

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 868**

Introduced by Urban Affairs Committee: McGill, 26, Chairperson;  
Cook, 13; Krist, 10; Lambert, 2; Smith, 14.

Read first time January 06, 2012

Committee:

A BILL

1 FOR AN ACT relating to budgets; to amend sections 13-501, 13-504,  
2 13-505, 13-506, and 13-509.01, Reissue Revised Statutes  
3 of Nebraska, and sections 13-503 and 13-508, Revised  
4 Statutes Cumulative Supplement, 2010; to authorize a city  
5 of the first class to adopt a biennial budget as  
6 prescribed; to provide for a special election; to define  
7 and redefine terms; to harmonize provisions; and to  
8 repeal the original sections.

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

1           Section 1. Section 13-501, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           13-501 Sections 13-501 to 13-513 and section 8 of this  
4 act shall be known and may be cited as the Nebraska Budget Act.

5           Sec. 2. Section 13-503, Revised Statutes Cumulative  
6 Supplement, 2010, is amended to read:

7           13-503 For purposes of the Nebraska Budget Act, unless  
8 the context otherwise requires:

9           (1) Governing body ~~shall mean~~ means the governing body of  
10 any county agricultural society, elected county fair board, joint  
11 airport authority formed under the Joint Airport Authorities Act,  
12 city or county airport authority, bridge commission created pursuant  
13 to section 39-868, cemetery district, city, village, municipal  
14 county, community college, community redevelopment authority, county,  
15 drainage or levee district, educational service unit, rural or  
16 suburban fire protection district, historical society, hospital  
17 district, irrigation district, learning community, natural resources  
18 district, nonprofit county historical association or society for  
19 which a tax is levied under subsection (1) of section 23-355.01,  
20 public building commission, railroad transportation safety district,  
21 reclamation district, road improvement district, rural water  
22 district, school district, sanitary and improvement district,  
23 township, offstreet parking district, transit authority, metropolitan  
24 utilities district, Educational Service Unit Coordinating Council,  
25 and political subdivision with the authority to have a property tax

1 request, with the authority to levy a toll, or that receives state  
2 aid;

3 (2) Levying board ~~shall mean~~ means any governing body  
4 which has the power or duty to levy a tax;

5 (3) Fiscal year ~~shall mean~~ means the twelve-month period  
6 used by each governing body in determining and carrying on its  
7 financial and taxing affairs;

8 (4) Tax ~~shall mean~~ means any general or special tax  
9 levied against persons, property, or business for public purposes as  
10 provided by law but ~~shall does~~ not include any special assessment;

11 (5) Auditor ~~shall mean~~ means the Auditor of Public  
12 Accounts;

13 (6) Cash reserve ~~shall mean~~ means funds required for the  
14 period before revenue would become available for expenditure but  
15 ~~shall does~~ not include funds held in any special reserve fund;

16 (7) Public funds ~~shall mean~~ means all money, including  
17 nontax money, used in the operation and functions of governing  
18 bodies. For purposes of a county, city, or village which has a  
19 lottery established under the Nebraska County and City Lottery Act,  
20 only those net proceeds which are actually received by the county,  
21 city, or village from a licensed lottery operator shall be considered  
22 public funds, and public funds shall not include amounts awarded as  
23 prizes;

24 (8) Adopted budget statement ~~shall mean~~ means a proposed  
25 budget statement which has been adopted or amended and adopted as

1 provided in section 13-506. Such term ~~shall include~~ includes  
2 additions, if any, to an adopted budget statement made by a revised  
3 budget which has been adopted as provided in section 13-511;

4 (9) Special reserve fund ~~shall mean~~ means any special  
5 fund set aside by the governing body for a particular purpose and not  
6 available for expenditure for any other purpose. Funds created for  
7 (a) the retirement of bonded indebtedness, (b) the funding of  
8 employee pension plans, (c) the purposes of the Political  
9 Subdivisions Self-Funding Benefits Act, (d) the purposes of the Local  
10 Option Municipal Economic Development Act, (e) voter-approved sinking  
11 funds, or (f) statutorily authorized sinking funds shall be  
12 considered special reserve funds;

13 (10) Biennial period ~~shall mean~~ means the two fiscal  
14 years comprising a biennium commencing in odd-numbered or even-  
15 numbered years used by a city in determining and carrying on its  
16 financial and taxing affairs; and

17 (11) Biennial budget ~~shall mean~~ means a budget by a city  
18 of the primary or metropolitan class that adopts a charter provision  
19 providing for a biennial period to determine and carry on the city's  
20 financial and taxing affairs or a budget by a city of the first class  
21 that adopts a biennial budget pursuant to section 8 of this act.

22 Sec. 3. Section 13-504, Reissue Revised Statutes of  
23 Nebraska, is amended to read:

24 13-504 (1) Each governing body shall annually or  
25 biennially prepare a proposed budget statement on forms prescribed

1 and furnished by the auditor. The proposed budget statement shall be  
2 made available to the public by the political subdivision prior to  
3 publication of the notice of the hearing on the proposed budget  
4 statement pursuant to section 13-506. A proposed budget statement  
5 shall contain the following information, except as provided by state  
6 law:

7 (a) For the immediately preceding fiscal year or biennial  
8 period, the revenue from all sources, including motor vehicle taxes,  
9 other than revenue received from personal and real property taxation,  
10 allocated to the funds and separately stated as to each such source:  
11 The unencumbered cash balance at the beginning and end of the year or  
12 biennial period; the amount received by taxation of personal and real  
13 property; and the amount of actual expenditures;

14 (b) For the current fiscal year or biennial period,  
15 actual and estimated revenue from all sources, including motor  
16 vehicle taxes, allocated to the funds and separately stated as to  
17 each such source: The actual unencumbered cash balance available at  
18 the beginning of the year or biennial period; the amount received  
19 from personal and real property taxation; and the amount of actual  
20 and estimated expenditures, whichever is applicable. Such statement  
21 shall contain the cash reserve for each fiscal year or biennial  
22 period and shall note whether or not such reserve is encumbered. Such  
23 cash reserve projections shall be based upon the actual experience of  
24 prior years or biennial periods. The cash reserve shall not exceed  
25 fifty percent of the total budget adopted exclusive of capital outlay

1 items;

2 (c) For the immediately ensuing fiscal year or biennial  
3 period, an estimate of revenue from all sources, including motor  
4 vehicle taxes, other than revenue to be received from taxation of  
5 personal and real property, separately stated as to each such source:  
6 The actual or estimated unencumbered cash balances, whichever is  
7 applicable, to be available at the beginning of the year or biennial  
8 period; the amounts proposed to be expended during the year or  
9 biennial period; and the amount of cash reserve, based on actual  
10 experience of prior years or biennial periods, which cash reserve  
11 shall not exceed fifty percent of the total budget adopted exclusive  
12 of capital outlay items;

13 (d) A statement setting out separately the amount sought  
14 to be raised from the levy of a tax on the taxable value of real  
15 property (i) for the purpose of paying the principal or interest on  
16 bonds issued by the governing body and (ii) for all other purposes;

17 (e) A uniform summary of the proposed budget statement,  
18 including each proprietary function fund included in a separate  
19 proprietary budget statement prepared pursuant to the Municipal  
20 Proprietary Function Act, and a grand total of all funds maintained  
21 by the governing body; and

22 (f) For municipalities, a list of the proprietary  
23 functions which are not included in the budget statement. Such  
24 proprietary functions shall have a separate budget statement which is  
25 approved by the city council or village board as provided in the

1 Municipal Proprietary Function Act.

2 (2) The actual or estimated unencumbered cash balance  
3 required to be included in the budget statement by this section shall  
4 include deposits and investments of the political subdivision as well  
5 as any funds held by the county treasurer for the political  
6 subdivision and shall be accurately stated on the proposed budget  
7 statement.

8 (3) The political subdivision shall correct any material  
9 errors in the budget statement detected by the auditor or by other  
10 sources.

11 Sec. 4. Section 13-505, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13 13-505 The estimated expenditures plus the required cash  
14 reserve for the ensuing fiscal year or biennial period less all  
15 estimated and actual unencumbered balances at the beginning of the  
16 year or biennial period and less the estimated income from all  
17 sources, including motor vehicle taxes, other than taxation of  
18 personal and real property shall equal the amount to be received from  
19 taxes, and such amount shall be shown on the proposed budget  
20 statement pursuant to section 13-504. The amount to be raised from  
21 taxation of personal and real property, as determined above, plus the  
22 estimated revenue from other sources, including motor vehicle taxes,  
23 and the unencumbered balances shall equal the estimated expenditures,  
24 plus the necessary required cash reserve, for the ensuing year or  
25 biennial period.

1                   Sec. 5. Section 13-506, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3                   13-506 (1) Each governing body shall each year or  
4 biennial period conduct a public hearing on its proposed budget  
5 statement. Notice of place and time of such hearing, together with a  
6 summary of the proposed budget statement, shall be published at least  
7 five days prior to the date set for hearing in a newspaper of general  
8 circulation within the governing body's jurisdiction. When the total  
9 operating budget, not including reserves, does not exceed ten  
10 thousand dollars per year or twenty thousand dollars per biennial  
11 period, the proposed budget summary may be posted at the governing  
12 body's principal headquarters. After such hearing, the proposed  
13 budget statement shall be adopted, or amended and adopted as amended,  
14 and a written record shall be kept of such hearing. The amount to be  
15 received from personal and real property taxation shall be certified  
16 to the levying board after the proposed budget statement is adopted  
17 or is amended and adopted as amended. If the levying board represents  
18 more than one county, a member or a representative of the governing  
19 board shall, upon the written request of any represented county,  
20 appear and present its budget at the hearing of the requesting  
21 county. The certification of the amount to be received from personal  
22 and real property taxation shall specify separately (a) the amount to  
23 be applied to the payment of principal or interest on bonds issued by  
24 the governing body and (b) the amount to be received for all other  
25 purposes. If the adopted budget statement reflects a change from that



1 shown in the published proposed budget statement, a summary of such  
2 changes shall be published within twenty days after its adoption in  
3 the manner provided in this section, but without provision for  
4 hearing, setting forth the items changed and the reasons for such  
5 changes.

6 (2) Upon approval by the governing body, the budget shall  
7 be filed with the auditor. The auditor may review the budget for  
8 errors in mathematics, improper accounting, and noncompliance with  
9 the ~~provisions of the~~ Nebraska Budget Act or sections 13-518 to  
10 13-522. If the auditor detects such errors, he or she shall  
11 immediately notify the governing body of such errors. The governing  
12 body shall correct any such error as provided in section 13-511.  
13 Warrants for the payment of expenditures provided in the budget  
14 adopted under this section shall be valid notwithstanding any errors  
15 or noncompliance for which the auditor has notified the governing  
16 body.

17 Sec. 6. Section 13-508, Revised Statutes Cumulative  
18 Supplement, 2010, is amended to read:

19 13-508 (1) After publication and hearing thereon and  
20 within the time prescribed by law, each governing body, except as  
21 provided in subsection (3) of this section, shall file with and  
22 certify to the levying board or boards on or before September 20 of  
23 each year or September 20 of the final year of a biennial period and  
24 file with the auditor a copy of the adopted budget statement which  
25 complies with sections 13-518 to 13-522 or 79-1023 to 79-1030,

1 together with the amount of the tax required to fund the adopted  
2 budget, setting out separately (a) the amount to be levied for the  
3 payment of principal or interest on bonds issued by the governing  
4 body and (b) the amount to be levied for all other purposes. Proof of  
5 publication shall be attached to the statements. Learning communities  
6 shall also file a copy of such adopted budget statement with member  
7 school districts on or before September 1 of each year. The governing  
8 body, in certifying the amount required, may make allowance for  
9 delinquent taxes not exceeding five percent of the amount required  
10 plus the actual percentage of delinquent taxes for the preceding tax  
11 year or biennial period and for the amount of estimated tax loss from  
12 any pending or anticipated litigation which involves taxation and in  
13 which tax collections have been or can be withheld or escrowed by  
14 court order. For purposes of this section, anticipated litigation  
15 shall be limited to the anticipation of an action being filed by a  
16 taxpayer who or which filed a similar action for the preceding year  
17 or biennial period which is still pending. Except for such  
18 allowances, a governing body shall not certify an amount of tax more  
19 than one percent greater or lesser than the amount determined under  
20 section 13-505.

21 (2) Each governing body shall use the certified taxable  
22 values as provided by the county assessor pursuant to section 13-509  
23 for the current year in setting or certifying the levy. Each  
24 governing body may designate one of its members to perform any duty  
25 or responsibility required of such body by this section.

1           (3)(a) A Class I school district shall do the filing and  
2 certification required by subsection (1) of this section on or before  
3 August 1 of each year.

4           (b) A learning community shall do such filing and  
5 certification on or before September 1 of each year.

6           Sec. 7. Section 13-509.01, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8           13-509.01 On and after the first day of its fiscal year  
9 in 1993 and of each succeeding year or on or after the first day of  
10 its biennial period and until the adoption of the budget by a  
11 governing body in September, the governing body may expend any  
12 balance of cash on hand for the current expenses of the political  
13 subdivision governed by the governing body. Except as provided in  
14 section 13-509.02, such expenditures shall not exceed an amount  
15 equivalent to the total amount expended under the last budget in the  
16 equivalent period of the prior budget year or biennial period. Such  
17 expenditures shall be charged against the appropriations for each  
18 individual fund or purpose as provided in the budget when adopted.

19           Sec. 8. (1) A city of the first class may adopt biennial  
20 budgets for biennial periods if the question has been approved by a  
21 majority of legal voters voting on the issue at a special election  
22 called for such purpose upon the recommendation of the governing body  
23 or upon the receipt by the county clerk or election commissioner of a  
24 petition requesting an election, signed by at least ten percent of  
25 the legal voters of the city voting in the immediately preceding

1 municipal election.

2 (2) The question shall include, along with such terms as  
3 the city or petition may set forth, the date that the proposed  
4 biennial budget would go into effect and the following question:  
5 Shall the governing body of [name of the city of the first class]  
6 adopt a biennial budget (every two years) in place of the current  
7 annual budget (every year)?

8 (3) The special election may be held in conjunction with  
9 a primary or general election. The county clerk or election  
10 commissioner shall call for a special election on the issue within  
11 seventy-five days after the receipt of the recommendation of such  
12 governing body or the petition. The election shall be held pursuant  
13 to the Election Act, and all costs of the election shall be paid by  
14 the governing body.

15 (4) For purposes of this section:

16 (a) Biennial budget means a budget that provides for a  
17 biennial period to determine and carry on the city's financial and  
18 taxing affairs; and

19 (b) Biennial period means the two fiscal years comprising  
20 a biennium commencing in odd-numbered or even-numbered years.

21 Sec. 9. Original sections 13-501, 13-504, 13-505, 13-506,  
22 and 13-509.01, Reissue Revised Statutes of Nebraska, and sections  
23 13-503 and 13-508, Revised Statutes Cumulative Supplement, 2010, are  
24 repealed.