under
12 this section for consolidating units shall be made based on the combined
13 total of restricted funds, population, or full-time equivalent students
14 of each governmental unit.

15 (b) For all fiscal years beginning on or after July 1, 2008,
16 educational service units may exceed the limitations of subdivision (1)
17 (a) of this section to the extent that one hundred ten percent of the
18 needs for the educational service unit calculated pursuant to section
19 79-1241.03 exceeds the budgeted restricted funds allowed pursuant to
20 subdivision (1)(a) of this section.

21 ~~(c) For fiscal year 2017-18, the last prior year's total of~~
22 ~~restricted funds for counties shall be the last prior year's total of~~
23 ~~restricted funds less the last prior year's restricted funds budgeted by~~
24 ~~counties under sections 39-2501 to 39-2520, plus the last prior year's~~
25 ~~amount of restricted funds budgeted by counties under sections 39-2501 to~~
26 ~~39-2520 to be used for capital improvements.~~

27 (c) ~~(d)~~ The limitations of subdivision (1)(a) of this section shall
28 not apply to the budget or budget statement adopted by a regional
29 metropolitan transit authority for the first five fiscal years commencing
30 on the January 1 that follows the effective date of the conversion of the
31 transit authority established under the Transit Authority Law into a

1 regional metropolitan transit authority.

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

6 (2) ~~(3)~~ A governmental unit may exceed the applicable allowable
7 growth percentage otherwise prescribed in this section by an amount
8 approved by a majority of legal voters voting on the issue at a special
9 election called for such purpose upon the recommendation of the governing
10 body or upon the receipt by the county clerk or election commissioner of
11 a petition requesting an election signed by at least five percent of the
12 legal voters of the governmental unit. The recommendation of the
13 governing body or the petition of the legal voters shall include the
14 amount and percentage by which the governing body would increase its
15 budgeted restricted funds for the ensuing year over and above the current
16 year's budgeted restricted funds. The county clerk or election
17 commissioner shall call for a special election on the issue within thirty
18 days after the receipt of such governing body recommendation or legal
19 voter petition. The election shall be held pursuant to the Election Act,
20 and all costs shall be paid by the governing body. The issue may be
21 approved on the same question as a vote to exceed the levy limits
22 provided in section 77-3444.

23 (3) ~~(4)~~ In lieu of the election procedures in subsection (2) ~~(3)~~ of
24 this section, any governmental unit may, for a period of one year, exceed
25 the allowable growth percentage otherwise prescribed in this section by
26 an amount approved by a majority of legal voters voting at a meeting of
27 the residents of the governmental unit, called after notice is published
28 in a newspaper of general circulation in the governmental unit at least
29 twenty days prior to the meeting. At least ten percent of the registered
30 voters residing in the governmental unit shall constitute a quorum for
31 purposes of taking action to exceed the allowable growth percentage. If a

1 majority of the registered voters present at the meeting vote in favor of
2 exceeding the allowable growth percentage, a copy of the record of that
3 action shall be forwarded to the Auditor of Public Accounts along with
4 the budget documents. The issue to exceed the allowable growth percentage
5 may be approved at the same meeting as a vote to exceed the limits or
6 final levy allocation provided in section 77-3444.

7 Sec. 13. Section 13-520, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 13-520 The limitations in section 13-519 shall not apply to (1)
10 ~~restricted funds budgeted for capital improvements, (2) restricted funds~~
11 ~~expended from a qualified sinking fund for acquisition or replacement of~~
12 ~~tangible personal property with a useful life of five years or more, (3)~~
13 restricted funds pledged to retire bonds as defined in subdivision (1) of
14 section 10-134 and approved according to law and (2) , ~~(4) restricted~~
15 ~~funds used by a public airport to retire interest-free loans from the~~
16 ~~Division of Aeronautics of the Department of Transportation in lieu of~~
17 ~~bonded indebtedness at a lower cost to the public airport, (5) restricted~~
18 ~~funds budgeted in support of a service which is the subject of an~~
19 ~~agreement or a modification of an existing agreement whether operated by~~
20 ~~one of the parties to the agreement or by an independent joint entity or~~
21 ~~joint public agency, (6) restricted funds budgeted to pay for repairs to~~
22 infrastructure damaged by a natural disaster which is declared a disaster
23 emergency pursuant to the Emergency Management Act, ~~(7) restricted funds~~
24 ~~budgeted to pay for judgments, except judgments or orders from the~~
25 ~~Commission of Industrial Relations, obtained against a governmental unit~~
26 ~~which require or obligate a governmental unit to pay such judgment, to~~
27 ~~the extent such judgment is not paid by liability insurance coverage of a~~
28 ~~governmental unit, (8) restricted funds budgeted to pay benefits under~~
29 ~~the Firefighter Cancer Benefits Act, or (9) the dollar amount by which~~
30 ~~restricted funds budgeted by a natural resources district to administer~~
31 ~~and implement ground water management activities and integrated~~

1 ~~management activities under the Nebraska Ground Water Management and~~
2 ~~Protection Act exceed its restricted funds budgeted to administer and~~
3 ~~implement ground water management activities and integrated management~~
4 ~~activities for FY2003-04.~~

5 Sec. 14. Section 77-1632, Revised Statutes Supplement, 2023, is
6 amended to read:

7 77-1632 (1) If the annual assessment of property would result in an
8 increase in the total property taxes levied by a county, city, village,
9 school district, learning community, sanitary and improvement district,
10 natural resources district, educational service unit, or community
11 college, as determined using the previous year's rate of levy, such
12 political subdivision's property tax request for the current year shall
13 be no more than its property tax request in the prior year, and the
14 political subdivision's rate of levy for the current year shall be
15 decreased accordingly when such rate is set by the county board of
16 equalization pursuant to section 77-1601. The governing body of the
17 political subdivision shall pass a resolution or ordinance to set the
18 amount of its property tax request after holding the public hearing
19 required in subsection (3) of this section. If the governing body of a
20 political subdivision seeks to set its property tax request at an amount
21 that exceeds its property tax request in the prior year, it may do so,
22 subject to the limitations provided in the School District Property Tax
23 Limitation Act and the Property Tax Growth Limitation Act, to the extent
24 ~~allowed by law~~ after holding the public hearing required in subsection
25 (3) of this section and by passing a resolution or ordinance that
26 complies with subsection (4) of this section. If any county, city, school
27 district, or community college seeks to increase its property tax request
28 by more than the allowable growth percentage, such political subdivision
29 shall comply with the requirements of section 77-1633 in lieu of the
30 requirements in subsections (3) and (4) of this section.

31 (2) If the annual assessment of property would result in no change

1 or a decrease in the total property taxes levied by a county, city,
2 village, school district, learning community, sanitary and improvement
3 district, natural resources district, educational service unit, or
4 community college, as determined using the previous year's rate of levy,
5 such political subdivision's property tax request for the current year
6 shall be no more than its property tax request in the prior year, and the
7 political subdivision's rate of levy for the current year shall be
8 adjusted accordingly when such rate is set by the county board of
9 equalization pursuant to section 77-1601. The governing body of the
10 political subdivision shall pass a resolution or ordinance to set the
11 amount of its property tax request after holding the public hearing
12 required in subsection (3) of this section. If the governing body of a
13 political subdivision seeks to set its property tax request at an amount
14 that exceeds its property tax request in the prior year, it may do so,
15 subject to the limitations provided in the School District Property Tax
16 Limitation Act and the Property Tax Growth Limitation Act, to the extent
17 ~~allowed by law~~ after holding the public hearing required in subsection
18 (3) of this section and by passing a resolution or ordinance that
19 complies with subsection (4) of this section. If any county, city, school
20 district, or community college seeks to increase its property tax request
21 by more than the allowable growth percentage, such political subdivision
22 shall comply with the requirements of section 77-1633 in lieu of the
23 requirements in subsections (3) and (4) of this section.

24 (3) The resolution or ordinance required under this section shall
25 only be passed after a special public hearing called for such purpose is
26 held and after notice is published in a newspaper of general circulation
27 in the area of the political subdivision at least four calendar days
28 prior to the hearing. For purposes of such notice, the four calendar days
29 shall include the day of publication but not the day of hearing. If the
30 political subdivision's total operating budget, not including reserves,
31 does not exceed ten thousand dollars per year or twenty thousand dollars

1 per biennial period, the notice may be posted at the governing body's
2 principal headquarters. The hearing notice shall contain the following
3 information: The certified taxable valuation under section 13-509 for the
4 prior year, the certified taxable valuation under section 13-509 for the
5 current year, and the percentage increase or decrease in such valuations
6 from the prior year to the current year; the dollar amount of the prior
7 year's tax request and the property tax rate that was necessary to fund
8 that tax request; the property tax rate that would be necessary to fund
9 last year's tax request if applied to the current year's valuation; the
10 proposed dollar amount of the tax request for the current year and the
11 property tax rate that will be necessary to fund that tax request; the
12 percentage increase or decrease in the property tax rate from the prior
13 year to the current year; and the percentage increase or decrease in the
14 total operating budget from the prior year to the current year.

15 (4) Any resolution or ordinance setting a political subdivision's
16 property tax request under this section at an amount that exceeds the
17 political subdivision's property tax request in the prior year shall
18 include, but not be limited to, the following information:

19 (a) The name of the political subdivision;

20 (b) The amount of the property tax request;

21 (c) The following statements:

22 (i) The total assessed value of property differs from last year's
23 total assessed value by percent;

24 (ii) The tax rate which would levy the same amount of property taxes
25 as last year, when multiplied by the new total assessed value of
26 property, would be \$..... per \$100 of assessed value;

27 (iii) The (name of political subdivision) proposes to adopt a
28 property tax request that will cause its tax rate to be \$..... per \$100
29 of assessed value; and

30 (iv) Based on the proposed property tax request and changes in other
31 revenue, the total operating budget of (name of political subdivision)

1 will (increase or decrease) last year's budget by percent; and

2 (d) The record vote of the governing body in passing such resolution
3 or ordinance.

4 (5) Any resolution or ordinance setting a property tax request under
5 this section shall be certified and forwarded to the county clerk on or
6 before October 15 of the year for which the tax request is to apply.

7 Sec. 15. Section 77-1633, Revised Statutes Supplement, 2023, is
8 amended to read:

9 77-1633 (1) For purposes of this section, political subdivision
10 means any county, city, school district, or community college.

11 (2) If any political subdivision seeks to increase its property tax
12 request by more than the allowable growth percentage, such political
13 subdivision may do so, subject to the limitations provided in the School
14 District Property Tax Limitation Act and the Property Tax Growth
15 Limitation Act, if the following requirements are met to the extent
16 allowed by law if:

17 (a) A public hearing is held and notice of such hearing is provided
18 in compliance with subsection (3) of this section; and

19 (b) The governing body of such political subdivision passes a
20 resolution or an ordinance that complies with subsection (4) of this
21 section.

22 (3)(a) Each political subdivision within a county that seeks to
23 increase its property tax request by more than the allowable growth
24 percentage shall participate in a joint public hearing. Each such
25 political subdivision shall designate one representative to attend the
26 joint public hearing on behalf of the political subdivision. If a
27 political subdivision includes area in more than one county, the
28 political subdivision shall be deemed to be within the county in which
29 the political subdivision's principal headquarters are located. At such
30 hearing, there shall be no items on the agenda other than discussion on
31 each political subdivision's intent to increase its property tax request

1 by more than the allowable growth percentage.

2 (b) At least one elected official from each participating political
3 subdivision shall attend the joint public hearing. An elected official
4 may be the designated representative from a participating political
5 subdivision. The presence of a quorum or the participation of elected
6 officials at the joint public hearing does not constitute a meeting as
7 defined by section 84-1409 of the Open Meetings Act.

8 (c) The joint public hearing shall be held on or after September 14
9 and prior to September 24 and before any of the participating political
10 subdivisions file their adopted budget statement pursuant to section
11 13-508.

12 (d) The joint public hearing shall be held after 6 p.m. local time
13 on the relevant date.

14 (e) The joint public hearing shall be organized by the county clerk
15 or his or her designee. At the joint public hearing, the designated
16 representative of each political subdivision shall give a brief
17 presentation on the political subdivision's intent to increase its
18 property tax request by more than the allowable growth percentage and the
19 effect of such request on the political subdivision's budget. The
20 presentation shall include:

21 (i) The name of the political subdivision;

22 (ii) The amount of the property tax request; and

23 (iii) The following statements:

24 (A) The total assessed value of property differs from last year's
25 total assessed value by percent;

26 (B) The tax rate which would levy the same amount of property taxes
27 as last year, when multiplied by the new total assessed value of
28 property, would be \$..... per \$100 of assessed value;

29 (C) The (name of political subdivision) proposes to adopt a property
30 tax request that will cause its tax rate to be \$..... per \$100 of
31 assessed value;

1 (D) Based on the proposed property tax request and changes in other
2 revenue, the total operating budget of (name of political subdivision)
3 will exceed last year's by percent; and

4 (E) To obtain more information regarding the increase in the
5 property tax request, citizens may contact the (name of political
6 subdivision) at (telephone number and email address of political
7 subdivision).

8 (f) Any member of the public shall be allowed to speak at the joint
9 public hearing and shall be given a reasonable amount of time to do so.

10 (g) Notice of the joint public hearing shall be provided:

11 (i) By sending a postcard to all affected property taxpayers. The
12 postcard shall be sent to the name and address to which the property tax
13 statement is mailed;

14 (ii) By posting notice of the hearing on the home page of the
15 relevant county's website, except that this requirement shall only apply
16 if the county has a population of more than ten thousand inhabitants; and

17 (iii) By publishing notice of the hearing in a legal newspaper in or
18 of general circulation in the relevant county.

19 (h) Each political subdivision that participates in the joint public
20 hearing shall electronically send the information prescribed in
21 subdivision (3)(i) of this section to the county assessor by September 4.
22 The county clerk shall notify the county assessor of the date, time, and
23 location of the joint public hearing no later than September 4. The
24 county clerk shall notify each participating political subdivision of the
25 date, time, and location of the joint public hearing. The county assessor
26 shall send the information required to be included on the postcards
27 pursuant to subdivision (3)(i) of this section to a printing service
28 designated by the county board. The initial cost for printing the
29 postcards shall be paid from the county general fund. Such postcards
30 shall be mailed at least seven calendar days before the joint public
31 hearing. The cost of creating and mailing the postcards, including staff

1 time, materials, and postage, shall be charged proportionately to the
2 political subdivisions participating in the joint public hearing based on
3 the total number of parcels in each participating political subdivision.
4 Each participating political subdivision shall also maintain a
5 prominently displayed and easily accessible link on the home page of the
6 political subdivision's website to the political subdivision's proposed
7 budget, except that this requirement shall not apply if the political
8 subdivision is a county with a population of less than ten thousand
9 inhabitants, a city with a population of less than one thousand
10 inhabitants, or, for joint public hearings prior to January 1, 2024, a
11 school district.

12 (i) The postcard sent under this subsection and the notice posted on
13 the county's website, if required under subdivision (3)(g)(ii) of this
14 section, and published in the newspaper shall include the date, time, and
15 location for the joint public hearing, a listing of and telephone number
16 for each political subdivision that will be participating in the joint
17 public hearing, and the amount of each participating political
18 subdivision's property tax request. The postcard shall also contain the
19 following information:

20 (i) The following words in capitalized type at the top of the
21 postcard: NOTICE OF PROPOSED TAX INCREASE;

22 (ii) The name of the county that will hold the joint public hearing,
23 which shall appear directly underneath the capitalized words described in
24 subdivision (3)(i)(i) of this section;

25 (iii) The following statement: The following political subdivisions
26 are proposing a revenue increase which would result in an overall
27 increase in property taxes in (insert current tax year). THE ACTUAL TAX
28 ON YOUR PROPERTY MAY INCREASE OR DECREASE. This notice contains estimates
29 of the tax on your property as a result of this revenue increase. These
30 estimates are calculated on the basis of the proposed (insert current tax
31 year) data. The actual tax on your property may vary from these

1 estimates.

2 (iv) The parcel number for the property;

3 (v) The name of the property owner and the address of the property;

4 (vi) The property's assessed value in the previous tax year;

5 (vii) The amount of property taxes due in the previous tax year for
6 each participating political subdivision;

7 (viii) The property's assessed value for the current tax year;

8 (ix) The amount of property taxes due for the current tax year for
9 each participating political subdivision;

10 (x) The change in the amount of property taxes due for each
11 participating political subdivision from the previous tax year to the
12 current tax year; and

13 (xi) The following statement: To obtain more information regarding
14 the tax increase, citizens may contact the political subdivision at the
15 telephone number provided in this notice.

16 (4) After the joint public hearing required in subsection (3) of
17 this section, the governing body of each participating political
18 subdivision shall pass an ordinance or resolution to set such political
19 subdivision's property tax request. If the political subdivision is
20 increasing its property tax request over the amount from the prior year,
21 including any increase in excess of the allowable growth percentage, then
22 such ordinance or resolution shall include, but not be limited to, the
23 following information:

24 (a) The name of the political subdivision;

25 (b) The amount of the property tax request;

26 (c) The following statements:

27 (i) The total assessed value of property differs from last year's
28 total assessed value by percent;

29 (ii) The tax rate which would levy the same amount of property taxes
30 as last year, when multiplied by the new total assessed value of
31 property, would be \$..... per \$100 of assessed value;

1 (iii) The (name of political subdivision) proposes to adopt a
2 property tax request that will cause its tax rate to be \$..... per \$100
3 of assessed value; and

4 (iv) Based on the proposed property tax request and changes in other
5 revenue, the total operating budget of (name of political subdivision)
6 will exceed last year's by percent; and

7 (d) The record vote of the governing body in passing such resolution
8 or ordinance.

9 (5) Any resolution or ordinance setting a property tax request under
10 this section shall be certified and forwarded to the county clerk on or
11 before October 15 of the year for which the tax request is to apply.

12 (6) The county clerk, or his or her designee, shall prepare a report
13 which shall include:

14 (a) The names of the designated representatives of the political
15 subdivisions participating in the joint public hearing;

16 (b) The name and address of each individual who spoke at the joint
17 public hearing, unless the address requirement is waived to protect the
18 security of the individual, and the name of any organization represented
19 by each such individual;

20 (c) The name of each political subdivision that participated in the
21 joint public hearing;

22 (d) The real growth value and real growth percentage for each
23 participating political subdivision;

24 (e) The amount each participating political subdivision seeks to
25 increase its property tax request in excess of the allowable growth
26 percentage; and

27 (f) The number of individuals who signed in to attend the joint
28 public hearing.

29 Such report shall be delivered to the political subdivisions
30 participating in the joint public hearing within ten days after such
31 hearing.

1 Sec. 16. Section 77-1776, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 77-1776 Any political subdivision which has received proceeds from a
4 levy imposed on all taxable property within an entire county which is in
5 excess of that requested by the political subdivision under the Property
6 Tax Request Act as a result of a clerical error or mistake shall, in the
7 fiscal year following receipt, return the excess tax collections, net of
8 the collection fee, to the county. By July 31 of the fiscal year
9 following the receipt of any excess tax collections, the county treasurer
10 shall certify to the political subdivision the amount to be returned.
11 ~~Such excess tax collections shall be restricted funds in the budget of~~
12 ~~the county that receives the funds under section 13-518.~~

13 Sec. 17. Section 77-27,142, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 77-27,142 (1) Any incorporated municipality other than a city of the
16 metropolitan class by ordinance of its governing body is hereby
17 authorized to impose a sales and use tax of one-half percent, one
18 percent, one and one-half percent, one and three-quarters percent, or two
19 percent upon the same transactions that are sourced under the provisions
20 of sections 77-2703.01 to 77-2703.04 within such incorporated
21 municipality on which the State of Nebraska is authorized to impose a tax
22 pursuant to the Nebraska Revenue Act of 1967, as amended from time to
23 time. Any city of the metropolitan class by ordinance of its governing
24 body is hereby authorized to impose a sales and use tax of one-half
25 percent, one percent, or one and one-half percent upon the same
26 transactions that are sourced under the provisions of sections 77-2703.01
27 to 77-2703.04 within such city of the metropolitan class on which the
28 State of Nebraska is authorized to impose a tax pursuant to the Nebraska
29 Revenue Act of 1967, as amended from time to time. No sales and use tax
30 shall be imposed pursuant to this section until an election has been held
31 and a majority of the qualified electors have approved such tax pursuant

1 to sections 77-27,142.01 and 77-27,142.02.

2 (2)(a) Any incorporated municipality that proposes to impose a
3 municipal sales and use tax at a rate greater than one and one-half
4 percent or increase a municipal sales and use tax to a rate greater than
5 one and one-half percent shall submit the question of such tax or
6 increase at a primary or general election held within the incorporated
7 municipality. The question shall be submitted upon an affirmative vote by
8 at least seventy percent of all of the members of the governing body of
9 the incorporated municipality.

10 (b) Any rate greater than one and one-half percent shall be used as
11 follows:

12 (i) In a city of the primary class, up to fifteen percent of the
13 proceeds from the rate in excess of one and one-half percent may be used
14 for non-public infrastructure projects of an interlocal agreement or
15 joint public agency agreement with another political subdivision within
16 the municipality or the county in which the municipality is located, and
17 the remaining proceeds shall be used for public infrastructure projects
18 or voter-approved infrastructure related to an economic development
19 program as defined in section 18-2705; and

20 (ii) In any incorporated municipality other than a city of the
21 primary class, the proceeds from the rate in excess of one and one-half
22 percent shall be used for public infrastructure projects or voter-
23 approved infrastructure related to an economic development program as
24 defined in section 18-2705.

25 For purposes of this section, public infrastructure project means
26 and includes, but is not limited to, any of the following projects, or
27 any combination thereof: Public highways and bridges and municipal roads,
28 streets, bridges, and sidewalks; solid waste management facilities;
29 wastewater, storm water, and water treatment works and systems, water
30 distribution facilities, and water resources projects, including, but not
31 limited to, pumping stations, transmission lines, and mains and their

1 appurtenances; hazardous waste disposal systems; resource recovery
2 systems; airports; port facilities; buildings and capital equipment used
3 in the operation of municipal government; convention and tourism
4 facilities; redevelopment projects as defined in section 18-2103; mass
5 transit and other transportation systems, including parking facilities;
6 and equipment necessary for the provision of municipal services.

7 (c) Any rate greater than one and one-half percent shall terminate
8 no more than ten years after its effective date or, if bonds are issued
9 and the local option sales and use tax revenue is pledged for payment of
10 such bonds, upon payment of such bonds and any refunding bonds, whichever
11 date is later, except as provided in subdivision (2)(d) of this section.

12 (d) If a portion of the rate greater than one and one-half percent
13 is stated in the ballot question as being imposed for the purpose of the
14 interlocal agreement or joint public agency agreement described in
15 subdivision (2)(b)(i) or subsection (3) of this section, and such portion
16 is at least one-eighth percent, there shall be no termination date for
17 the rate representing such portion rounded to the next higher one-quarter
18 or one-half percent.

19 ~~(e) Sections 13-518 to 13-522 apply to the revenue from any such tax~~
20 ~~or increase.~~

21 (3)(a) No municipal sales and use tax shall be imposed at a rate
22 greater than one and one-half percent or increased to a rate greater than
23 one and one-half percent unless the municipality is a party to an
24 interlocal agreement pursuant to the Interlocal Cooperation Act or a
25 joint public agency agreement pursuant to the Joint Public Agency Act
26 with a political subdivision within the municipality or the county in
27 which the municipality is located creating a separate legal or
28 administrative entity relating to a public infrastructure project.

29 (b) Except as provided in subdivision (2)(b)(i) of this section,
30 such interlocal agreement or joint public agency agreement shall contain
31 provisions, including benchmarks, relating to the long-term development

1 of unified governance of public infrastructure projects with respect to
2 the parties. The Legislature may provide additional requirements for such
3 agreements, including benchmarks, but such additional requirements shall
4 not apply to any debt outstanding at the time the Legislature enacts such
5 additional requirements. The separate legal or administrative entity
6 created shall not be one that was in existence for one calendar year
7 preceding the submission of the question of such tax or increase at a
8 primary or general election held within the incorporated municipality.

9 (c) Any other public agency as defined in section 13-803 may be a
10 party to such interlocal cooperation agreement or joint public agency
11 agreement.

12 (d) A municipality is not required to use all of the additional
13 revenue generated by a sales and use tax imposed at a rate greater than
14 one and one-half percent or increased to a rate greater than one and one-
15 half percent under this subsection for the purposes of the interlocal
16 cooperation agreement or joint public agency agreement set forth in this
17 subsection.

18 (4) The provisions of subsections (2) and (3) of this section do not
19 apply to the first one and one-half percent of a sales and use tax
20 imposed by a municipality.

21 (5) Notwithstanding any provision of any municipal charter, any
22 incorporated municipality or interlocal agency or joint public agency
23 pursuant to an agreement as provided in subsection (3) of this section
24 may issue bonds in one or more series for any municipal purpose and pay
25 the principal of and interest on any such bonds by pledging receipts from
26 the increase in the municipal sales and use taxes authorized by such
27 municipality. Any municipality which has or may issue bonds under this
28 section may dedicate a portion of its property tax levy authority as
29 provided in section 77-3442 to meet debt service obligations under the
30 bonds. For purposes of this subsection, bond means any evidence of
31 indebtedness, including, but not limited to, bonds, notes including notes

1 issued pending long-term financing arrangements, warrants, debentures,
2 obligations under a loan agreement or a lease-purchase agreement, or any
3 similar instrument or obligation.

4 Sec. 18. Section 77-27,144, Revised Statutes Cumulative Supplement,
5 2022, is amended to read:

6 77-27,144 (1) The Tax Commissioner shall collect the tax imposed by
7 any incorporated municipality concurrently with collection of a state tax
8 in the same manner as the state tax is collected. The Tax Commissioner
9 shall remit monthly the proceeds of the tax to the incorporated
10 municipalities levying the tax, after deducting the amount of refunds
11 made and three percent of the remainder to be credited to the Municipal
12 Equalization Fund.

13 (2)(a) Deductions for a refund made pursuant to section 77-4105,
14 77-4106, 77-5725, or 77-5726 and owed by a city of the first class, city
15 of the second class, or village shall be delayed for one year after the
16 refund has been made to the taxpayer. The Department of Revenue shall
17 notify the municipality liable for a refund exceeding one thousand five
18 hundred dollars of the pending refund, the amount of the refund, and the
19 month in which the deduction will be made or begin, except that if the
20 amount of a refund claimed under section 77-4105, 77-4106, 77-5725, or
21 77-5726 exceeds twenty-five percent of the municipality's total sales and
22 use tax receipts, net of any refunds or sales tax collection fees, for
23 the municipality's prior fiscal year, the department shall deduct the
24 refund over the period of one year in equal monthly amounts beginning
25 after the one-year notification period required by this subdivision.

26 (b) Deductions for a refund made pursuant to section 77-4105,
27 77-4106, 77-5725, or 77-5726 and owed by a city of the metropolitan class
28 or city of the primary class shall be made as follows:

29 (i) During calendar year 2023, such deductions shall be made in
30 accordance with subsection (1) of this section; and

31 (ii) During calendar year 2024 and each calendar year thereafter,

1 such deductions shall be made based on estimated amounts as described in
2 this subdivision. On or before March 1, 2023, and on or before March 1 of
3 each year thereafter, the Department of Revenue shall notify each city of
4 the metropolitan class and city of the primary class of the total amount
5 of such refunds that are estimated to be paid during the following
6 calendar year. Such estimated amount shall be used to establish the total
7 amount to be deducted in the following calendar year. The department
8 shall deduct such amount over the following calendar year in twelve equal
9 monthly amounts. Beginning with the notification sent in calendar year
10 2025, the notification shall include any adjustment needed for the prior
11 calendar year to account for any difference between the estimated amount
12 deducted in such prior calendar year and the actual amount of refunds
13 paid in such year.

14 (3) Deductions for a refund made pursuant to the Imagine Nebraska
15 Act shall be delayed as provided in this subsection after the refund has
16 been made to the taxpayer. The Department of Revenue shall notify each
17 municipality liable for a refund exceeding one thousand five hundred
18 dollars of the pending refund and the amount of the refund claimed under
19 the Imagine Nebraska Act. The notification shall be made by March 1 of
20 each year beginning in 2021 and shall be used to establish the refund
21 amount for the following calendar year. The notification shall include
22 any excess or underpayment from the prior calendar year. The department
23 shall deduct the refund over a period of one year in equal monthly
24 amounts beginning in January following the notification. This subsection
25 applies to total annual refunds exceeding one million dollars or twenty-
26 five percent of the municipality's total sales and use tax receipts for
27 the prior fiscal year, whichever is the lesser amount.

28 (4) Deductions for a refund made pursuant to the Urban Redevelopment
29 Act shall be delayed as provided in this subsection after the refund has
30 been made to the taxpayer. The Department of Revenue shall notify each
31 municipality liable for a refund exceeding one thousand five hundred

1 dollars of the pending refund and the amount of the refund claimed under
2 the Urban Redevelopment Act. The notification shall be made by March 1 of
3 each year beginning in 2022 and shall be used to establish the refund
4 amount for the following calendar year. The notification shall include
5 any excess or underpayment from the prior calendar year. The department
6 shall deduct the refund over a period of one year in equal monthly
7 amounts beginning in January following the notification. This subsection
8 applies to total annual refunds exceeding one million dollars or twenty-
9 five percent of the municipality's total sales and use tax receipts for
10 the prior fiscal year, whichever is the lesser amount.

11 (5) The Tax Commissioner shall keep full and accurate records of all
12 money received and distributed under the provisions of the Local Option
13 Revenue Act. When proceeds of a tax levy are received but the identity of
14 the incorporated municipality which levied the tax is unknown and is not
15 identified within six months after receipt, the amount shall be credited
16 to the Municipal Equalization Fund. The municipality may request the
17 names and addresses of the retailers which have collected the tax as
18 provided in subsection (13) of section 77-2711 and may certify an
19 individual to request and review confidential sales and use tax returns
20 and sales and use tax return information as provided in subsection (14)
21 of section 77-2711.

22 (6)(a) Every qualifying business that has filed an application to
23 receive tax incentives under the Employment and Investment Growth Act,
24 the Nebraska Advantage Act, the ImagiNE Nebraska Act, or the Urban
25 Redevelopment Act shall, with respect to such acts, provide annually to
26 each municipality, in aggregate data, the maximum amount the qualifying
27 business is eligible to receive in the current year in refunds of local
28 sales and use taxes of the municipality and exemptions for the previous
29 year, and the estimate of annual refunds of local sales and use taxes of
30 the municipality and exemptions such business intends to claim in each
31 future year. Such information shall be kept confidential by the

1 municipality unless publicly disclosed previously by the taxpayer or by
2 the State of Nebraska.

3 (b) For purposes of this subsection, municipality means a
4 municipality that has adopted the local option sales and use tax under
5 the Local Option Revenue Act and to which the qualifying business has
6 paid such sales and use tax.

7 (c) The qualifying business shall provide the information to the
8 municipality on or before June 30 of each year.

9 (d) Any amounts held by a municipality to make sales and use tax
10 refunds under the Employment and Investment Growth Act, the Nebraska
11 Advantage Act, the Imagine Nebraska Act, and the Urban Redevelopment Act
12 shall not count toward ~~any budgeted restricted funds limitation as~~
13 ~~provided in section 13-519 or toward~~ any cash reserve limitation as
14 provided in section 13-504.

15 Sec. 19. Section 77-3446, Revised Statutes Cumulative Supplement,
16 2022, is amended to read:

17 77-3446 Base limitation means the budget limitation rate applicable
18 to school districts and the limitation on growth of restricted funds
19 applicable to other political subdivisions prior to any increases in the
20 rate as a result of ~~special actions taken by a supermajority of any~~
21 ~~governing board or of~~ any exception allowed by law. The base limitation
22 is three ~~two and one-half~~ percent until adjusted, except that the base
23 limitation for school districts for school fiscal years 2017-18 and
24 2018-19 is one and one-half percent and for school fiscal year 2019-20 is
25 two percent. The base limitation shall ~~may~~ be adjusted annually by the
26 Legislature to reflect changes in the prices of services and products
27 used by school districts and political subdivisions.

28 Sec. 20. Section 77-6203, Revised Statutes Cumulative Supplement,
29 2022, is amended to read:

30 77-6203 (1) The owner of a renewable energy generation facility
31 annually shall pay a nameplate capacity tax equal to the total nameplate

1 capacity of the commissioned renewable energy generation facility
2 multiplied by a tax rate of three thousand five hundred eighteen dollars
3 per megawatt.

4 (2) No tax shall be imposed on a renewable energy generation
5 facility:

6 (a) Owned or operated by the federal government, the State of
7 Nebraska, a public power district, a public power and irrigation
8 district, an individual municipality, a registered group of
9 municipalities, an electric membership association, or a cooperative; or

10 (b) That is a customer-generator as defined in section 70-2002.

11 ~~(3) No tax levied pursuant to this section shall be construed to~~
12 ~~constitute restricted funds as defined in section 13-518 for the first~~
13 ~~five years after the renewable energy generation facility is~~
14 ~~commissioned.~~

15 (3) ~~(4)~~ The presence of one or more renewable energy generation
16 facilities or supporting infrastructure shall not be a factor in the
17 assessment, determination of actual value, or classification under
18 section 77-201 of the real property underlying or adjacent to such
19 facilities or infrastructure.

20 (4)(a) ~~(5)(a)~~ The Department of Revenue shall collect the tax due
21 under this section.

22 (b) The tax shall be imposed beginning the first calendar year the
23 renewable energy generation facility is commissioned. A renewable energy
24 generation facility that uses wind as the fuel source which was
25 commissioned prior to July 15, 2010, shall be subject to the tax levied
26 pursuant to sections 77-6201 to 77-6204 on and after January 1, 2010. The
27 amount of property tax on depreciable tangible personal property
28 previously paid on a renewable energy generation facility that uses wind
29 as the fuel source which was commissioned prior to July 15, 2010, which
30 is greater than the amount that would have been paid pursuant to sections
31 77-6201 to 77-6204 from the date of commissioning until January 1, 2010,

1 shall be credited against any tax due under Chapter 77, and any amount so
2 credited that is unused in any tax year shall be carried over to
3 subsequent tax years until fully utilized.

4 (c)(i) The tax for the first calendar year shall be prorated based
5 upon the number of days remaining in the calendar year after the
6 renewable energy generation facility is commissioned.

7 (ii) In the first year in which a renewable energy generation
8 facility is taxed or in any year in which additional commissioned
9 nameplate capacity is added to a renewable energy generation facility,
10 the taxes on the initial or additional nameplate capacity shall be
11 prorated for the number of days remaining in the calendar year.

12 (iii) When a renewable energy generation facility is decommissioned
13 or made nonoperational by a change in law during a tax year, the taxes
14 shall be prorated for the number of days during which the renewable
15 energy generation facility was not decommissioned or was operational.

16 (iv) When the capacity of a renewable energy generation facility to
17 produce electricity is reduced but the renewable energy generation
18 facility is not decommissioned, the nameplate capacity of the renewable
19 energy generation facility is deemed to be unchanged.

20 (5)(a) ~~(6)(a)~~ On March 1 of each year, the owner of a renewable
21 energy generation facility shall file with the Department of Revenue a
22 report on the nameplate capacity of the facility for the previous year
23 from January 1 through December 31. All taxes shall be due on April 1 and
24 shall be delinquent if not paid on a quarterly basis on April 1 and each
25 quarter thereafter. Delinquent quarterly payments shall draw interest at
26 the rate provided for in section 45-104.02, as such rate may from time to
27 time be adjusted.

28 (b) The owner of a renewable energy generation facility is liable
29 for the taxes under this section with respect to the facility, whether or
30 not the owner of the facility is the owner of the land on which the
31 facility is situated.

1 ~~(6)~~ ~~(7)~~ Failure to file a report required by subsection ~~(5)~~ ~~(6)~~ of
2 this section, filing such report late, failure to pay taxes due, or
3 underpayment of such taxes shall result in a penalty of five percent of
4 the amount due being imposed for each quarter the report is overdue or
5 the payment is delinquent, except that the penalty shall not exceed ten
6 thousand dollars.

7 ~~(7)~~ ~~(8)~~ The Department of Revenue shall enforce the provisions of
8 this section. The department may adopt and promulgate rules and
9 regulations necessary for the implementation and enforcement of this
10 section.

11 ~~(8)~~ ~~(9)~~ The Department of Revenue shall separately identify the
12 proceeds from the tax imposed by this section and shall pay all such
13 proceeds over to the county treasurer of the county where the renewable
14 energy generation facility is located within thirty days after receipt of
15 such proceeds.

16 Sec. 21. Original sections 13-518, 13-519, 13-520, and 77-27,142,
17 Reissue Revised Statutes of Nebraska, sections 77-1776, 77-27,144,
18 77-3446, and 77-6203, Revised Statutes Cumulative Supplement, 2022, and
19 sections 77-1632 and 77-1633, Revised Statutes Supplement, 2023, are
20 repealed.

21 Sec. 22. Since an emergency exists, this act takes effect when
22 passed and approved according to law.