

Tax Increment Financing (TIF)

Tax increment financing (TIF) in Nebraska is primarily designed to finance the public costs associated with a private development project. Essentially, the property tax increases resulting from a development are targeted to repay the public investment required by a project.

TIF provides a means of encouraging private investment in deteriorating areas by allowing city governments to devote all property tax revenue increases to repay the public investment needed to attract development. Nebraska voters approved community tax increment finance (then known as community improvement financing) in November 1978 and the Unicameral passed enabling legislation in 1979. The legislature revised the TIF statutes in 1988, 1991, 1995, 1996, 1997, and 1999. Forty-five other states have authorized TIF.

This brochure describes the community TIF process. Appendix A is a flow chart of the TIF adoption process; Appendix B is the text of selected state statutes concerning community TIF.

The Process

Under Nebraska law, local governments may use TIF only in redeveloping substandard and blighted areas within a community. Following such designation, a community redevelopment agency prepares a redevelopment plan. TIF projects may be commercial, residential, industrial, or mixed use. Generally, TIF funds can be used for land acquisition, public improvements and amenities, infrastructure, and utilities. Every TIF project evaluation must include a cost-benefit analysis. After a project is approved, the locality typically authorizes the issuance of TIF bonds to undertake public improvements in the designated area. TIF bonds may be issued in conjunction with revenue bond issues for water, sewer, or parking purposes and are exempt from state and federal income taxes. Land assembled for the project is conveyed to the developer at a "fair value." The developer then proceeds with construction in accordance with the approved plan and the bonds are paid off from the increase in property taxes resulting from the development.

The following details the steps local governments must follow to adopt a redevelopment project using TIF. (Note: When adopting TIF, communities should work closely with the city attorney to insure they follow proper legal procedures.) Although the steps are numbered consecutively, several activities may occur simultaneously. For example, a community may not decide to declare an area substandard and blighted until a developer comes to the city council with a proposed TIF project. Appendix A is a flow chart that highlights steps 1 through 9.

Declaring a Redevelopment Area Substandard and Blighted

- A local government requests a recommendation from the local planning commission or board, regarding whether a designated area should or should not be declared "substandard and blighted." An area is considered substandard if the buildings and improvements are detrimental to public health and safety; an area is blighted if at least one of the following conditions exists: "(i) Unemployment in the designated area is at least one hundred twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the platted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) the area has had either stable or decreasing population based on the last two decennial censuses" (Revised Statutes of Nebraska, Sec. 18-2103). The planning commission has 30 days to respond. If the planning commission does not make a recommendation within that time, the local government may proceed without a recommendation.

- After the wait for a planning commission recommendation, a local government must hold a public hearing before declaring an area "substandard and blighted." The government must provide public notice for two weeks before the

hearing and ten days prior to the hearing mail a notice of the hearing "to all registered neighborhood associations whose area of representation is located in whole or in part within a one-mile radius of the area to be redeveloped and to the president or chairperson of the governing body of each county, school district, community college, educational service unit, and natural resources district in which the real property subject to such plan or major modification is located . . ." (Sec. 18-2115). Presumably, the public hearing could be scheduled to coincide with the end of the 30-day period the planning commission has to consider the "substandard and blighted" request.

Preparation of the Redevelopment Plan and TIF Project Analysis

- After declaration of a "substandard and blighted" area, a local redevelopment authority "may itself prepare or cause to be prepared" a redevelopment plan for the project area or "any person or agency, public or private, may submit such a plan to an authority" (Sec. 18-2111). The redevelopment authority is created by local ordinance and "may consist of the governing body of the city or village or a new or existing municipal division or department, or combination thereof" (Sec. 18-2101.01). A redevelopment plan must include: "(1) The boundaries of the redevelopment project area . . .; (2) a land-use plan showing proposed uses of the area; (3) information showing the standards of population densities, land coverage, and building intensities in the area after redevelopment; (4) a statement of the proposed changes . . . in zoning ordinances or maps, street layouts, street levels or grades, or building codes and ordinances; (5) a site plan of the area; and (6) a statement as to the kind and number of additional public facilities or utilities which will be required to support the new land uses in the area after redevelopment" (Sec. 18-2111).Â

- A redevelopment authority cannot recommend a plan to a local government "until a general plan for the development of the city has been prepared" (Sec. 18-2110). An authority must consider whether the proposed land uses and buildings in the redevelopment plan conform to the community's general plan and are harmonious with the development of the city.

- If the redevelopment plan includes a TIF project, a redevelopment agency must conduct a cost-benefit analysis of the project. That analysis must include statutorily specified tax effects and public service costs (Sec. 18-2113).

- Prior to recommending the redevelopment plan to the local governing body, the authority must also submit the plan to the local "planning commission or board of the city" for review and recommendations (Sec. 18-2112). The commission or board has 30 days to act before the redevelopment agency can make its recommendation. If the planning commission holds a public hearing on the redevelopment plan, which is not required, "the governing body of the city . . . shall, at least ten days prior to the public hearing, mail notice of the hearing by first-class United States mail, postage prepaid, or by certified mail to all registered neighborhood associations whose area of representation is located in whole or in part within a one-mile radius of the area to be redeveloped and to the president or chairperson of the governing body of each county, school district, community college, educational service unit, and natural resources district in which the real property subject to such plan or major modification is located and whose property tax receipts would be directly affected" (Sec. 18-2115)

- After 30 days, the redevelopment authority's recommendation to the local government must include the recommendations, if any, of the planning commission plus: (1) a statement of the cost of acquisition and preparation of the project area; (2) an estimate of the revenue from its transfer to the developers; (3) a statement of the method of financing the project; and (4) a statement of the method of relocating any families displaced by the project (Sec. 18-2114).

- A local governing body holds a public hearing (following the notices detailed in #2) on any redevelopment plan or its modification. After the hearing, the local government may approve the plan if it finds the plan conforms to the general plan for the community.

- If the plan involves the use of TIF funds, the local government must also find that "(a) the redevelopment project in the plan would not be economically feasible without the use of tax-increment financing, (b) the redevelopment project would not occur in the community redevelopment area without the use of tax-increment financing, and (c) the costs and benefits of the redevelopment project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed by the governing body and have been found to be in the long-term best interest of the community impacted by the redevelopment project" (Sec. 18-2116).

Issuance and Repayment of TIF Bonds

- Once a project is approved, TIF bonds are issued and used for acquisition, clearance, and public improvements.

- Then, the redevelopment site is transferred to the developer "at its fair value for uses in accordance with the redevelopment plan" (Sec. 18-2115), who then constructs the project approved in the plan.

- The property tax increases generated from the redeveloped site are applied to the TIF bonds until they are repaid, or for 15 years, after which the increases revert to local government taxing jurisdictions (Sec. 18-2147).

Report to State Property Tax Administrator

- Finally, on or before December 1st each year, cities that have a redevelopment project using TIF must file, with the state Property Tax Administrator, a report on the property tax levy and taxes in the redevelopment project. If the redevelopment plan/project is new, or the plan has been modified, the city must also file a copy of the redevelopment plan and include a "short narrative description of the type of development undertaken by the city or village with the financing and the type of business or commercial activity locating within the redevelopment project area . . . (Sec. 18-2117.01)."

For further information on the community tax increment financing process, contact Gary Hamer, Nebraska Department of Economic Development, at 800-426-6505, or e-mail at gary.hamer@ded.ne.gov

APPENDIX B: SELECTED NEBRASKA COMMUNITY DEVELOPMENT STATUTES

Chapter 18. Cities and Villages; Laws Applicable to All.

18-2101.01. Creation of agency; cooperation with federal government; taxes, bonds, and notes; other powers. Cities of all classes and villages of this state are hereby granted power and authority to create a community development agency by ordinance, which agency may consist of the governing body of the city or village or a new or existing municipal division or department, or combination thereof. . . .

18-2103. Terms, defined. For purposes of the Community Development Law, unless the context otherwise requires:

(1) An authority shall mean any community redevelopment authority created pursuant to section 18-2102.01 and a city or village which has created a community development agency pursuant to the provisions of section 18-2101.01 and shall not mean a limited community redevelopment authority;

(2) Limited community redevelopment authority shall mean a community redevelopment authority created pursuant to section 18-2102.01 having only one single specific limited pilot project authorized;

(3) City shall mean any city or incorporated village in the state;

(4) Public body shall mean the state or any municipality, county, township, board, commission, authority, district, or other political subdivision or public body of the state;

(5) Governing body or local governing body shall mean the city council, board of trustees, or other legislative body charged with governing the municipality;

(6) Mayor shall mean the mayor of the city or chairperson of the board of trustees of the village;

(7) Clerk shall mean the clerk of the city or village;

(8) Federal government shall mean the United States of America, or any agency or instrumentality, corporate or otherwise, of the United States of America;

(9) Area of operation shall mean and include the area within the corporate limits of the city and such land outside the city as may come within the purview of section 18-2123;

(10) Substandard areas shall mean an area in which there is a predominance of buildings or improvements, whether nonresidential or residential in character, which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, (which cannot be remedied through construction of prisons), and is detrimental to the public health, safety, morals, or welfare;

(11) Blighted area shall mean an area, which (a) by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals, or welfare in its present condition and use and (b) in which there is at least one of the following conditions: (i) Unemployment in the designated area is at least one hundred twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) the area has had either stable or decreasing

population based on the last two decennial censuses. In no event shall a city of the metropolitan, primary, or first class designate more than thirty-five percent of the city as blighted, a city of the second class shall not designate an area larger than fifty percent of the city as blighted, and a village shall not designate an area larger than one hundred percent of the village as blighted;

(12) Redevelopment project shall mean any work or undertaking in one or more community redevelopment areas: (a) To acquire substandard and blighted areas or portions thereof, including lands, structures, or improvements the acquisition of which is necessary or incidental to the proper clearance, development, or redevelopment of such substandard and blighted areas; (b) to clear any such areas by demolition or removal of existing buildings, structures, streets, utilities, or other improvements thereon and to install, construct, or reconstruct streets, utilities, parks, playgrounds, public spaces, public parking facilities, sidewalks or moving sidewalks, convention and civic centers, bus stop shelters, lighting, benches or other similar furniture, trash receptacles, shelters, skywalks and pedestrian and vehicular overpasses and underpasses, and any other necessary public improvements essential to the preparation of sites for uses in accordance with a redevelopment plan; (c) to sell, lease, or otherwise make available land in such areas for residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate to such uses, or for public use or to retain such land for public use, in accordance with a redevelopment plan; and may also include the preparation of the redevelopment plan, the planning, survey, and other work incident to a redevelopment project and the preparation of all plans and arrangements for carrying out a redevelopment project; (d) to dispose of all real and personal property or any interest in such property, or assets, cash, or other funds held or used in connection with residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate to such uses, or any public use specified in a redevelopment plan or project, except that such disposition shall be at its fair value for uses in accordance with the redevelopment plan; (e) to acquire real property in a community redevelopment area which, under the redevelopment plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitate the structures, and resell the property; and (f) to carry out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the redevelopment plan;

(13) Redevelopment plan shall mean a plan, as it exists from time to time for one or more community redevelopment areas, or for a redevelopment project, which plan (a) shall conform to the general plan for the municipality as a whole; and (b) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community redevelopment area, zoning and planning changes, if any, land uses, maximum densities, and building requirements;

(14) Redeveloper shall mean any person, partnership, or public or private corporation or agency which shall enter or propose to enter into a redevelopment contract;

(15) Redevelopment contract shall mean a contract entered into between an authority and a redeveloper for the redevelopment of an area in conformity with a redevelopment plan;

(16) Real property shall mean all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest and right, legal or equitable, therein, including terms for years and liens by way of judgment, mortgage, or otherwise, and the indebtedness secured by such liens;

(17) Bonds shall mean any bonds, including refunding bonds, notes, interim certificates, debentures, or other obligations issued pursuant to the Community Development Law;

(18) Obligee shall mean any bondholder, agent, or trustee for any bondholder, or lessor demising to any authority, established pursuant to section 18-2102.01, property used in connection with a redevelopment project, or any assignee or assignees of such lessor's interest or any part thereof, and the federal government when it is a party to any contract with such authority;

(19) Person shall mean any individual, firm, partnership, limited liability company, corporation, company, association, joint-stock association, or body politic and shall include any trustee, receiver, assignee, or other similar representative thereof;

(20) Community redevelopment area shall mean a substandard and blighted area which the community redevelopment authority designates as appropriate for a renewal project; and

(21) Redevelopment project valuation shall mean the valuation for assessment of the taxable real property in a redevelopment project last certified for the year prior to the effective date of the provision authorized in section 18-2147.

Source: Laws 1951, c. 224, Sec 3, p. 797; R.R.S. 1943, Sec. 14-1603; Laws 1957, c. 52, Sec. 4, p. 249; Laws 1961, c. 61, Sec. 3, p. 227; R.R.S. 1943, Sec. 19-2603; Laws 1965, c. 74, Sec. 3, p. 303; Laws 1969, c. 106, Sec. 2, p. 488; Laws 1973, LB 299, Sec. 3; Laws 1979, LB 158, Sec. 2; Laws 1980, LB 986, Sec. 2; Laws 1984, LB 1084, Sec. 2; Laws 1993, LB 121, Sec. 143; Laws 1997, LB 875, Sec. 5.

18-2109. Redevelopment plan; preparation; requirements. An authority shall not prepare a redevelopment plan for a redevelopment project area unless the governing body of the city in which such area is located has, by resolution adopted after a public hearing with notice provided as specified in section 18-2115, declared such area to be a substandard and blighted area in need of redevelopment. The governing body of the city shall submit the question of whether an area is substandard and blighted to the planning commission or board of the city for its review and recommendation prior to making its declaration. The planning commission or board shall submit its written recommendations within thirty days after receipt of the request. Upon receipt of the recommendations or after thirty days if no recommendation is received, the governing body may make its declaration.

Source: Laws 1951, c. 224, Sec 6 (2), p. 805; R.R.S. 1943, Sec. 14-1609; Laws 1957, c. 52, Sec. 8, p. 257; Laws 1961, c. 61, Sec. 7, p. 236; R.R.S. 1943, Sec. 19-2609; Laws 1997, LB 875, Sec. 8.

18-2110. Plan; recommendation; requirement. An authority shall not recommend a redevelopment plan to the governing body of the city in which the redevelopment project area is located until a general plan for the development of the city has been prepared.

Source: Laws 1951, c. 224, Sec 6 (3), p. 805; R.R.S. 1943, Sec. 14-1610; R.R.S. 1943, Sec. 19-2610.

18-2111. Plan; who may prepare; contents. The authority may itself prepare or cause to be prepared a redevelopment plan or any person or agency, public or private, may submit such a plan to an authority. A redevelopment plan shall be sufficiently complete to indicate its relationship to definite local objectives as to appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities and other public improvements, and the proposed land uses and building requirements in the redevelopment project area, and shall include without being limited to: (1) The boundaries of the redevelopment project area, with a map showing the existing uses and condition of the real property therein; (2) a land-use plan showing proposed uses of the area; (3) information showing the standards of population densities, land coverage, and building intensities in the area after redevelopment; (4) a statement of the proposed changes, if any, in zoning ordinances or maps, street layouts, street levels or grades, or building codes and ordinances; (5) a site plan of the area; and (6) a statement as to the kind and number of additional public facilities or utilities which will be required to support the new land uses in the area after redevelopment.

Source: Laws 1951, c. 224, Sec 6 (4), p. 805; R.R.S. 1943, Sec. 14-1611; R.R.S. 1943, Sec. 19-2611.

18-2112. Plan; submit to planning commission or board; recommendations. Prior to recommending a redevelopment plan to the governing body for approval, an authority shall submit such plan to the planning commission or board of the city in which the redevelopment project area is located for review and recommendations as to its conformity with the general plan for the development of the city as a whole. The planning commission or board shall submit its written recommendations with respect to the proposed redevelopment plan to the authority within thirty days after receipt of the plan for review. Upon receipt of the recommendations of the planning commission or board or, if no recommendations are received within such thirty days, then without such recommendations, an authority may recommend the redevelopment plan to the governing body of the city for approval.

Source: Laws 1951, c. 224, Sec 6 (5), p. 805; R.R.S. 1943, Sec. 14-1612; Laws 1961, c. 61 Sec. 8, p. 236; R.R.S. 1943, Sec. 19-2612.

18-2113. Plan; considerations; cost-benefit analysis. (1) Prior to recommending a redevelopment plan to the governing body for approval, an authority shall consider whether the proposed land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the city and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development; including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations, or conditions of blight.

(2) The authority shall conduct a cost-benefit analysis for each redevelopment project whose redevelopment plan includes the use of funds authorized by section 18-2147. In conducting the cost-benefit analysis, the authority shall use a cost-benefit model developed for use by local projects. Any cost-benefit model used by the authority shall consider and analyze the following factors:

(a) Tax shifts resulting from the approval of the use of funds pursuant to section 18-2147;

(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;

(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;

(d) Impacts on other employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project; and

(e) Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project.

Source: Laws 1951, c. 224, Sec 6(6), p. 806; R.R.S. 1943, Sec. 14-1613; Laws 1957, c. 52, Sec. 9, p. 257; R.R.S. 1943, Sec. 19-2613; Laws 1997, LB 875, Sec. 9; LB774, May 1999.

18-2114. Plan; recommendations to governing body; statements required. The recommendation of a redevelopment plan by an authority to the governing body shall be accompanied by the recommendations, if any, of the planning commission or board concerning the redevelopment plan; a statement of the proposed method and estimated cost of the acquisition and preparation for redevelopment of the redevelopment project area and the estimated proceeds or revenue from its disposal to redevelopers; a statement of the proposed method of financing the redevelopment project; and a statement of a feasible method proposed for the relocation of families to be displaced from the redevelopment project area.

Source: Laws 1951, c. 224, Sec 6 (7), p. 806; R.R.S. 1943, Sec. 14-1614; Laws 1961, c. 61 Sec. 9, p. 236; R.R.S. 1943, Sec. 19-2614.

18-2115. Plan; public hearing; notice.

(1) The governing body of the city shall hold a public hearing on any redevelopment plan or substantial modification thereof recommended by the authority, after reasonable public notice thereof by publication at least once a week for two consecutive weeks in a legal newspaper of general circulation in the community, the time of the hearing to be at least ten days from the last publication. The notice shall describe the time, date, place, and purpose of the hearing and shall specifically identify the area to be redeveloped under the plan. All interested parties shall be afforded at such public hearing a reasonable opportunity to express their views respecting the proposed redevelopment plan.

(2) Except as provided in subsection (3) of this section, the governing body of the city or such other division of the city or

person as the governing body shall designate shall, at least ten days prior to the public hearing required by subsection (1) of this section, mail notice of the hearing by first-class United States mail, postage prepaid, or by certified mail to all registered neighborhood associations whose area of representation is located in whole or in part within a one-mile radius of the area to be redeveloped and to the president or chairperson of the governing body of each county, school district, community college, educational service unit, and natural resources district in which the real property subject to such plan or major modification is located and whose property tax receipts would be directly affected. The notice shall set out the time, date, place, and purpose of the hearing and shall include a map of sufficient size to show the area to be redeveloped.

(3) If the planning board or planning commission of the city will conduct a public hearing on the redevelopment plan or substantial modification thereof, the governing body of the city or such other division of the city or person as the governing body shall designate shall, at least ten days prior to the public hearing, mail notice of the hearing by first-class United States mail, postage prepaid, or by certified mail to all registered neighborhood associations whose area of representation is located in whole or in part within a one-mile radius of the area to be redeveloped and to the president or chairperson of the governing body of each county, school district, community college, educational service unit, and natural resources district in which the real property subject to such plan or major modification is located and whose property tax receipts would be directly affected. The notice shall set out the time, date, place, and purpose of the hearing and shall include a map of sufficient size to show the area to be redeveloped. If the registered neighborhood association has been given notice of the public hearing to be held by the planning board or planning commission in conformity with the provisions of this subsection, the governing body or its designee shall not be required to comply with the notice requirements of subsection (2) of this section.

(4) Each neighborhood association desiring to receive notice of any hearing as provided in this section shall register with the city's planning department or, if there is no planning department, with the city clerk. The registration shall include a description of the area of representation of the association and the name and address of the individual designated by the association to receive the notice on its behalf. Registration of the neighborhood association for the purposes of this section shall be accomplished in accordance with such other rules and regulations as may be adopted and promulgated by the city.

Source: Laws 1951, c. 224, Sec 6(8), p. 807; R.R.S. 1943, Sec. 14-1615; Laws 1957, c. 52, Sec. 10, p. 258; R.R.S. 1943, Sec. 19-2615; Laws 1995, LB140 Sec. 1; Laws 1997, LB 875, Sec. 10.

18-2116. Plan; approval; findings. Following such hearing, the governing body may approve a redevelopment plan if (1) it finds that the plan is feasible and in conformity with the general plan for the development of the city as a whole and the plan is in conformity with the legislative declarations and determinations set forth in the Community Development Law and (2) it finds that, if the plan uses funds authorized in section 18-2147, (a) the redevelopment project in the plan would not be economically feasible without the use of tax-increment financing, (b) the redevelopment project would not occur in the community redevelopment area without the use of tax-increment financing, and (c) the costs and benefits of the redevelopment project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed by the governing body and have been found to be in the long-term best interest of the community impacted by the redevelopment project.

Source: Laws 1951, c. 224, Sec 6(9), p. 807; R.R.S. 1943, Sec. 14-1616; Laws 1957, c. 52, Sec. 11, p. 258; R.R.S. 1943, Sec. 19-2616; Laws 1997, LB 875, Sec. 11.

18-2117. Plan; modification; conditions. A redevelopment plan which has not been approved by the governing body when recommended by the authority may again be recommended to it with any modifications deemed advisable. A

redevelopment plan may be modified at any time by the authority; PROVIDED, that if modified after the lease or sale of real property in the redevelopment project area, the modification must be consented to by the redeveloper or redevelopers of such real property or his successor, or their successors, in interest affected by the proposed modification. Where the proposed modification will substantially change the redevelopment plan as previously approved by the governing body the modification must similarly be approved by the governing body.

Source: Laws 1951, c. 224, Sec 6 (10), p. 807; R.R.S. 1943, Sec. 14-1617; R.R.S. 1943, Sec. 19-2617.

18-2117.01. Plan; report to Property Tax Administrator; contents; compilation of data.

(1) On or before December 1 each year, each city which has approved one or more redevelopment plans which are financed in whole or in part through the use of tax-increment financing as provided in section 18-2147 shall provide a report to the Property Tax Administrator on each such redevelopment plan which includes the following information:

(a) A copy of the redevelopment plan and any amendments thereto if they have not been previously filed, including the date upon which the redevelopment plan was approved and the location and boundaries of the property in the redevelopment project;

(b) The total valuation of the property in the redevelopment project subject to allocation before the project began and in subsequent years;

(c) The total consolidated ad valorem tax levy on the property in the redevelopment project subject to allocation; and

(d) The total amount of ad valorem taxes on property in the redevelopment project paid into the fund of the public bodies and the amount of such taxes paid into the fund provided for in subdivision (1)(b) of section 18-2147; and

(e) A short narrative description of the type of development undertaken by the city or village with the financing and the type of business or commercial activity locating within the redevelopment project area as a result of the redevelopment project.

(2) The Property Tax Administrator shall compile the data provided by the cities pursuant to subdivisions (1)(b) through (e) of this section along with relevant descriptive and identifying information regarding each project provided pursuant to subdivision (1)(a) of this section into a report which shall be transmitted to the Clerk of the Legislature not later than March 1 each year. The report may include any recommendations of the Property Tax Administrator as to what other information should be included in the report from the cities so as to facilitate analysis of the uses, purposes, and effectiveness of tax-increment financing and the process for its implementation or to streamline the reporting process provided for in this section to eliminate unnecessary paperwork.

Source: Laws 1997, LB 875, Sec. 12. Effective date September 13, 1997; LB774, May 1999.

18-2118. Real estate; sell; lease; transfer; terms. An authority may sell, lease for a term not exceeding ninety-nine years, exchange, or otherwise transfer real property or any interest therein in a redevelopment project area to any redeveloper for residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate to such uses, or for public use in accordance with the redevelopment plan, subject to such covenants, conditions, and restrictions as it may deem to be in the public interest or to carry out the purposes of the Community Development Law. Such real property shall be sold, leased, or transferred at its fair value for uses in accordance with the redevelopment plan. In determining the fair value of real property for uses in accordance with the redevelopment plan, an authority shall take into account and give consideration to the uses and purposes required by such plan; the restrictions upon, and the covenants, conditions, and obligations assumed by the redeveloper of such property; the objectives of the redevelopment plan for the prevention of the recurrence of substandard and blighted areas; and such other matters as the authority shall specify as being appropriate. In fixing rentals and selling prices, an authority shall give consideration to appraisals of the property for such uses made by land experts employed by the authority.

Source: Laws 1951, c. 224, Sec. 7(1), p. 808; R.R.S. 1943, Sec. 14-1618; Laws 1957, c. 52, Sec. 12, p. 258; Laws 1961, c. 61, Sec. 10, p. 237; R.R.S. 1943, Sec. 16-2618; Laws 1979, LB 158, Sec. 4; Laws 1997, LB 875, Sec. 13. Effective date September 13, 1997.

18-2119. Redevelopment contract proposal; notice; considerations; acceptance; disposal of real property. An authority shall, by public notice by publication once each week for two consecutive weeks in a legal newspaper having a general circulation in the city, prior to the consideration of any redevelopment contract proposal, invite proposals from, and make available all pertinent information to private redevelopers or any persons interested in undertaking the redevelopment of an area, or any part thereof, which the governing body has declared to be in need of redevelopment. Such notice shall identify the area, and shall state that such further information as is available may be obtained at the office of the authority. The authority shall consider all redevelopment proposals and the financial and legal ability of the prospective redevelopers to carry out their proposals and may negotiate with any redevelopers for proposals for the purchase or lease of any real property in the redevelopment project area. The authority may accept such redevelopment contract proposal as it deems to be in the public interest and in furtherance of the purposes of sections 18-2101 to 18-2144; PROVIDED, that the authority has, not less than thirty days prior thereto, notified the governing body in writing of its intention to accept such redevelopment contract proposal. Thereafter, the authority may execute such redevelopment contract in accordance with the provisions of section 18-2118 and deliver deeds, leases, and other instruments and take all steps necessary to effectuate such redevelopment contract. In its discretion, the authority may, without regard to the foregoing provisions of this section, dispose of real property in a redevelopment project area to private redevelopers for redevelopment under such reasonable competitive bidding procedures as it shall prescribe, subject to the provisions of section 18-2118.

Source: Laws 1951, c. 224, Sec. 7(4), p. 810; R.R.S. 1943, Sec. 14-1621; R.R.S. 1943, Sec. 16-2621.

18-2147. Ad valorem tax; division authorized; limitation; fifteen-year period.

(1) Any redevelopment plan as originally approved or as later modified pursuant to section 18-2117, may contain a provision that any ad valorem tax levied upon real property in a redevelopment project for the benefit of any public body shall be divided, for a period not to exceed fifteen years after the effective date of such a provision by the governing

body, as follows:

(a) That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such public body upon the redevelopment project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body; and

(b) That portion of the ad valorem tax on real property in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the county assessor and county treasurer and all ad valorem taxes upon taxable real property in such a redevelopment project shall be paid into the funds of the respective public bodies.

(2) The governing body shall not implement any plan containing a provision dividing ad valorem taxes as provided in subsection (1) of this section until such time as the real property in the redevelopment project is within the corporate boundaries of the city.

Source: Laws 1979, LB 158, Sec. 10; Laws 1997, LB 875, Sec. 14 Effective date September 13, 1997

18-2148. Project valuation; county assessor; duties. Commencing on the effective date of the provision outlined in section 18-2147, the county assessor, or county clerk where he or she is ex officio county assessor, of the county in which the redevelopment project is located, shall transmit to an authority and the county treasurer, upon request of the authority, the redevelopment project valuation and shall annually certify to the authority and the county treasurer the current valuation for assessment of taxable real property in the redevelopment project. The county assessor shall undertake, upon request of an authority, an investigation, examination, and inspection of the taxable real property in the redevelopment project and shall reaffirm or revalue the current value for assessment of such property in accordance with the findings of such investigation, examination, and inspection.

Source: Laws 1979, LB 158, Sec. 11.

18-2149. Project valuation; how treated. In each year after the determination of a redevelopment project valuation as outlined in section 18-2148, the county assessor and the county board of equalization shall include no more than the redevelopment project valuation of the taxable real property in the redevelopment project in the assessed valuation upon which is computed the mill rates of all taxes levied by any public body on such project. In each year for which the current assessed valuation on taxable real property in the redevelopment project exceeds the redevelopment project valuation, the county treasurer shall remit to the authority, instead of to any public body, that proportion of all ad valorem taxes on real property paid that year on the redevelopment project which such excess valuation bears to the current assessed valuation.

Source: Laws 1979, LB 158, Sec. 12.

18-2150. Financing; pledge of taxes. In the proceedings for the issuance of bonds, the making of loans or advances of money, or the incurring of any indebtedness, whether funded, refunded, assumed, or otherwise, by an authority to finance or refinance, in whole or in part, a redevelopment project, the portion of taxes mentioned in subdivision (1)(b) of section 18-2147 shall be pledged for the payment of the principal of, premium, if any, and interest on such bonds, loans, notes, advances, or indebtedness.

Source: Laws 1979, LB 158, Sec. 13; Laws 1997, LB 875, Sec. 15. Effective date September 13, 1997

18-2151. Redeveloper; penal bond; when required; purpose. Any redeveloper entering into a contract with an authority for the undertaking of a redevelopment project pursuant to a redevelopment plan which contains the provision outlined in section 18-2147 shall be required before commencing work to execute, in addition to all bonds that may be required, a penal bond with good and sufficient surety to be approved by an authority, conditioned that such contractor shall at all times promptly make payments of all amounts lawfully due to all persons supplying or furnishing the contractor or his or her subcontractors with labor or materials performed or used in the prosecution of the work provided for in such contract, and will indemnify and save harmless the authority to the extent any payments in connection with the carrying out of such contracts which an authority may be required to make under the law.

Source: Laws 1979, LB 158, Sec. 14.

18-2152. Repealed. Laws 1988, LB 809, s. 1.

18-2153. Sections, how construed. The powers conferred by sections 18-2147 to 18-2153 shall be in addition and supplemental to the powers conferred by the Community Development Law and by any other law and shall be independent of and in addition to any other provision of the laws of the State of Nebraska with reference to the matters covered hereby. The provisions of such sections and all grants of power, authority, rights, or discretion to a city or village and to an authority created under the Community Development Law shall be liberally construed, and all incidental powers necessary to carry into effect such sections are hereby expressly granted to and conferred upon a city or village or an authority created pursuant to the Community Development Law.

Source: Laws 1979, LB 158, Sec. 16; Laws 1991, LB 15, Sec 9.

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