

## LEGISLATIVE BILL 902

Passed over the Governor's veto April 6, 1978

Introduced by Merz, 1; Labeledz, 5; Goodrich, 20

AN ACT to amend section 77-27,142, Reissue Revised Statutes of Nebraska, 1943, as amended by section 1, Legislative Bill 394, Eighty-fifth Legislature, First Session, 1977, relating to taxation; to provide an additional sales and use tax rate for cities of the metropolitan class; to provide for automatic expiration; to permit an increase either through a vote of the people or through city council action; to provide for the old tax rate on construction projects prior to the tax increase; to require a report; to provide severability; to repeal the original section; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 77-27,142, Reissue Revised Statutes of Nebraska, 1943, as amended by section 1, Legislative Bill 394, Eighty-fifth Legislature, First Session, 1977, be amended to read as follows:

77-27,142. (1) Any incorporated municipality by ordinance of its governing body is hereby authorized to impose a sales and use tax of one half or one per cent upon the same transactions within such incorporated municipality on which the State of Nebraska is authorized to impose a tax pursuant to the provisions of the Nebraska Revenue Act of 1967, as amended from time to time. After the effective date of this act, no sales and use tax shall be imposed pursuant to this section until an election has been held and a majority of the qualified electors have approved such tax pursuant to sections 2 and 3 of ~~this act~~ Laws 1978, LB 394.

(2) A city of the metropolitan class is hereby authorized to increase any existing city sales and use tax imposed pursuant to this section by one half of one per cent if the question of such tax increase is submitted to the voters of such city and the voters by a majority vote approve such increase. The question of such increase may be submitted to the voters at the primary election in 1978 if the city council shall submit a certified copy of a resolution to that effect to the election commissioner not later than forty-one days prior to the primary election. Notwithstanding the provisions

of section 77-27,143, if the increase is approved by the voters at the primary election in 1978, the election commissioner shall file a certified copy of the election results with the Tax Commissioner on or before May 30, 1978 and the tax shall be imposed commencing July 1, 1978. As an alternative to submitting the question of increasing the tax to a vote of the people as provided in this subsection, such tax may be increased by the city council if it finds that the city would be benefited by expeditious action and that a vote by the electors of such city is not needed. If the city council by a three-fourths vote determines that a vote of the people is not needed and that the council desires to eliminate the right of the people to vote on the tax increase question, and such action is approved by the mayor, the tax shall be increased if the city council by a majority vote passes an ordinance increasing such tax and the ordinance is approved by the mayor. No tax increased pursuant to this subsection shall remain in effect after December 31, 1979; Provided, that if there shall be any project of new construction, reconstruction, alteration, or improvement of any building commenced prior to any increase in the sales and use tax provided and on which bids for work were let out based upon the old sales and use tax rate and prior to any increase in such sales or use tax rate, the old rate of sales tax shall apply.

(3) Any increase in an existing sales and use tax imposed under the provisions of this section on and after the effective date of this section shall automatically expire on January 1, 1980, without further action by the municipality which imposed such increase, and such sales and use tax shall revert to and be the same as it was before such increase.

(4) Any municipality increasing its sales and use tax rate beyond one per cent on or after the effective date of this act shall file with the Revenue Committee of the Legislature on or before January 15 of 1979 a report outlining what steps are being taken by the governing board of the municipality to reduce expenditures or increase revenue to replace the increased revenue generated by the increased sales and use tax rate when such increased revenue will automatically be reduced on January 1, 1980.

Sec. 2. If any section in this act or any part of any section shall be declared invalid or unconstitutional, such declaration shall not affect the validity or constitutionality of the remaining portions thereof.

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Sec. 3. That original section 77-27,142, Reissue Revised Statutes of Nebraska, 1943, as amended by section 1, Legislative Bill 394, Eighty-fifth Legislature, First Session, 1977, is repealed.

Sec. 4. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.