

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1094**

FINAL READING

Introduced by Carlson, 38; Christensen, 44.

Read first time January 23, 2008

Committee: Natural Resources

A BILL

1 FOR AN ACT relating to water management; to amend sections 2-3225,  
2 2-3226.01, 2-3226.05, and 84-612, Revised Statutes  
3 Supplement, 2007; to provide for payment to certain  
4 water rights holders pursuant to forbearance contracts;  
5 to create a fund; to transfer funds and provide for  
6 repayment; to change provisions relating to river-flow  
7 enhancement bonds; to provide for a collection fee; to  
8 harmonize provisions; to provide a duty for the Revisor  
9 of Statutes; to repeal the original sections; and to  
10 declare an emergency.  
11 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 2-3225, Revised Statutes Supplement,  
2 2007, is amended to read:

3           2-3225 (1) (a) Each district shall have the power and  
4 authority to levy a tax of not to exceed four and one-half cents  
5 on each one hundred dollars of taxable valuation annually on all of  
6 the taxable property within such district unless a higher levy is  
7 authorized pursuant to section 77-3444.

8           (b) Each district shall also have the power and authority  
9 to levy a tax equal to the dollar amount by which its restricted  
10 funds budgeted to administer and implement ground water management  
11 activities and integrated management activities under the Nebraska  
12 Ground Water Management and Protection Act exceed its restricted  
13 funds budgeted to administer and implement ground water management  
14 activities and integrated management activities for FY2003-04, not  
15 to exceed one cent on each one hundred dollars of taxable valuation  
16 annually on all of the taxable property within the district.

17           (c) In addition to the power and authority granted in  
18 subdivisions (1) (a) and (b) of this section, each district located  
19 in a river basin, subbasin, or reach that has been determined  
20 to be fully appropriated pursuant to section 46-714 or designated  
21 overappropriated pursuant to section 46-713 by the Department of  
22 Natural Resources shall also have the power and authority to  
23 levy a tax equal to the dollar amount by which its restricted  
24 funds budgeted to administer and implement ground water management  
25 activities and integrated management activities under the Nebraska

1 Ground Water Management and Protection Act exceed its restricted  
2 funds budgeted to administer and implement ground water management  
3 activities and integrated management activities for FY2005-06, not  
4 to exceed three cents on each one hundred dollars of taxable  
5 valuation on all of the taxable property within the district for  
6 fiscal year 2006-07 and each fiscal year thereafter through fiscal  
7 year 2011-12.

8 (d) In addition to the power and authority granted in  
9 subdivisions (a) through (c) of this subsection, a district with  
10 jurisdiction that includes a river subject to an interstate compact  
11 among three or more states and that also includes one or more  
12 irrigation districts within the compact river basin may annually  
13 levy a tax not to exceed ten cents per one hundred dollars of  
14 taxable valuation of all taxable property in the district. The  
15 proceeds of such tax may be used for the payment of principal and  
16 interest on bonds and refunding bonds issued pursuant to section  
17 2-3226.01 or for the repayment of financial assistance received  
18 by the district pursuant to section 5 of this act. Such levy is  
19 not includable in the computation of other limitations upon the  
20 district's tax levy.

21 (2) The proceeds of the tax levies authorized in  
22 subdivisions (1)(a) through (c) of this section shall be used,  
23 together with any other funds which the district may receive from  
24 any source, for the operation of the district. When adopted by the  
25 board, the tax levies authorized in subdivisions (1)(a) through (d)

1 of this section shall be certified by the secretary to the county  
2 clerk of each county which in whole or in part is included within  
3 the district. Such levy shall be handled by the counties in the  
4 same manner as other levies, and proceeds shall be remitted to the  
5 district treasurer. Such levy shall not be considered a part of the  
6 general county levy and shall not be considered in connection with  
7 any limitation on levies of such counties.

8           Sec. 2. Section 2-3226.01, Revised Statutes Supplement,  
9 2007, is amended to read:

10           2-3226.01 (1) In order to implement its duties and  
11 obligations under the Nebraska Ground Water Management and  
12 Protection Act and in addition to other powers authorized by law,  
13 the board of a district with jurisdiction that includes a river  
14 subject to an interstate compact among three or more states and  
15 that also includes one or more irrigation districts within the  
16 compact river basin may issue negotiable bonds and refunding bonds  
17 of the district and entitled river-flow enhancement bonds, with  
18 terms determined appropriate by the board, payable by (a) funds  
19 granted to such district by the state or federal government for  
20 one or more qualified projects, (b) the occupation tax authorized  
21 by section 2-3226.05, or (c) the levy authorized by section 2-3225.  
22 The district may issue the bonds or refunding bonds directly,  
23 or such bonds may be issued by any joint entity as defined  
24 in section 13-803 whose member public agencies consist only of  
25 qualified natural resources districts or by any joint public

1 agency as defined in section 13-2503 whose participating public  
2 agencies consist only of qualified natural resources districts, in  
3 connection with any joint project which is to be owned, operated,  
4 or financed by the joint entity or joint public agency for the  
5 benefit of its member natural resources districts. For the payment  
6 of such bonds or refunding bonds, the district may pledge one or  
7 more permitted payment sources.

8 (2) Within forty-five days after receipt of a written  
9 request by the Natural Resources Committee of the Legislature, the  
10 qualified natural resources districts shall submit a written report  
11 to the committee containing an explanation of existing or planned  
12 activities for river-flow enhancement, the revenue source for  
13 implementing such activities, and a description of the estimated  
14 benefit or benefits to the district or districts.

15 (3) Beginning on April 1, 2008, if a district uses the  
16 proceeds of a bond issued pursuant to this section for the purposes  
17 described in subdivision (1) of section 2-3226(04) or the state uses  
18 funds for those same purposes, such district shall restrict the  
19 use of ground water from water wells used on acres certified for  
20 both ground water use and surface water use to no greater than  
21 the total ground water allocation previously permitted by district  
22 rule or regulation less any surface water purchased, leased, or  
23 otherwise acquired for implementation of the project entered into  
24 by the district. the agreement to acquire water rights by purchase  
25 or lease pursuant to such subdivision shall identify (a) the

1 method of payment, (b) the distribution of funds by the party or  
2 parties receiving payments, (c) the water use or rights subject  
3 to the agreement, and (d) the water use or rights allowed by the  
4 agreement. If any irrigation district is party to the agreement,  
5 the irrigation district shall allocate funds received under such  
6 agreement among its users or members in a reasonable manner, giving  
7 consideration to the benefits received and the value of the rights  
8 surrendered for the specified contract period.

9           Sec. 3. Section 2-3226.05, Revised Statutes Supplement,  
10 2007, is amended to read:

11           2-3226.05 (1) The district may levy an occupation tax  
12 upon the activity of irrigation of agricultural lands within  
13 such district on an annual basis, not to exceed ten dollars per  
14 irrigated acre, the proceeds of which may be used for the purpose  
15 of repaying principal and interest on any bonds or refunding bonds  
16 issued pursuant to section 2-3226.01 for one or more projects under  
17 section 2-3226.04 or for the repayment of financial assistance  
18 received by the district pursuant to section 5 of this act.

19           (2) Acres classified by the county assessor as irrigated  
20 shall be subject to such district's occupation tax unless, on or  
21 before July 1, 2007, and on or before March 1 in each subsequent  
22 year, the record owner certifies to the district the nonirrigation  
23 status of such acres.

24           (3) Any such occupation tax shall remain in effect so  
25 long as the district has bonds outstanding which have been issued

1 stating such occupation tax as an available source for payment.

2 (4) Such occupation taxes shall be certified to,  
 3 collected by, and accounted for by the county treasurer at the  
 4 same time and in the same manner as general real estate taxes,  
 5 and such occupation taxes shall be and remain a perpetual lien  
 6 against such real estate until paid. Such occupation taxes shall  
 7 become delinquent at the same time and in the same manner as  
 8 general real property taxes. The county treasurer shall publish and  
 9 post a list of delinquent occupation taxes with the list of real  
 10 property subject to sale for delinquent property taxes provided  
 11 for in section 77-1804. In addition, the list shall be provided to  
 12 natural resources districts which levied the delinquent occupation  
 13 taxes. The list shall include the record owner's name, the parcel  
 14 identification number, and the amount of delinquent occupation tax.  
 15 For services rendered in the collection of the occupation tax, the  
 16 county treasurer shall receive the fee provided for collection of  
 17 general natural resources district money under section 33-114.

*Change  
 1200  
 Levy*

18 (5) Such lien shall be inferior only to general taxes  
 19 levied by political subdivisions of the state. When such occupation  
 20 taxes have become delinquent and the real property on which the  
 21 irrigation took place has not been offered at any tax sale, the  
 22 district may proceed in district court in the county in which the  
 23 real estate is situated to foreclose in its own name the lien  
 24 in the same manner and with like effect as a foreclosure of a  
 25 real estate mortgage, except that sections 77-1903 to 77-1917 shall

1 govern when applicable.

2           Sec. 4. The Legislature finds that water rights holders  
3 who lease and forego water use to assist in the management,  
4 protection, and conservation of the water resources of river  
5 basins must be paid. It is the intent of the Legislature to  
6 provide payment to such water rights holders through the financial  
7 assistance provided in section 5 of this act. The Legislature  
8 further finds that the financial assistance provided by the state  
9 under such section shall be repaid through the authority granted  
10 under Laws 2007, LB 701, or such other means as are provided by the  
11 Legislature.

12           Sec. 5. (1) The Water Contingency Cash Fund is created.  
13 The department shall administer the fund. Any money in the fund  
14 available for investment shall be invested by the state investment  
15 officer pursuant to the Nebraska Capital Expansion Act and the  
16 Nebraska State Funds Investment Act.

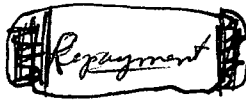
17           (2) No later than five days after the effective date  
18 of this act, a natural resources district with jurisdiction that  
19 includes a river subject to an interstate compact among three or  
20 more states and that also includes one or more irrigation districts  
21 within the compact river basin, and such natural resources  
22 district, using authority granted under Laws 2007, LB 701, enters  
23 or has entered into agreements, shall submit a request in writing  
24 to the department certifying the amount of financial assistance  
25 necessary to meet its obligations under section 2-3226.04 by or



1 through obligations of joint entities or joint public agencies  
 2 formed for the purposes described in section 2-3226.01. Within  
 3 fifteen days after the effective date of this act, if such a  
 4 request has been received by the department, the department shall  
 5 expend from the Water Contingency Cash Fund the amount requested  
 6 to provide financial assistance to the submitting natural resources  
 7 district. The natural resources district shall use the financial  
 8 assistance provided by the state from the Water Contingency Cash  
 9 Fund to compensate water rights holders who agree or have agreed  
 10 to lease and forgo the use of water. Any financial assistance  
 11 provided under this section not used for such purpose by the  
 12 natural resources district within sixty days after it is received  
 13 by such district shall be returned to the department for credit to  
 14 the Water Contingency Cash Fund.



15           Sec. 6. (1) Any district receiving financial assistance  
 16 pursuant to section 5 of this act shall remit to the department  
 17 the proceeds of the property tax authorized pursuant to subdivision  
 18 (1)(d) of section 2-3225, the proceeds of the occupation tax  
 19 authorized pursuant to section 2-3226.05, or both, when such  
 20 proceeds are available for distribution until the amount of such  
 21 financial assistance has been repaid. Such proceeds shall be  
 22 remitted within fifteen days after receipt of the proceeds by the  
 23 district.



24           (2) If the district does not receive proceeds described  
 25 in subsection (1) of this section, the district shall reimburse the

*Parkinson Chase Co.*

*Go T. Has. No authority to hold them - Submits checks to NRD, along w/ report, monthly*

*any escrow acct.?  
not by co.*

1 Water Contingency Cash Fund by such means as are provided by the  
2 Legislature. Such reimbursement shall be made no later than June  
3 30, 2013.

4           Sec. 7. The department shall remit reimbursements  
5 received pursuant to section 6 of this act to the State Treasurer  
6 for credit to the Water Contingency Cash Fund. The department shall  
7 calculate the amount of such reimbursements so remitted. After the  
8 initial disbursement of financial assistance by the department as  
9 authorized in section 5 of this act, the State Treasurer shall, at  
10 the end of each calendar month, transfer the balance of the Water  
11 Contingency Cash Fund to the Cash Reserve Fund.

12           Sec. 8. Section 84-612, Revised Statutes Supplement,  
13 2007, is amended to read:

14           84-612 (1) There is hereby created within the state  
15 treasury a fund known as the Cash Reserve Fund which shall be under  
16 the direction of the State Treasurer. The fund shall only be used  
17 pursuant to this section.

18           (2) The State Treasurer shall transfer funds from the  
19 Cash Reserve Fund to the General Fund upon certification by the  
20 Director of Administrative Services that the current cash balance  
21 in the General Fund is inadequate to meet current obligations. Such  
22 certification shall include the dollar amount to be transferred.  
23 Any transfers made pursuant to this subsection shall be reversed  
24 upon notification by the Director of Administrative Services that  
25 sufficient funds are available.

1           (3) The State Treasurer, at the direction of the  
2 budget administrator of the budget division of the Department  
3 of Administrative Services, shall transfer such amounts not to  
4 exceed seven million seven hundred fifty-three thousand two hundred  
5 sixty-three dollars in total from the Cash Reserve Fund to the  
6 Nebraska Capital Construction Fund between July 1, 2003, and June  
7 30, 2007.

8           (4) The State Treasurer, at the direction of the budget  
9 administrator, shall transfer an amount equal to the total amount  
10 transferred pursuant to subsection (3) of this section from the  
11 General Fund to the Cash Reserve Fund on or before June 30, 2008.

12           (5) In addition to receiving transfers from other funds,  
13 the Cash Reserve Fund shall receive federal funds received by the  
14 State of Nebraska for undesignated general government purposes,  
15 federal revenue sharing, or general fiscal relief of the state.

16           (6) On June 15, 2007, the State Treasurer shall transfer  
17 fifteen million six hundred seventy-four thousand one hundred seven  
18 dollars from the Cash Reserve Fund to the General Fund.

19           (7) On June 16, 2008, the State Treasurer shall transfer  
20 seventeen million nine hundred thirty-one thousand thirty dollars  
21 from the Cash Reserve Fund to the General Fund.

22           (8) On June 15, 2009, the State Treasurer shall transfer  
23 four million nine hundred ninety thousand five hundred five dollars  
24 from the Cash Reserve Fund to the General Fund.

25           (9) On or before June 16, 2008, the State Treasurer, at

1 the direction of the budget administrator, shall transfer fifty  
2 million dollars from the Cash Reserve Fund to the General Fund.

3 (10) On or before June 16, 2009, the State Treasurer,  
4 at the direction of the budget administrator, shall transfer fifty  
5 million dollars from the Cash Reserve Fund to the General Fund.

6 (11) From the effective date of an endowment agreement  
7 as defined in subdivision (3)(c) of section 79-1101 until June  
8 30, 2007, forty million dollars of the Cash Reserve Fund shall be  
9 deemed to constitute the Early Childhood Education Endowment Fund.  
10 Such funds shall remain part of the Cash Reserve Fund for all  
11 purposes, except that the interest earned on such forty million  
12 dollars shall accrue as provided in section 84-613.

13 (12) The State Treasurer, at the direction of the budget  
14 administrator, shall transfer such amounts, as certified by the  
15 Director of Administrative Services, for employee health insurance  
16 claims and expenses, not to exceed twelve million dollars in total  
17 from the Cash Reserve Fund to the State Employees Insurance Fund  
18 between May 1, 2007, and June 30, 2011.

19 (13) On July 9, 2007, the State Treasurer shall transfer  
20 twelve million dollars from the Cash Reserve Fund to the Nebraska  
21 Capital Construction Fund.

22 (14) On July 9, 2007, the State Treasurer shall transfer  
23 five million dollars from the Cash Reserve Fund to the Job Training  
24 Cash Fund. The State Treasurer shall transfer from the Job Training  
25 Cash Fund to the Cash Reserve Fund such amounts as directed in

1 section 81-1201.21.

2 (15) On July 7, 2008, the State Treasurer shall transfer  
3 five million dollars from the Cash Reserve Fund to the Job Training  
4 Cash Fund. The State Treasurer shall transfer from the Job Training  
5 Cash Fund to the Cash Reserve Fund such amounts as directed in  
6 section 81-1201.21.

7 (16) On or before August 1, 2007, the State Treasurer,  
8 at the direction of the budget administrator, shall transfer  
9 seventy-five million dollars from the Cash Reserve Fund to the  
10 Nebraska Capital Construction Fund.

11 (17) On or before June 30, 2009, the State Treasurer  
12 shall transfer nine million five hundred ninety thousand dollars  
13 from the Cash Reserve Fund to the Nebraska Capital Construction  
14 Fund.

15 (18) The State Treasurer, at the direction of the budget  
16 administrator, shall transfer an amount equal to the total amount  
17 transferred pursuant to subsection (12) of this section from  
18 the appropriate health insurance accounts of the State Employees  
19 Insurance Fund in such amounts as certified by the Director of  
20 Administrative Services to the Cash Reserve Fund on or before June  
21 30, 2011.

22 (19) On July 9, 2007, the State Treasurer shall  
23 transfer one million dollars from the Cash Reserve Fund to the  
24 Microenterprise Development Cash Fund.

25 (20) On July 9, 2007, the State Treasurer shall transfer

1 two hundred fifty thousand dollars from the Cash Reserve Fund to  
2 the Building Entrepreneurial Communities Cash Fund.

3 (21) On July 7, 2008, the State Treasurer shall  
4 transfer one million dollars from the Cash Reserve Fund to the  
5 Microenterprise Development Cash Fund.

6 (22) On July 7, 2008, the State Treasurer shall transfer  
7 two hundred fifty thousand dollars from the Cash Reserve Fund to  
8 the Building Entrepreneurial Communities Cash Fund.

9 (23) Within seven days after the effective date of this  
10 act, the State Treasurer shall transfer nine million dollars from  
11 the Cash Reserve Fund to the Water Contingency Cash Fund.

12 Sec. 9. The Revisor of Statutes shall assign sections 5,  
13 6, and 7 of this act within Chapter 2, article 32.

14 Sec. 10. Original sections 2-3225, 2-3226.01, 2-3226.05,  
15 and 84-612, Revised Statutes Supplement, 2007, are repealed.

16 Sec. 11. Since an emergency exists, this act takes effect  
17 when passed and approved according to law.