

COMMITTEE STATEMENT

LB 1114

HEARING DATE: FEBRUARY 1, 1996

COMMITTEE ON: REVENUE

TITLE: LB 1114 (Warner, Coordsen, Hartnett, Will) Change and provide limits on property tax levies for governmental subdivisions

ROLL CALL VOTE, FINAL COMMITTEE ACTION

Advanced to General File

X Advanced to General File with amendments

Indefinitely Postponed

Vote results:

7 Yes Senators Coordsen, Hartnett, Kristensen, Landis, Warner, Wickersham and Will

1 No Senator Schellpeper

0 Present, not voting

0 Absent

PROPONENTS

George Kilpatrick

REPRESENTING

Senators Warner, Hartnett, Coordsen & Will

OPPONENTS

Brian Hale

Robert Doyle

Dennis Baack

Mary Campbell

Jerrell Gerdes

G. Bruce Kevil

Gerri Linn

Lynn Rex

John Roberts

REPRESENTING

NE Assn. of School Boards

Sanitary and Improvement Districts

NE Community College Assn.

ESUs, ESU Admin. Assn.

Franklin Co. Memorial Hospital

NE State Home Builders

Kimball Co. Hospital

League of NE Municipalities

NE Assn. of Hospitals & Health Systems

NEUTRAL

Jerry Mathiasen

Lou D'Ercole

Steve Oltmans

Jerry Stilmock

Larry Hamilton

Jack Mills

REPRESENTING

NE Assn. of Resources Districts

City of Omaha

Papio-Missouri River NRD

NE State Volunteer Firefighters Assn.

Millard Suburban Fire Protection Dist.

NE Assn. of County Officials

Summary of purpose and/or changes:

LB 1114 imposes levy limits on political subdivisions to be effective beginning January 1, 1998. The limits are as follows:

- (1) school districts and multi-district systems - \$1.10.
- (2) community colleges - 7 1/2 cents.
- (3) natural resources districts - 4 1/2 cents.
- (4) education service units - 1 cent.

(5) incorporated cities and villages - 50 cents, except that if they have signed an interlocal agreement for joint financing of public safety services (pursuant to LB 1083), an additional 10 cents is allowed.

(6) sanitary and improvement districts - 10 cents.

(7) counties - 30 cents, except that if they have signed an interlocal agreement for joint financing of public safety services (pursuant to LB 1083), an additional 5 cents on non-residential property and 10 cents on residential property is allowed.

(8) all other subdivisions combined must levy no more than 12 cents on any one parcel of property.

Bonded indebtedness is not included in the levy limits.

Section 2 provides that by January 1, 2001, the combined property tax levy on property in incorporated municipalities shall not exceed \$2, for residential property outside such municipalities \$1.65, and for non-residential property outside such municipalities, \$1.50.

Harmonizing sections strike references to existing levy limits for some political subdivisions as follows:

Section 3 amends section 19-1309 to strike the city levy limits of 87 1/2 cents for first class cities and \$1.05 for second class cities and villages. Voter override provisions are also struck.

Sections 4 and 5 amend sections 23-119 and 120 to strike references to the 50 cent county limit.

Section 6 amends section 79-2210 to strike references to the 3 1/2 cent limit for E.S.U.s

Section 7 amends section 85-1517 to strike the 9 cent limit for community colleges and the additional 2 1/2 cents which is allowed on a 3/4 vote of the governing body.

Section 8 provides an operative date of January 1, 1998, and

Section 9 repeals the original sections.

Explanation of amendments, if any:

The committee amendments to LB 1114 strike the original sections and replace the bill in total. However, the bill retains its central theme of providing levy caps in the future. Section by section, the amendment:

Section 1 provides that beginning January 1, 1999, property tax levies are limited as follows:

A) school districts and multi-district systems - \$1.10 per \$100 of taxable value subject to the levy through 2001. Beginning January 1, 2002, the limit drops to \$1.

B) community colleges 8 cents per \$100 of value through 2001. Beginning January 1, 2002, the limit drops to 4 cents.

C) natural resources districts - 4 1/2 cents.

D) educational service units - 1 1/2 cents.

E) municipalities - 45 cents except that they may levy up to an additional 5 cents to provide financing for the municipality's share of the revenue required for a jointly financed service.

F) sanitary and improvement districts which have been in existence for more than five years - 40 cents. If the S.I.D. has been in existence for five years or less, there is no limit.

G) counties are allowed to levy or authorize up to 50 cents except that 5 cents may be levied only to provide the county's share of the revenue required for a jointly financed service. From the county's share, they may allocate up to 15 cents to miscellaneous districts, which are no longer to have authority to levy taxes independently of the county board.

Section 2 states that all political subdivisions except those restricted by section i may levy property taxes as are otherwise allowed by law which are authorized by the county board but which are counted against the 50 cent county limit. The county board may approve all or a portion of any levy requests from miscellaneous districts but may not approve levies which total more than 15 cents in any one location. The levy request must be made to the county board by September 30 and the levies must be set by October 15.

Section 3 allows a political subdivision to exceed the limits on a majority vote of the registered voters in the subdivision. The issue may reach the ballot either by passage of a resolution by a two-thirds majority vote of the governing body or by petition signed by 5 percent of the registered voters. The excess levy shall be limited to 5 years. This section also allows miscellaneous districts subject to section 2 and villages to exceed the limits by majority vote at a meeting of the voters attended by at least 10 percent of the registered voters. Special election provisions for S.I.D.s are provided by the bill.

Sections 4 through 9 harmonize provisions dealing with county agricultural societies to place their levy authority under the county board.

Sections 10 through 13 harmonize provisions dealing with noxious weeds, supplemental county extension, and weather control districts.

Sections 14 through 17 harmonize sections dealing with airport authorities.

Sections 18 and 19 harmonize provisions dealing with cemetery districts.

Section 20 harmonizes a section dealing with ambulance service.

Section 21 harmonizes the levy authority of the public building commission.

Section 22 amends section 19-1309 to strike the statutory limit of 87 112 cents per \$100 of value levy limit for first class cities, and \$1.05 for second class cities and villages.

Sections 23 and 24 amend sections 23-119 and 120 to strike the references to the 50 cents county levy limit in the current statute.

Section 25 harmonizes a section dealing with the levy for hospitals.

Sections 26 through 28 and 41, 42 and 50 harmonize township statutes to place the township levy within the restrictions on miscellaneous districts contained in section 2, and to reduce the levy authority of townships from 28 cents to 7 cents.

Section 29 harmonizes the levy authority of historical societies.

Section 30 harmonizes the levy authority for animal damage control.

Section 31 harmonizes the levy authority to levy for county community buildings.

Section 32 harmonizes the levy authority of hospital districts.

Section 33 harmonizes the levy authority of county sewage disposal provisions.

Section 34 amends section 32-1042 to strike the special levy for voting machines.

Sections 35 through 37 harmonize the levy authority of rural and suburban fire districts.

Sections 38 through 40 harmonize the levy authority of road improvement districts.

Sections 43 and 44 harmonize the levy authority regarding a regional, county or township library.

Sections 45 through 47 harmonize the levy authority of health authorities or public nurses.

Section 48 harmonizes the levy authority of transportation districts.

Section 49 harmonizes the statute dealing with E.S.U.s that refer to the levy limits in section 1.

Section 51 harmonizes the levy authority of community colleges to refer to the levy limits in section 1.

Sections 52 and 53 harmonize the levy authority of a county telephone system.

Section 54 provides an operative date of July 1, 1998.

Section 55 repeals the original sections.

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Section 56 repeals ten sections outright which deal with special levy authority which is unnecessary under the levy caps proposed by the bill, including eight sections dealing with star mail routes.

Chairperson