

## LEGISLATIVE BILL 622

Approved by the Governor May 30, 2003

Introduced by Raikes, 25

AN ACT relating to revenue; to amend sections 77-27,139.03 and 77-3618, Revised Statutes Supplement, 2002; to change a state aid allocation formula; to provide a minimum levy adjustment for the County Property Tax Relief Program; to suspend appropriations for county property tax relief as prescribed; to repeal the original sections; and to declare an emergency.

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

Section 1. Section 77-27,139.03, Revised Statutes Supplement, 2002, is amended to read:

77-27,139.03. (1) State aid provided to municipalities pursuant to sections 77-27,139.01 to 77-27,139.04 shall be calculated by determining the average property tax levy for operational purposes other than for principal and interest payments on the indebtedness of all incorporated municipalities. The Auditor of Public Accounts shall provide to the Department of Revenue a list of the bond and nonbond tax request amounts from the most recent budgets filed by incorporated municipalities. The information shall be used to calculate the bond and nonbond tax levies for aid purposes under this section. The auditor shall provide the information to the department by February 1 each year.

(2) Each municipality shall receive state aid from the Municipal Equalization Fund equal to (a) the product of the average per capita property tax of the appropriate population group multiplied by the current population of the municipality minus (b) the product of the average property tax levy multiplied by the certified valuation within the incorporated municipality, except that a municipality shall not receive any aid under this section if the calculation results in a negative number.

(3) If a municipal tax levy for operational purposes was less than the average property tax levy in the immediately preceding fiscal year, the state aid provided to such municipality shall be reduced by twenty percent for each one-cent increment the levy was below the average property tax levy.

(4) If the amount of money in the Municipal Equalization Fund is less than the total amount of state aid for all municipalities as required by the allocation formula in subsection (2) of this section, the money in the fund shall be allocated on a prorated basis to such municipalities. If the amount of money in the fund is more than the total amount of state aid for municipalities as required by the allocation formula, (a) one million six thousand dollars of the excess money in the fund for fiscal year 2002-03 shall be distributed along with and in the same manner as provided in section 77-27,137.01 and the remainder shall be credited to the General Fund and (b) the excess money in the Municipal Equalization Fund that is in excess of three hundred thousand dollars for all other fiscal years shall be credited to the General Fund and the first three hundred thousand dollars shall be distributed in the same manner as provided in section 77-27,137.01 to municipalities that have not adopted a local option sales tax by January 1 of the fiscal year for which the fund is distributed.

Sec. 2. Section 77-3618, Revised Statutes Supplement, 2002, is amended to read:

77-3618. (1) The County Property Tax Relief Program is created. The program shall be used to distribute money to county governments to provide property tax relief and equalize county capacity to pay for public services from property taxes. Funds shall be distributed on or before September 1 each year by the Department of Revenue according to the formula created in this section.

(2) The department shall calculate the amount to be distributed to each county as follows:

(a) The county capacity shall be determined for each county. This amount is the assessed value of the county for the prior year multiplied by the county local effort rate, which is a tax rate of one and seven-tenths cents per one hundred dollars valuation, divided by the number of road miles maintained by the county;

(b) The statewide county capacity shall be determined. This amount is the statewide assessed value for the prior year multiplied by the county local effort rate, which is a tax rate of one and seven-tenths cents per one hundred dollars valuation, divided by the number of road miles maintained by

all counties;

(c) The amount of aid due a county shall be determined by subtracting the county capacity from the statewide county capacity, if the result is a positive number, this amount multiplied by the number of county road miles is the amount to be distributed to the county subject to subdivision (d) of this subsection; and

(d) The amount distributed to a county shall not exceed an amount equal to the result of a tax rate of five cents per one hundred dollars on the assessed value of the county.

(3) A minimum levy adjustment shall be made for any county that would otherwise receive aid under subsections (1) and (2) of this section that has a levy for all purposes except bonded indebtedness for the prior year that is less than forty cents per one hundred dollars of valuation. The Department of Revenue shall reduce the amount to be distributed by a minimum levy adjustment which shall be calculated by subtracting the nonbond levy of the county for the prior year from forty cents and multiplying the result by the valuation of the county divided by one hundred. If the resulting aid amount after subtracting the minimum levy adjustment from the aid calculated under subsections (1) and (2) of this section is zero or less, the county shall receive no aid.

~~(3)~~ (4) The Department of Roads shall provide the county road-mile information for all counties each year to the Department of Revenue. The information provided shall be the same as determined under section 39-2507.

~~(4)~~ (5) If sufficient funds are not appropriated to fully fund the provisions of this section, the Department of Revenue shall make a proportionate reduction in each distribution made pursuant to this section. There shall be no funds appropriated to the County Property Tax Relief Program for fiscal years 2003-04 and 2004-05. Distributions under the program will resume in fiscal year 2005-06.

Sec. 3. Original sections 77-27,139.03 and 77-3618, Revised Statutes Supplement, 2002, are repealed.

Sec. 4. Since an emergency exists, this act takes effect when passed and approved according to law.