

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 354**

Introduced by Clouse, 37.

Read first time January 16, 2025

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-27,139.03, Reissue Revised Statutes of Nebraska; to prohibit
- 3 cities of the first class from receiving state aid from the
- 4 Municipal Equalization Fund; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 77-27,139.03, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           77-27,139.03 (1) State aid provided to municipalities pursuant to  
4 sections 77-27,139.01 to 77-27,139.04 shall be calculated by determining  
5 the average property tax levy for operational purposes other than for  
6 principal and interest payments on the indebtedness of all incorporated  
7 municipalities. The Auditor of Public Accounts shall provide to the  
8 Department of Revenue a list of the bond and nonbond tax request amounts  
9 from the most recent budgets filed by incorporated municipalities. The  
10 information shall be used to calculate the bond and nonbond tax levies  
11 for aid purposes under this section. The auditor shall provide the  
12 information to the department by February 1 each year.

13           (2) Each municipality shall receive state aid from the Municipal  
14 Equalization Fund equal to (a) the product of the average per capita  
15 property tax of the appropriate population group multiplied by the  
16 current population of the municipality minus (b) the product of the  
17 average property tax levy multiplied by the certified valuation within  
18 the incorporated municipality, except that a municipality shall not  
19 receive any aid under this section if the calculation results in a  
20 negative number or if such municipality is a city of the first class.

21           (3) If a municipal tax levy for operational purposes was less than  
22 the average property tax levy in the immediately preceding fiscal year,  
23 the state aid provided to such municipality shall be reduced by twenty  
24 percent for each one-cent increment the levy was below the average  
25 property tax levy but the reduction shall not exceed eighty percent.

26           (4) If the amount of money in the Municipal Equalization Fund is  
27 less than the total amount of state aid for all municipalities as  
28 required by the allocation formula in subsection (2) of this section, the  
29 money in the fund shall be allocated on a prorated basis to such  
30 municipalities. If the amount of money in the fund is more than the total  
31 amount of state aid for municipalities as required by the allocation

1 formula, the excess money in the fund shall be credited to the General  
2 Fund.

3       **Sec. 2.** Original section 77-27,139.03, Reissue Revised Statutes of  
4 Nebraska, is repealed.