

## LEGISLATIVE BILL 875

Approved by the Governor June 9, 1997

Introduced by Urban Affairs Committee: Hartnett, 45, Chairperson;  
Janssen, 15; Preister, 5; Schimek, 27; Will, 8

AN ACT relating to economic development; to amend sections 17-405.01, 18-2101, 18-2102, 18-2102.01, 18-2105, 18-2109, 18-2113, 18-2116, 18-2118, 18-2147, 18-2150, 77-5102, and 77-5105, Reissue Revised Statutes of Nebraska, and sections 18-2103, 18-2107, 18-2115, Revised Statutes Supplement, 1996; to provide for annexation of certain property; to change provisions relating to organization of community redevelopment authorities, substandard and blighted areas, tax levy provisions, and notice requirements; to require reports relating to tax-increment financing; to change provisions relating to the Review Incentives Program Committee; to provide requirements for statistical reporting; to eliminate powers; to harmonize provisions; to repeal the original sections; and to outright repeal section 18-2142, Reissue Revised Statutes of Nebraska.

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

Section 1. Section 17-405.01, Reissue Revised Statutes of Nebraska, is amended to read:

17-405.01. (1) Except as provided in subsection (2) of this section, the The mayor and council of any city of the second class or the ~~chairman~~ chairperson and members of the board of trustees of any village may by ordinance, except as provided in sections 13-1111 to 13-1118, ~~and amendments thereto,~~ at any time, include within the corporate limits of such city or village any contiguous or adjacent lands, lots, tracts, streets, or highways as are urban or suburban in character, and in such direction as may be deemed proper. Such grant of power shall not be construed as conferring power to extend the limits of any municipality over any agricultural lands which are rural in character.

(2) The mayor and city council of any city of the second class or the chairperson and members of the board of trustees of any village may, by ordinance, annex any lands, lots, tracts, streets, or highways which constitute a redevelopment project area so designated by the city or village or its community redevelopment authority in accordance with the provisions of the Community Development Law and sections 18-2145 to 18-2154 when such annexation is for the purpose of implementing a lawfully adopted redevelopment plan containing a provision dividing ad valorem taxes as provided in subsection (1) of section 18-2147 and which will involve the construction or development of an agricultural processing facility, notwithstanding that such lands, lots, tracts, streets, or highways are not contiguous or adjacent or are not urban or suburban in character. Such annexation shall comply with all other provisions of law relating to annexation generally for cities of the second class and villages. The city or village shall not, in consequence of the annexation under this subsection of any noncontiguous land, exercise the authority granted to it by statute to extend its jurisdiction beyond its corporate boundaries for purposes of planning, zoning, or subdivision development without the agreement of any other city, village, or county currently exercising such jurisdiction over the area surrounding the annexed redevelopment project area. The annexation of any noncontiguous land undertaken pursuant to this subsection shall not result in any change in the service area of any electric utility without the express agreement of the electric utility serving the annexed noncontiguous area at the time of annexation, except that at such time following the annexation of the noncontiguous area as the city or village lawfully annexes sufficient intervening territory so as to directly connect the noncontiguous area to the main body of the city or village, such noncontiguous area shall, solely for the purposes of section 70-1008, be treated as if it had been annexed by the city or village on the date upon which the connecting intervening territory had been formally annexed.

(3) For the purposes of subsection (2) of this section, agricultural processing facility means a plant or establishment where value is added to agricultural commodities through processing, fabrication, or other means and where eighty percent or more of the direct sales from the facility are to other than the ultimate consumer of the processed commodities. A facility shall not qualify as an agricultural processing facility unless its construction or development involves the investment of more than one million

dollars derived from nongovernmental sources.

Sec. 2. Section 18-2101, Reissue Revised Statutes of Nebraska, is amended to read:

18-2101. Sections 18-2101 to 18-2144 and sections 12 and 16 of this act shall be known and cited as the Community Development Law.

Sec. 3. Section 18-2102, Reissue Revised Statutes of Nebraska, is amended to read:

18-2102. It is hereby found and declared that there exist in cities of all classes and villages of this state areas which have deteriorated and become substandard and blighted because of the unsafe, insanitary, inadequate, or overcrowded condition of the dwellings therein, or because of inadequate planning of the area, or excessive land coverage by the buildings thereon, or the lack of proper light and air and open space, or because of the defective design and arrangement of the buildings thereon, or faulty street or lot layout, or congested traffic conditions, or economically or socially undesirable land uses. Such conditions or a combination of some or all of them have resulted and will continue to result in making such areas economic or social liabilities harmful to the social and economic well-being of the entire communities in which they exist, needlessly increasing public expenditures, imposing onerous municipal burdens, decreasing the tax base, reducing tax revenue, substantially impairing or arresting the sound growth of municipalities, aggravating traffic problems, substantially impairing or arresting the elimination of traffic hazards and the improvement of traffic facilities, and depreciating general community-wide values. The existence of such areas contributes substantially and increasingly to the spread of disease and crime, necessitating excessive and disproportionate expenditures of public funds for the preservation of the public health and safety, for crime prevention, correction, prosecution, punishment and the treatment of juvenile delinquency, and for the maintenance of adequate police, fire, and accident protection and other public services and facilities. These conditions are beyond remedy and control solely by regulatory process in the exercise of the police power and cannot be dealt with effectively by the ordinary operations of private enterprise without the aids herein provided. The elimination of such conditions and the acquisition and preparation of land in or necessary to the renewal of substandard or and blighted areas and its sale or lease for development or redevelopment in accordance with general plans and redevelopment plans of communities and any assistance which may be given by any state public body in connection therewith are public uses and purposes for which public money may be expended and private property acquired. The necessity in the public interest for the provisions of sections 18-2101 to 18-2144 the Community Development Law is hereby declared to be a matter of legislative determination.

It is further found and declared that the prevention and elimination of blight is a matter of state policy, public interest, and statewide concern and within the powers and authority inhering in and reserved to the state, in order that the state and its municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of their revenue.

It is further found and declared that certain substandard or and blighted areas, or portions thereof, may require acquisition, clearance, and disposition, subject to use restrictions, as provided in sections 18-2101 to 18-2144 the Community Development Law, since the prevailing conditions of decay may make impracticable the reclamation of the area by conservation or rehabilitation; that other areas or portions thereof may, through the means provided in sections 18-2101 to 18-2144 the Community Development Law, be susceptible of conservation or rehabilitation in such a manner that the conditions and evils, hereinbefore enumerated, may be eliminated, remedied, or prevented; and that salvageable substandard and blighted areas can be conserved and rehabilitated through appropriate public action and the cooperation and voluntary action of the owners and tenants of property in such areas.

Sec. 4. Section 18-2102.01, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

(2) When it is determined by the governing body of any such city, by

ordinance in the exercise of its discretion, that it is expedient to create a community redevelopment authority or limited community redevelopment authority, the mayor of such the city or, if the mayor shall fail to act within ninety days after the passage of the ordinance, then the president or other presiding officer other than the mayor of the governing body, with the approval of the governing body of such the city, shall appoint five persons who shall constitute the authority or the limited authority. In cities having the city manager form of government, the city manager shall appoint such persons. The terms of office of the members of the authority initially appointed shall be for one year, two years, three years, four years, and five years, as designated by the mayor, president, other presiding officer, or city manager in making the respective appointments. As the terms of the members of the authority expire in cities not having the city manager form of government, the mayor, with the approval of the governing body of the city, shall appoint or reappoint a member of the authority for a term of five years to succeed the member whose term expires. In cities having the city manager form of government, the city manager shall appoint or reappoint the members with the approval of the governing body. The terms of office of the members of a limited community redevelopment authority shall be for the duration of only one single specific limited pilot project authorized in the ordinance creating such the limited community redevelopment authority, and the terms of the members of a limited community redevelopment authority shall expire upon the completion of the single specific limited pilot project authorized in the ordinance creating such the limited community redevelopment authority. A governing body may at its option submit such an ordinance which creates a community redevelopment authority or a limited community redevelopment authority to the electors of such the city for approval by a majority vote of the electors voting thereon on the ordinance. On submitting such the ordinance for approval, the governing body is authorized to call, by such the ordinance, a special or general election and to submit, thereat, after thirty days' notice of the time and place of holding such the election and according to the manner and method otherwise provided by law for the calling, conducting, canvassing, and certifying of the result of city elections on the submission of propositions to the electors, thereof, the proposition to be stated on the ballot as follows:

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

- ... Yes
- ... No.

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

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

- ... Yes
- ... No.

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

(3) Any authority established under the provisions of this section shall organize by electing one of its members chairperson and another vice-chairperson, shall have power to employ counsel, a director who shall be ex officio secretary of the authority, and such other officers and employees as may be desired, and shall fix the term of office, qualifications, and compensation of each. The holder of the office of community redevelopment administrator or coordinator of such the city may, but need not, be appointed such the director but at no additional compensation by the authority. Community redevelopment authorities of cities of the first and second class and villages may secure the services of a director, community redevelopment administrator, or coordinator, and such other officers and employees as may be desired through contract with the Department of Economic Development upon terms which are mutually agreeable. Any authority established under the provisions of this section may validly and effectively act on all matters requiring a resolution or other official action by a majority vote of its membership present at a meeting thereof of the authority if a quorum of four is present. Orders, requisitions, warrants, and other documents may be

executed by the chairperson or vice-chairperson or by or with others designated in its bylaws.

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

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

(6) The governing body of a city creating a community redevelopment authority or a limited community redevelopment authority is hereby authorized to appropriate and loan to such the authority a sum not exceeding ten thousand dollars for the purposes of paying expenses of organizing and supervising the work of such the authority at the beginning of its activities. Such The loan shall be authorized by resolution of the governing body which shall set forth the terms and time of the repayment thereof of the loan. Such The loan may be appropriated out of the general funds or any sinking fund.

(7) All income, revenue, profits, and other funds received by any authority established under the provisions of this section from whatever source derived, or appropriated by the city, or realized from tax receipts or comprised in the special revenue fund of the city designated for such the authority or from the proceeds of bonds, or otherwise, shall be deposited with the city treasurer as ex officio treasurer of such the authority without commingling such the money with any other money under his or her control and disbursed by him or her by check, draft, or order only upon warrants, orders, or requisitions by the chairperson of such the authority or other person authorized by such the authority which shall state distinctly the purpose for which the same are drawn. A permanent record shall be kept by such the authority of all warrants, orders, or requisitions so drawn, showing the date, amount, consideration, and to whom payable. When paid, the same shall be canceled and kept on file by the city treasurer. The books of any authority established under the provisions of this section shall from time to time be audited upon the order of the governing body of the municipality in such manner as it may direct, and all such books and records of such the authority shall at all times be open to public inspection. Such The authority may contract with the holders of any of its bonds or notes as to collection, custody, securing investment, and payment of any money of such the authority or any money held in trust or otherwise for the payment of bonds or notes or in any way to secure bonds or notes. Such The authority may carry out any such the contract notwithstanding that such contract may be inconsistent with the previous provisions of this subdivision. All banks, capital stock financial institutions, and trust companies are hereby authorized to give security for such the deposits of money of any authority established under the provisions of this section as shall be required by law to secure the funds of cities. The provisions of section Section 77-2366 shall apply applies to deposits in capital stock financial institutions.

Sec. 5. Section 18-2103, Revised Statutes Supplement, 1996, is amended to read:

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

(1) An authority shall mean any community redevelopment authority created pursuant to section 18-2102.01 and a city or village which has created a community development agency pursuant to the provisions of section 18-2101.01 and shall not mean a limited community redevelopment authority;

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

(3) City shall mean any city or incorporated village in the state;

(4) Public body shall mean the state or any municipality, county, township, board, commission, authority, district, or other political subdivision or public body of the state;

(5) Governing body or local governing body shall mean the city council, board of trustees, or other legislative body charged with governing the municipality;

(6) Mayor shall mean the mayor of the city or chairperson of the board of trustees of the village;

(7) Clerk shall mean the clerk of the city or village;

(8) Federal government shall mean the United States of America, or any agency or instrumentality, corporate or otherwise, of the United States of America;

(9) Area of operation shall mean and include the area within the

corporate limits of the city and such land outside the city as may come within the purview of section 18-2123;

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

(11) Blighted area shall mean an area, which (a) by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals, or welfare in its present condition and use and (b) in which there is at least one of the following conditions: (i) Unemployment in the designated area is at least one hundred twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) that the area has had either stable or decreasing population based on the last two decennial censuses. In no event shall a city of the metropolitan, primary, or first class designate more than thirty-five percent of the city as blighted, a city of the second class shall not designate an area larger than fifty percent of the city as blighted, and a village shall not designate an area larger than one hundred percent of the village as blighted;

(12) Redevelopment project shall mean any work or undertaking in one or more community redevelopment areas: (a) To acquire substandard or and blighted areas or portions thereof, including lands, structures, or improvements the acquisition of which is necessary or incidental to the proper clearance, development, or redevelopment of such substandard or and blighted areas; (b) to clear any such areas by demolition or removal of existing buildings, structures, streets, utilities, or other improvements thereon and to install, construct, or reconstruct streets, utilities, parks, playgrounds, public spaces, public parking facilities, sidewalks or moving sidewalks, convention and civic centers, bus stop shelters, lighting, benches or other similar furniture, trash receptacles, shelters, skywalks and pedestrian and vehicular overpasses and underpasses, and any other necessary public improvements essential to the preparation of sites for uses in accordance with a redevelopment plan; (c) to sell, lease, or otherwise make available land in such areas for residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate to such uses, or for public use or to retain such land for public use, in accordance with a redevelopment plan; and may also include the preparation of the redevelopment plan, the planning, survey, and other work incident to a redevelopment project and the preparation of all plans and arrangements for carrying out a redevelopment project; (d) to dispose of all real and personal property or any interest in such property, or assets, cash, or other funds held or used in connection with residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate to such uses, or any public use specified in a redevelopment plan or project, except that such disposition shall be at its fair value for uses in accordance with the redevelopment plan; (e) to acquire real property in a community redevelopment area which, under the redevelopment plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitate the structures, and resell the property; and (f) to carry out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the redevelopment plan;

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

(14) Redeveloper shall mean any person, partnership, or public or private corporation or agency which shall enter or propose to enter into a redevelopment contract;

(15) Redevelopment contract shall mean a contract entered into between an authority and a redeveloper for the redevelopment of an area in conformity with a redevelopment plan;

(16) Real property shall mean all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest and right, legal or equitable, therein, including terms for years and liens by way of judgment, mortgage, or otherwise, and the indebtedness secured by such liens;

(17) Bonds shall mean any bonds, including refunding bonds, notes, interim certificates, debentures, or other obligations issued pursuant to the ~~act~~ Community Development Law;

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

(19) Person shall mean any individual, firm, partnership, limited liability company, corporation, company, association, joint-stock association, or body politic and shall include any trustee, receiver, assignee, or other similar representative thereof;

(20) Community redevelopment area shall mean a substandard ~~or a~~ blighted area ~~or a combination thereof~~ which the community redevelopment authority designates as appropriate for a renewal project; and

(21) Redevelopment project valuation shall mean the valuation for assessment of the taxable real property in a redevelopment project last certified for the year prior to the effective date of the provision authorized in section 18-2147.

Sec. 6. Section 18-2105, Reissue Revised Statutes of Nebraska, is amended to read:

18-2105. The governing body of a city or an authority at its direction for the purposes of ~~sections 18-2101 to 18-2144~~ the Community Development Law may formulate for the entire municipality a workable program for utilizing appropriate private and public resources to eliminate or prevent the development or spread of urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of substandard and blighted areas, or to undertake such of the aforesaid activities or other feasible municipal activities as may be suitably employed to achieve the objectives of such workable program. Such workable program may include, without limitation, provision for the prevention of the spread of blight into areas of the municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards; the rehabilitation or conservation of substandard ~~or~~ and blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements by encouraging voluntary rehabilitation and by compelling the repair and rehabilitation of deteriorated or deteriorating structures; and the clearance and redevelopment of substandard and blighted areas or portions thereof.

Notwithstanding any other provisions of ~~sections 18-2101 to 18-2144~~ the Community Development Law, where the local governing body certifies that an area is in need of redevelopment or rehabilitation as a result of flood, fire, hurricane, earthquake, storm, or other catastrophe respecting which the Governor of the state has certified the need for disaster assistance under federal law, the local governing body may approve a redevelopment plan and a redevelopment project with respect to such area without regard to the provisions of ~~sections 18-2101 to 18-2144~~ the Community Development Law requiring a general plan for the municipality and notice and public hearing or findings other than herein set forth.

Sec. 7. Section 18-2107, Revised Statutes Supplement, 1996, is amended to read:

18-2107. An authority shall constitute a public body corporate and

politic, exercising public and essential governmental functions and having all the powers necessary or convenient to carry out and effectuate the purposes and provisions of the Community Development Law and sections 18-2147 to 18-2151, including the power:

(1) To sue and to be sued; to have a seal and to alter the same at pleasure; to have perpetual succession; to make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the authority; and to make and from time to time amend and repeal bylaws, rules, and regulations not inconsistent with the Community Development Law;

(2) To prepare or cause to be prepared and recommend redevelopment plans to the governing body of the city and to undertake and carry out redevelopment projects within its area of operation;

(3) To arrange or contract for the furnishing or repair, by any person or agency, public or private, of services, privileges, works, streets, roads, public utilities, or other facilities for or in connection with a redevelopment project; and, notwithstanding anything to the contrary contained in the Community Development Law or any other provision of law, to agree to any conditions that it may deem reasonable and appropriate attached to federal financial assistance and imposed pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor standards, in the undertaking or carrying out of a redevelopment project, and to include in any contract let in connection with such a project provisions to fulfill such federally imposed conditions as it may deem reasonable and appropriate;

(4) Within its area of operation, to purchase, lease, obtain options upon, or acquire by gift, grant, bequest, devise, eminent domain, or otherwise any real or personal property or any interest therein, together with any improvements thereon, necessary or incidental to a redevelopment project; to hold, improve, clear, or prepare for redevelopment any such property; to sell, lease for a term not exceeding ninety-nine years, exchange, transfer, assign, subdivide, retain for its own use, mortgage, pledge, hypothecate, or otherwise encumber or dispose of any real or personal property or any interest therein; to enter into contracts with redevelopers of property containing covenants, restrictions, and conditions regarding the use of such property for residential, commercial, industrial, or recreational purposes or for public purposes in accordance with the redevelopment plan and such other covenants, restrictions, and conditions as the authority may deem necessary to prevent a recurrence of substandard or and blighted areas or to effectuate the purposes of the Community Development Law; to make any of the covenants, restrictions, or conditions of the foregoing contracts covenants running with the land and to provide appropriate remedies for any breach of any such covenants or conditions, including the right in the authority to terminate such contracts and any interest in the property created pursuant thereto; to borrow money, issue bonds, and provide security for loans or bonds; to establish a revolving loan fund; to insure or provide for the insurance of any real or personal property or the operation of the authority against any risks or hazards, including the power to pay premiums on any such insurance; to enter into any contracts necessary to effectuate the purposes of the Community Development Law; and to provide grants, loans, or other means of financing to public or private parties in order to accomplish the rehabilitation or redevelopment in accordance with a redevelopment plan. No statutory provision with respect to the acquisition, clearance, or disposition of property by other public bodies shall restrict an authority exercising powers hereunder, in such functions, unless the Legislature shall specifically so state;

(5) To invest any funds held in reserves or sinking funds or any funds not required for immediate disbursement in property or securities in which savings banks or other banks may legally invest funds subject to their control; and to redeem its bonds at the redemption price established therein or to purchase its bonds at less than redemption price, and such bonds redeemed or purchased shall be canceled;

(6) To borrow money and to apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the federal government, from the state, county, municipality, or other public body, or from any sources, public or private, including charitable funds, foundations, corporations, trusts, or bequests, for purposes of the Community Development Law, to give such security as may be required, and to enter into and carry out contracts in connection therewith; and notwithstanding any other provision of law, to include in any contract for financial assistance with the federal government for a redevelopment project such conditions imposed pursuant to federal law as the authority may deem reasonable and appropriate and which are not inconsistent with the purposes of the Community Development Law;

(7) Acting through one or more members of an authority or other persons designated by the authority, to conduct examinations and investigations and to hear testimony and take proof under oath at public or private hearings on any matter material for its information; to administer oaths and to issue commissions for the examination of witnesses who are outside of the state or unable to attend before the authority or excused from attendance; and to make available to appropriate agencies or public officials, including those charged with the duty of abating or requiring the correction of nuisances or like conditions, demolishing unsafe or insanitary structures, or eliminating conditions of blight within its area of operation, its findings and recommendations with regard to any building or property where conditions exist which are dangerous to the public health, safety, morals, or welfare;

(8) Within its area of operation, to make or have made all surveys, appraisals, studies, and plans, but not including the preparation of a general plan for the community, necessary to the carrying out of the purposes of the Community Development Law and to contract or cooperate with any and all persons or agencies, public or private, in the making and carrying out of such surveys, appraisals, studies, and plans;

(9) To prepare plans and provide reasonable assistance for the relocation of families, business concerns, and others displaced from a redevelopment project area to permit the carrying out of the redevelopment project to the extent essential for acquiring possession of and clearing such area or parts thereof; and to make relocation payments to or with respect to such persons for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of such payments financed by the federal government;

(10) To make such expenditures as may be necessary to carry out the purposes of the Community Development Law; and to make expenditures from funds obtained from the federal government without regard to any other laws pertaining to the making and approval of appropriations and expenditures;

(11) To certify on or before September 20 of each year to the governing body of the city the amount of tax to be levied for the succeeding fiscal year for community redevelopment purposes, not to exceed two and six-tenths cents on each one hundred dollars upon the taxable value of the taxable property in such city, which levy is subject to allocation under section 77-3443 on and after July 1, 1998. The governing body shall levy and collect the taxes so certified at the same time and in the same manner as other city taxes are levied and collected, and the proceeds of such taxes, when due and as collected, shall be set aside and deposited in the special account or accounts in which other revenue of the authority is deposited. Such proceeds shall be employed to assist in the defraying of ~~all~~ any expenses of redevelopment plans and projects, including the payment of principal and interest on any bonds issued to pay the costs of any such plans and projects; ~~the authority. If in any year the full amount so certified and collected is not needed for the current purposes of such authority, the balance shall be credited to reserves of such authority, including sinking funds;~~

(12) To exercise all or any part or combination of powers granted in this section; and

(13) To plan, undertake, and carry out neighborhood development programs consisting of redevelopment project undertakings and activities in one or more community redevelopment areas which are planned and carried out on the basis of annual increments in accordance with the Community Development Law and sections 18-2145 and 18-2146 for planning and carrying out redevelopment projects.

Sec. 8. Section 18-2109, Reissue Revised Statutes of Nebraska, is amended to read:

18-2109. An authority shall not prepare a redevelopment plan for a redevelopment project area unless the governing body of the city in which such area is located has, by resolution adopted after a public hearing with notice provided as specified in section 18-2115, declared such area to be a substandard or blighted area in need of redevelopment. The governing body of the city shall submit the question of whether an area is substandard and blighted to the planning commission or board of the city for its review and recommendation prior to making its declaration. The planning commission or board shall submit its written recommendations within thirty days after receipt of the request. Upon receipt of the recommendations or after thirty days if no recommendation is received, the governing body may make its declaration.

Sec. 9. Section 18-2113, Reissue Revised Statutes of Nebraska, is amended to read:

18-2113. (1) Prior to recommending a redevelopment plan to the governing body for approval, an authority shall consider whether the proposed



land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the city and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development; including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations, or conditions of blight.

(2) The authority shall conduct a cost-benefit analysis for each redevelopment project (a) which is proposed or pending approval by the governing body on or after January 1, 1999, and (b) whose redevelopment plan includes the use of funds authorized by section 18-2147. In conducting the cost-benefit analysis, the authority shall use a cost-benefit model developed for use by local projects pursuant to the guidelines for cost-benefit analysis found in section 77-5104. One or more models for such use shall be developed by the Review Incentives Program Committee created in section 77-5102.

Sec. 10. Section 18-2115, Revised Statutes Supplement, 1996, is amended to read:

18-2115. (1) The governing body of the city shall hold a public hearing on any redevelopment plan or substantial modification thereof recommended by the authority, after reasonable public notice thereof by publication at least once a week for two consecutive weeks in a legal newspaper of general circulation in the community, the time of the hearing to be at least ten days from the last publication. The notice shall describe the time, date, place, and purpose of the hearing and shall specifically identify the area to be redeveloped under the plan. All interested parties shall be afforded at such public hearing a reasonable opportunity to express their views respecting the proposed redevelopment plan.

(2) Except as provided in subsection (3) of this section, the governing body of the city or such other division of the city or person as the governing body shall designate shall, at least ten days prior to the public hearing required by subsection (1) of this section, mail notice of the hearing by first-class United States mail, postage prepaid, or by certified mail to all registered neighborhood associations whose area of representation is located in whole or in part within a one-mile radius of the area to be redeveloped and to the president or chairperson of the governing body of each county, school district, community college, educational service unit, and natural resources district in which the real property subject to such plan or major modification is located and whose property tax receipts would be directly affected. The notice shall set out the time, date, place, and purpose of the hearing and shall include a map of sufficient size to show the area to be redeveloped.

(3) If the planning board or planning commission of the city will conduct a public hearing on the redevelopment plan or substantial modification thereof, the governing body of the city or such other division of the city or person as the governing body shall designate shall, at least ten days prior to the public hearing, mail notice of the hearing by first-class United States mail, postage prepaid, or by certified mail to all registered neighborhood associations whose area of representation is located in whole or in part within a one-mile radius of the area to be redeveloped and to the president or chairperson of the governing body of each county, school district, community college, educational service unit, and natural resources district in which the real property subject to such plan or major modification is located and whose property tax receipts would be directly affected. The notice shall set out the time, date, place, and purpose of the hearing and shall include a map of sufficient size to show the area to be redeveloped. If the registered neighborhood association has been given notice of the public hearing to be held by the planning board or planning commission in conformity with the provisions of this subsection, the governing body or its designee shall not be required to comply with the notice requirements of subsection (2) of this section.

(4) Each neighborhood association desiring to receive notice of any hearing as provided in this section shall register with the city's planning department or, if there is no planning department, with the city clerk. The registration shall include a description of the area of representation of the

association and the name and address of the individual designated by the association to receive the notice on its behalf. Registration of the neighborhood association for the purposes of this section shall be accomplished in accordance with such other rules and regulations as may be adopted and promulgated by the city.

Sec. 11. Section 18-2116, Reissue Revised Statutes of Nebraska, is amended to read:

18-2116. Following such hearing, the governing body may approve a redevelopment plan if (1) it finds that ~~said~~ the plan is feasible and in conformity with the general plan for the development of the city as a whole and the plan is in conformity with the legislative declarations and determinations set forth in ~~sections 18-2101 to 18-2144~~ the Community Development Law and (2) it finds that, if the plan uses funds authorized in section 18-2147, (a) the redevelopment project in the plan would not be economically feasible without the use of tax-increment financing, (b) the redevelopment project would not occur in the community redevelopment area without the use of tax-increment financing, and (c) the costs and benefits of the redevelopment project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed by the governing body and have been found to be in the long-term best interest of the community impacted by the redevelopment project.

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

(a) A copy of the redevelopment plan and any amendments thereto if they have not been previously filed, including the date upon which the redevelopment plan was approved and the location and boundaries of the property in the redevelopment project;

(b) The total valuation of the property in the redevelopment project subject to allocation before the project began and in subsequent years;

(c) The total consolidated ad valorem tax levy on the property in the redevelopment project subject to allocation; and

(d) The total amount of ad valorem taxes on property in the redevelopment project paid into the fund of the public bodies and the amount of such taxes paid into the fund provided for in subdivision (1)(b) of section 18-2147.

(2) The Property Tax Administrator shall compile the data provided by the cities pursuant to subdivisions (1)(b) through (d) of this section along with relevant descriptive and identifying information regarding each project provided pursuant to subdivision (1)(a) of this section into a report which shall be transmitted to the Clerk of the Legislature not later than March 1 each year. The report may include any recommendations of the Property Tax Administrator as to what other information should be included in the report from the cities so as to facilitate analysis of the uses, purposes, and effectiveness of tax-increment financing and the process for its implementation or to streamline the reporting process provided for in this section to eliminate unnecessary paperwork.

Sec. 13. Section 18-2118, Reissue Revised Statutes of Nebraska, is amended to read:

18-2118. An authority may sell, lease for a term not exceeding ninety-nine years, exchange, or otherwise transfer real property or any interest therein in a redevelopment project area to any redeveloper for residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate to such uses, or for public use in accordance with the redevelopment plan, subject to such covenants, conditions, and restrictions as it may deem to be in the public interest or to carry out the purposes of ~~sections 18-2101 to 18-2144~~ the Community Development Law. Such real property shall be sold, leased, or transferred at its fair value for uses in accordance with the redevelopment plan. In determining the fair value of real property for uses in accordance with the redevelopment plan, an authority shall take into account and give consideration to the uses and purposes required by such plan; the restrictions upon, and the covenants, conditions, and obligations assumed by the redeveloper of such property; the objectives of the redevelopment plan for the prevention of the recurrence of substandard ~~or~~ and blighted areas; and such other matters as the authority shall specify as being appropriate. In fixing rentals and selling prices, an authority shall give consideration to appraisals of the property for such uses made by land experts employed by the authority.

Sec. 14. Section 18-2147, Reissue Revised Statutes of Nebraska, is amended to read:

18-2147. (1) Any redevelopment plan as originally approved or as later modified pursuant to section 18-2117, may contain a provision that any ad valorem tax levied upon real property in a redevelopment project for the benefit of any public body shall be divided, for a period not to exceed fifteen years after the effective date of such a provision by the governing body, as follows:

(1) (a) That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such public body upon the redevelopment project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body; and

(2) (b) That portion of the ad valorem tax on real property in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the county assessor and county treasurer and all ad valorem taxes upon taxable real property in such a redevelopment project shall be paid into the funds of the respective public bodies.

(2) The governing body shall not implement any plan containing a provision dividing ad valorem taxes as provided in subsection (1) of this section until such time as the real property in the redevelopment project is within the corporate boundaries of the city.

Sec. 15. Section 18-2150, Reissue Revised Statutes of Nebraska, is amended to read:

18-2150. In the proceedings for the issuance of bonds, the making of loans or advances of money, or the incurring of any indebtedness, whether funded, refunded, assumed, or otherwise, by an authority to finance or refinance, in whole or in part, a redevelopment project, the portion of taxes mentioned in subdivision (2) (1)(b) of section 18-2147 shall be pledged for the payment of the principal of, premium, if any, and interest on such bonds, loans, notes, advances, or indebtedness. In the event the annual receipts from the portion of taxes pledged pursuant to this section for any redevelopment project exceeds amounts necessary for the annual payment of the principal, premiums, and interest on the bonds, loans, notes, advances, or indebtedness on such project, such excess amount may from time to time be used as a pledge for payment of the principal of, premium, if any, and interest on any other bonds, loans, notes, advance of money, or indebtedness as determined to be prudent in the discretion of the authority in carrying out the purposes of sections 18-2101-01, 18-2103, 18-2107, 18-2110, 18-2124, 18-2125, 18-2127, 18-2130, 18-2144, and 18-2147 to 18-2153, except that no such pledge shall be superior to any prior pledge of such taxes. Any such pledge for payment shall be made by written agreement executed by the authority and the governing body and filed with the county assessor and county treasurer.

Sec. 16. (1) In any suit, action, or proceeding involving the validity or enforceability of any bond of a city, village, or authority or the security therefor brought after the lapse of thirty days after the issuance of such bonds has been authorized, any such bond reciting in substance that it has been authorized by the city, village, or authority to aid in financing a redevelopment project shall be conclusively deemed to have been authorized for such purpose and such redevelopment project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of the Community Development Law and sections 18-2145 to 18-2154.

(2) In any suit, action, or proceeding involving the validity or enforceability of any agreement of a city, village, or authority brought after the lapse of thirty days after the agreement has been formally entered into, any such agreement reciting in substance that it has been entered into by the city, village, or authority to provide financing for an approved redevelopment project shall be conclusively deemed to have been entered into for such purpose and such project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of the Community Development Law and sections 18-2145 to 18-2154.

Sec. 17. Section 77-5102, Reissue Revised Statutes of Nebraska, is amended to read:

77-5102. The Review Incentives Program Committee is created. The

committee shall consist of seven members, three appointed by the Executive Board of the Legislative Council, a legislative staff representative appointed by the executive board upon the recommendation of the Revenue Committee of the Legislature, a representative of the Tax Commissioner, a representative of the Director of Economic Development, and a representative of the Legislative Fiscal Analyst. All members shall have demonstrated expertise in economics, public finance, and financial analysis. The members shall be reimbursed for their actual and necessary expenses as provided in sections 81-1174 to 81-1177.

The Review Incentives Program Committee shall exist for ~~two~~ three years after July 19, 1996, during which time it shall have the authority to examine models and methods for measuring the costs and benefits of tax incentive projects and statutory incentives. The committee shall consider, develop, and provide a brief review to the Legislature of a list of representative projects created under state law, including the Air and Water Pollution Control Tax Refund Act, the Community Development Law, the Employment and Investment Growth Act, the Employment Expansion and Investment Incentive Act, the Ethanol Development Act, the Local Option Municipal Economic Development Act, the Quality Jobs Act, the Research and Development Authority Act, the Small Business Development Authority Act, subdivisions (3)(a), (b), and (c) of section 58-219, and sections 18-418, 18-2147 to 18-2154, 58-251, and 70-655. In selecting and analyzing the representative projects, confidentiality requirements which are applicable to taxpayers by law are to be preserved.

Sec. 18. Section 77-5105, Reissue Revised Statutes of Nebraska, is amended to read:

77-5105. On or before January June 1, 1998, the Review Incentives Program Committee shall present a review of current incentives and a public outcomes financial feasibility report to the Legislature. The report shall include a cost-benefit analysis of representative projects selected by the committee pursuant to section 77-5102. The project or projects shall be reviewed using the model developed by the contractor chosen by the Executive Board of the Legislative Council. Prior to review using the model, a list of any specific projects chosen for review shall be presented to the executive board for approval or disapproval.

Sec. 19. By January 1, 1999, the Department of Labor and the Department of Revenue shall use the codes under the North American Industrial Classification System for the compilation and publication of statistics rather than codes under the Standard Industrial Classification System.

For the sole purpose of determining or updating the proper code under the appropriate industrial classification system, the Department of Labor and the Department of Revenue may disclose to the other department identification information about taxpayers conducting a business in this state. The information disclosed shall be strictly limited to the name, address, and federal employer identification number or numbers of the taxpayer and the code under the industrial classification system.

The disclosure allowed under this section may be made notwithstanding any other provision of law of this state regarding disclosure of information by either department. Any information received by either department under this section shall be considered confidential by the receiving department, and any employee who discloses such information other than as specifically allowed by this section or other laws of this state shall be subject to the penalties normally imposed on employees who improperly disclose information.

Sec. 20. Original sections 17-405.01, 18-2101, 18-2102, 18-2102.01, 18-2105, 18-2109, 18-2113, 18-2116, 18-2118, 18-2147, 18-2150, 77-5102, and 77-5105, Reissue Revised Statutes of Nebraska, and sections 18-2103, 18-2107, and 18-2115, Revised Statutes Supplement, 1996, are repealed.

Sec. 21. The following section is outright repealed: Section 18-2142, Reissue Revised Statutes of Nebraska.