

Ballot Issues Education for the 2008 General Election

Constitutional Amendment One

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This proposed constitutional amendment will appear on the November 4, 2008 ballot for Nebraska voters. This publication attempts to provide a fair, factual, and balanced discussion of the issue as a public service to Nebraska voters. Citizens should determine for themselves the relative merits of the issue and the arguments for and against the proposed amendment.

Background

Nebraska communities attempt to attract new employers to the community often by providing economic incentives to the new business: direct loans or grants, infrastructure improvements (roads, power, sewer lines, etc.), purchasing real estate, and job training grants. Communities can respond more quickly to new business development opportunities if the community has a pool of community development funds available for immediate use. The 1991 Nebraska Local Option Municipal Economic Development Act allows Nebraska cities and villages to create such a fund after preparing a community economic development plan, receiving voter approval and with continuing citizen review board oversight.¹ Under current statutes, cities may levy a property tax of up to 0.4% to fund the community economic development plan.

The Nebraska Constitution prohibits cities and villages from using state or federal funds to implement

their community economic development plans. Article 13 §2 of the Nebraska Constitution deals with the authorities of municipalities and counties to engage in economic development activities. The last section of this provision (which applies only to municipalities) currently reads as follows:

Notwithstanding any other provision in the Constitution, the Legislature may also authorize any incorporated city or village, including cities operating under home rule charters, to appropriate from local sources of revenue such funds as may be deemed necessary for an economic or industrial development project or program subject to approval by a vote of a majority of the registered voters of such city or village voting upon the question. For purposes of this provision, funds from local sources of revenue shall mean funds raised from general taxes levied by the city or village and shall not include any funds received by the city or village which are derived from state or federal sources.

¹Nebraska Revised Statutes §§18-2701 to -2738 (1997 and 2006 Supp.).

Proposed Constitutional Amendment

Amendment One would make the following changes to this language:

Notwithstanding any other provision in the Constitution, the Legislature may also authorize any incorporated city or village, including cities operating under home rule charters, to appropriate ~~from local sources of revenue~~ such funds as may be deemed necessary for an economic or industrial development project or program subject to approval by a vote of a majority of the registered voters of such city or village voting upon the question. ~~For purposes of this provision, funds from local sources of revenue shall mean funds raised from general taxes levied by the city or village and shall not include any funds received by the city or village which are derived from state or federal sources.~~

This provision would allow (but not require) the Legislature to amend the Nebraska Local Option Municipal Economic Development Act to authorize municipalities to use state or federal funds to fund the community economic development plan. The Legislature could also, if it wished, expand the source of local funding sources to include, for example, unused surplus municipal utility revenues.

Official Ballot Language

Proposed Amendment No. 1

A vote "FOR" this amendment will remove a requirement that cities and villages use only general tax revenue for economic and industrial development projects and programs.

A vote "AGAINST" this amendment will keep the requirement that cities and villages use only general tax revenue for economic and industrial development projects and programs.

A constitutional amendment to change the powers of municipalities relating to fund sources for economic and industrial development. Vote for ONE

_____ **For**

_____ **Against**