

COMMITTEE STATEMENT
LB 269

HEARING DATE: JANUARY 23, 1997

COMMITTEE ON: REVENUE

TITLE: LB 269 (Revenue Committee) Change provisions relating to determining and certifying property tax levies

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, Schellpeper, Warner and Wickersham
0 No
1 Present, not voting Senator Will
0 Absent

PROPOSERS Representing
George Kilpatrick Committee On Revenue

OPPOSERS Representing

NEUTRAL Representing
Tim Kemper Lincoln Public Schools

Summary of purpose and/or changes:

LB 269 clarifies aspects of LBs 299, 1114, 1085 and 1177 and makes substantive changes which seem consistent with the purposes of those bills. Many of these changes have come about due to difficulties implementing these laws, particularly the levy-setting provisions of LB 1085.

Section 1 amends section 2- 958 to strike the special county levy for weed control purposes, as was done with several other special levies by LB 1085 (1996).

Sections 2 through 4 amend sections 3-504, 504.02, and 613, to provide that the city council or village board will allocate the levy of a city airport authority within the city 45 cent share rather than the county as provided in LB 1114 (1996). Section 39 of LB 269 amends LB 1114 to provide a procedure for city allocation of levy authority.

Sections 5 and 6 harmonize the outright repeal of sections 13-320 & 321 in LB 1177 (1996). LB 1177 required a public vote approving creation of a public safety commission as a necessary condition before the additional five cents of levy authority was allowed to cities and counties for cooperative actions. Lb 269 removes this pre-condition by repealing outright sections 13-320 & 321. A public vote would still be required before a county could adopt a county sales tax for public safety services.

Section 7 amends the budget act, section 13-508, to provide that budget documents filed with the state auditor by September 20th need contain an amount of property taxes to be levied, not the rate itself. The state auditor has interpreted the budget act as requiring that the levy rate be final when the budget is final by September 20th, despite the levy setting deadline of October 15th that was contained in lb 1085 (1996). This section and later sections also delay the levy setting deadline to October 31st.

It also strikes a provision prohibiting setting a levy which would generate more-money than the budget requires, and replaces it with a requirement that the levy generate no more than one percent greater or lesser than the property tax requirement. Finally, this section specifies that calculation of the levy to four places right of the decimal point is sufficient for purposes of levy setting. The auditor has been requiring five to eight and returning budgets with levies calculated to four as incomplete.

Section 8 amends section 13-518 (LB 299, 1996) to allow political subdivisions to estimate population growth for purposes of the restricted funds limitation using housing starts, a proportionate share of part of a county, or by summing the populations of municipalities within the subdivision.

Sections 9 and 10 amend sections 14-1805 & 1821 (transit authority law) to place the transit authority levy within the discretion of the city and clearly place it within the limitations of section 77-3443 (LB 1114, 1996).

Section 11 amends section 18-2107 to provide that the city council or village board allocate the levy authority of community redevelopment authorities within the city levy limit rather than the county as provided in lb 1114 (1996).

Section 12 amends section 19-3315 to provide that the city council or village board allocate the levy authority of off street parking districts within the city levy limit rather than the county as provided in LB 1114 (1996).

Sections 13 through 19 amend the county consolidation of offices or whole counties provisions of LB 1085 (1996) (sections 22-402, 402.03, 405, 405.01, 416, & 417) to allow a consolidation to be approved at a special election. Generally, some of the specific dates would be removed from the legislation, but consolidated offices would still be filled at the next subsequent general election.

Section 20 amends section 51-201 to provide that if a city or village creates a public library, any tax support is to be allocated by the city or village from its 45 cent share.

Section 21 amends section 51- 501 to provide that if a city or village creates a public museum, any tax support is to be allocated by the city or village from its 45 cent share.

Sections 22 and 23 amend sections 71-1637 & 1638 to provide that if a city or village employs a community nurse, home health care nurse, or home

Health agency, the tax support is to be allocated by the city or village from its 45 cent share.

Section 24 amends section 77-203 to strike “real” before property taxes which are to be due and payable on December 31st. With the delay in levy setting from October 15th to November 1st, the due date for personal property tax is likewise delayed until December 31st. This places personal property on the same schedule as real property. Sections 77-205 & 206 (personal property tax schedule) are, therefore, repealed outright by the bill.

Section 25 amends section 77-1601 to delay the final levy setting date for the county board of equalization from October 15th to November 1st and require the board to set levies certified by other political subdivisions only if the levy is within the limit of the law. This section also would clarify that the levy for county government is to be the levy for all purposes, and strike some unnecessary language. Finally, this section provides that clerical errors shall be corrected by the county board when warranted.

Sections 26 and 27 amend sections 77-1601.01 & 1601.02 to limit the levy setting requirements of LB 1085 to counties, municipalities, school districts, SIDs, NRDs, ESUs, and community college areas, beginning in 1998. The amendments also provide that the levy setting requirements do not apply to bond levies and that the clerk of the county where the office of the political subdivision is located is responsible for the preliminary levy, rather than all the counties jointly.

The changes in these sections also clarify some terms. Individual political subdivisions certify levy rates to the county boards of equalization which then levy taxes. The requirement that a preliminary levy be set extends to political subdivisions which received property taxes the prior year. Finally, the amendments provide that levies set which are not in compliance with the levy setting provisions of LB 1085 (1996) are unauthorized levies.

Section 28 amends section 77-1606 to extend the right of taxpayers to challenge levies by filing an appeal with the tax equalization and review commission to include disputes with any political subdivision which is alleged to be in non-compliance with LB 1085 (1996).

Section 29 would add a new section of law to provide for a hearing before the county board of equalization on a challenge of a levy prior to filing an appeal with the TERC.

Sections 30 through 33 amend sections 77- 1607 through 1610 to provide that appeals of tax levies be filed with the TERC.

Sections 34 and 35 amend sections 77-1613 & 1613.01 to delay the preparation of the tax list by the county assessor from November 1st to November 30th and the deadline for preparation of the certificate of taxes levied from December 1st to January 1st. The bill would also clarify that the CTL is to be used for statistical measures in the equalization process.

Section 36 would add a new section to the statutes providing for a penalty for failure to prepare the CTL. The penalty would be \$100.

Section 37 would amend section 77-1616 to harmonize date changes.

Section 38 amends section 77-3442 (LB 1114, 1996 levy limits) to define “commenced” for purposes of the exemption from the limits for commitments of the school building fund to mean any action of the school board on the record which commits the district to the expenditure of funds in planning or construction. This section also clarifies that levies in excess of the limits are “unauthorized” levies subject to challenge under the procedure described earlier.

Section 39 amends section 77-3443 to provide that cities and villages are responsible for allocating from their own 45 cent limit any amounts necessary for funding a city airport authority, community redevelopment authority, off street parking district, library or museum, or home health nurse or agency, or any memorial. Procedures, including a hearing and final disposition by October 31st, are set out.

Section 40 amends section 77- 3444 to clarify that votes to exceed the limits of section 77-3442 must not be for an amount that would exceed to maximum allowed for that political subdivision.

Section 41 would amend section 79-1078 (class vi common levy) to provide that for purposes of section 77-3442, the high school district is to set its levy first and the affiliated Class I's are to reduce their budgets, if necessary.

Section 42 amends section 80-202 to require a city or village which erects a memorial using a special levy is responsible for allocating that levy from the city or village 45 cent share.

Section 43 amends section 80-407 to change the responsibility for multi-county agreements to combine the veterans service function from the veterans service committees to the county boards

Section 44 provides operative dates of July 1, 1998 for sections revising LB 1177 (1996) and for allocating levy authority, and the effective date for other sections.

Sections 45 and 46 repeal the original sections.

Section 47 repeals five sections outright, and

Section 48 declares an emergency.

Explanation of Amendments, if any:

The committee amendments: 1) add two new sections amending 13-804 and 807 to allow interlocal agreements to perform any service jointly that either local government has the power to perform. Currently the service must be one that both are authorized to perform.

2) add a new section amending 23-153 to strike the requirement that county boards meet in the traditional meeting place. To this end, section 23-278 containing a similar provision for supervisor forms of county government is repealed.

3) add a new section amending section 77-1340 to change the date by which counties must choose to turn over the assessment function to the state from January 1 of the prior fiscal year to October 31.

4) add two new sections to amend sections 77-27,139.02 and 77-27,139.03 and change the municipal equalization formula so that the qualifying levy would be 40 cents instead of the average of all cities. Aid would be decreased as municipalities levy less than the qualifying amount at a rate of 20 percent for every one cent less than 40. Any excess money in the fund is to be distributed to municipalities through the MIRF fund.

5) add eleven new sections incorporating the provisions of LB 408, with some modifications: a) sections 52 and 54 through 57, 59 and 60 amend several sections to incorporate new sections 53 and 62 into the community colleges statutes. B) section 53 would enact a new section stating that it is the intent of the legislature that 40 percent of the funding for community colleges come from state aid, 40 percent from property tax, and 20 percent from tuition and other fees. C) section 58 would amend section 85-1517 to place a levy amount in the section of seven cents for 1998-99

And 1999-2000, and six cents for 2000-2001 and all subsequent years. In addition to that levy would be a one cent levy for capital improvements. D) section 61 would repeal obsolete language in section 85-1536. Section 62 would enact a new aid program for community colleges. The aid fund is to allow all areas to raise 40 percent of needed funds through property taxes. Any area which is unable to raise 40 percent of its needs as measured by the 1997-98 budgeted expenditures adjusted in future years by two percent plus student growth is eligible to receive funds under this section.

6) change the date of the required joint meeting of affiliated school systems as passed in LB 693 (1996) from September 15th to October 20th.

7) changes a reference to the county assessor to state "or county clerk" and move the date for the CTL back from January 1, as proposed in the bill, to December 5. Current law is December 1st.

8) strike from the bill changes granting high school districts the first share of the \$1.10 levy limit for schools.

9) amend section- 77-3442 (levy limits) to change the limit for community colleges from 8 cents in 1998-99 and 4 cents in 2001-02 to 8 cents in 1998-99 and 1999-2000 and 7 cents in 2000-01 and thereafter.

10) amend section 80-407 to strike the director or 0 veterans affairs as a Party needing to approve multi-county veterans service organization.

11) repeals outright sections 23-278 and 79-107

Chairperson