

COMMITTEE STATEMENT
LB 306

HEARING DATE: FEBRUARY 19, 1997

COMMITTEE ON: REVENUE

TITLE: LB 306 (Warner) Require state approval of certain capital construction projects proposed by political subdivisions and create the Government Efficiency Commission

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

0 Present, not voting

1 Absent

Senator Will

PROPONENTS

GEORGE KILPATRICK

JOHN BONAIUTO

ROGER KEETLE

Representing

SENATOR JEROME WARNER

NE ASSN. OF SCHOOL BOARDS

NE ASSN. OF HOSPITALS & HEALTH SYSTEMS

OPPONENTS

TOM RICHARDS

LYNN REX

Representing

OPPD & NE POWER ASSN.

LEAGUE OF NE MUNICIPALITIES

NEUTRAL

LARRY BARE

Representing

CITY OF LINCOLN

Summary of 0 purpose and/or changes..

LB 306 would create an efficiency commission consisting of the commissioner of education and four members appointed by the governor. One of which is to be a mayor, and one a member of a county board. The efficiency commission is to be given authority to approve or deny capital construction projects of local governments in Nebraska. Capital construction projects are defined to mean a project for construction, renovation, expansion, or remodeling, regardless of how it is financed. The efficiency commission is to have authority only over projects which are larger than \$5 million, or 20 percent of the total general fund budgeted expenditures during the most current year available, whichever is smaller.

The efficiency commission is to set standards for approving or denying projects, but such standards are to at least determine whether there are similar political subdivisions nearby which could share in the project, whether the proposed project has multiple uses, and whether the project as

A whole contributes or poses barriers to the state goals of governmental efficiency. If voter approval is required for financing the project. Such a vote cannot take place until it has received the approval of the efficiency commission.

The bill is to be operative on January 1, 1998.

Explanation of amendments, if any:

The committee amendments white copy the bill, but essentially (1) provide greater detail governing the operation of the efficiency commission, (2) add provisions allowing the school special building fund to be levied in excess of the levy caps of LB 1114, up to 12 cents if the projects have been approved by the efficiency commission, (3) make a revision in the municipal equalization formula, and (4) provide an additional \$100,000 to the local government restructuring committee.

Changes made to the efficiency commission itself (sections 1 through 8) are as follows:

1. Facilities required to go through certificate of need or coordinating commission on postsecondary education review would be excepted from the need for efficiency commission review.
2. The thresholds for review would be changed from the lesser of \$5 million or 20 percent of annual expenditures to the greater of \$500,000 or 10 percent of annual expenditures. A series of related projects totalling more than the threshold is also required to receive commission approval.
3. The commission would be required to review projects of that scope or any use of the special building fund by schools.
4. Members of the commission would be limited to five years, and no individual could serve more than two terms. The at-large members would be required to have expertise in public or private finance or management.
5. The applicant is to bear the burden of proving the need for the project and is to file an application describing that need and including any documentation of notices, other local governments which have been included in the discussions. And efforts to obtain partners for multiple use. The commission is to prescribe the procedures for the hearings and must allow anyone the opportunity to submit oral or written testimony. The applicant may amend the application at any time up to a decision.
6. The commission is required to issue written opinions within 45 days of the hearing, including an explanation of the reasons for approval or denial. Judicial review would be available under the Nebraska A.P.A. the commission is allowed to maintain an action to enjoin construction which has not received the approval of the commission.

Sections 9 through 12 would amend sections 13-2304, 13-2305, 13-2307, and 77913 to 1) require the local government innovation and restructuring commission to examine the possibilities for restructuring public safety services and providing local level efficiency review of projects prior to

Efficiency commission review and 2) increase the amount of money going to the Nebraska local government innovation and restructuring commission for grants to local governments for planning and implementing restructuring projects by \$100,000. The money is to be allocated from the county share of the insurance premium tax monies.

Sections 13 and 14 amend the municipal equalization aid fund, sections 2227,139.02 & 03 to provide that the need calculation be measured by groups of municipalities rather than in the aggregate. The groups would be a) 5000 population and above, b) 800 to 5000, and c) below 800.

Section 15 amends section 77-3442 (levy limits) to exclude the special building fund from the levy limits if the special building fund is used for projects approved by at least a two-thirds majority vote of the school board, have been approved by the efficiency commission, and are for hazardous abatement, accessibility barrier elimination, or for acquiring sites for buildings, constructing buildings or additions to buildings, and equipment related to such building projects. Projects commenced prior to April 1, 1996 would continue to be exempt from the levy limits.

Sections 16 through 20 amend several sections dealing with the special building funds to combine the special levies for hazardous abatement and accessibility barrier elimination (currently 3 1/2, cents per \$100 of taxable valuation) with the special building fund levy (currently 14 cents) and limit the combination to 12 cents. The levies would also have to be approved by a vote of at least two-thirds of the school board. In a multiple school district system, the levies of the high school district and the class is are to be combined for purposes of the limit,

Section 21 would amend section 81-1113 to provide that the department of administrative services is to complete the administration of any grants provided by the Nebraska commission on local government innovation and restructuring beyond the June 30, 2000 sunset date of the commission.

Section 22 provides that the sections of the act dealing with the efficiency commission, the municipal aid formula, and the special building fund are to be operative July 1, 1998. The sections dealing with the local government innovation and restructuring commission are to be operative on their effective date.

Sections 23 and 24 repeal the original sections.

Section 25 declares an emergency.

Senator Jerome Warner,
Chairperson