

## LEGISLATIVE BILL 732

Approved by the Governor May 25, 1993

Introduced by Hartnett, 45

AN ACT relating to the Local Option Municipal Economic Development Act; to amend sections 18-2701, 18-2705, 18-2709 to 18-2713, 18-2715, and 18-2718, Reissue Revised Statutes of Nebraska, 1943, and section 18-2717, Revised Statutes Supplement, 1992; to provide for the issuance of bonds; to provide powers for carrying out the act; to redefine terms; to change provisions relating to the preparation of a proposed plan for an economic development program; to provide for use of funds collected as prescribed; to change provisions relating to public hearings; to change election procedures; to change the qualifications of members of a citizen advisory review committee; to change provisions relating to appropriations as prescribed; to change economic development fund sources; to harmonize provisions; and to repeal the original sections.

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

Section 1. Any city which has received voter approval to conduct an economic development program pursuant to the Local Option Municipal Economic Development Act, which program as presented to the voters included the authority to issue bonds pursuant to the act, may from time to time issue bonds as provided in sections 1 to 13 of this act. Such bonds shall be in such principal amounts as the city's governing body deems necessary to provide sufficient funds to carry out any of the purposes of and powers granted pursuant to the economic development program, including the establishment or increase of reserves and the payment of all other costs or expenses of the city incident to and necessary or convenient to carry out the economic development program. Principal and interest on the bonds shall be payable from one or more sources which are to be deposited in the economic development fund pursuant to section 18-2718. The bonds shall not be a general obligation of the city or a pledge of its credit or taxing power except to the extent of the obligation of the city to contribute funds to the economic development program pursuant to the act.

Sec. 2. The members of a city's governing body and any person executing bonds under section 1 of this act shall not be liable personally on such bonds by reason of the issuance thereof.

Sec. 3. Bonds issued under section 1 of this act shall be authorized by resolution of the issuing city's governing body, may be issued under a resolution or under a trust indenture or other security instrument in one or more series, and shall bear such date or dates,

mature at such time or times, bear interest at such rate or rates, be in such denomination or denominations, be in such form, either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment and at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, trust indenture, or other security instrument may provide and without limitation by any other law limiting amounts, maturities, or interest rates. Any officer authorized or designated to sign, countersign, execute, or attest any bond or any coupon may utilize a facsimile signature in lieu of his or her manual signature.

Sec. 4. (1) Except as the issuing city's governing body may otherwise provide, any bond and any attached interest coupons shall be fully negotiable within the meaning of and for all purposes of article 8, Uniform Commercial Code.

(2) The bonds may be sold at public or private sale as provided by the city's governing body and at such price or prices as determined by such governing body.

Sec. 5. If any of the officers whose signatures appear on any bonds or coupons issued under section 1 of this act cease to be such officers before the delivery of such obligations, such signatures shall nevertheless be valid and sufficient for all purposes to the same extent as if such officers had remained in office until such delivery.

Sec. 6. Any city may in connection with the issuance of its bonds under section 1 of this act:

(1) Covenant as to the use of any or all of the property, real or personal, acquired pursuant to its economic development program;

(2) Redeem the bonds, covenant for their redemption, and provide the terms and conditions of redemption;

(3) Covenant to charge or seek necessary approval to charge rates, fees, and charges sufficient to meet operating and maintenance expenses of the agency, costs of renewals and replacements to a project, interest and principal payments, whether at maturity or upon sinking-fund redemption, on any outstanding bonds or other indebtedness of the city, and creation and maintenance of any reasonable reserves therefor and to provide for any margins or coverages over and above debt service on the bonds deemed desirable for the marketability or security of the bonds;

(4) Covenant and prescribe as to events of default and terms and conditions upon which any or all of its bonds shall become or may be declared due before maturity, as to the terms and conditions upon which such declaration and its consequences may be waived, and as to the consequences of default and the remedies of bondholders;

(5) Covenant as to the mortgage or pledge of or the grant of any other security interest in any real or personal property and all or any part of the revenue from any property, contract, or other source within the city's economic development program to secure the payment of bonds, subject to such agreements with the holders of outstanding bonds

as may then exist;

(6) Covenant as to the custody, collection, securing, investment, and payment of any revenue, assets, money, funds, or property with respect to which the city may have any rights or interest pursuant to the economic development program;

(7) Covenant as to the purposes to which the proceeds from the sale of any bonds may be applied and the pledge of such proceeds to secure the payment of the bonds;

(8) Covenant as to limitations on the issuance of any additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds;

(9) Covenant as to the rank or priority of any bonds with respect to any lien or security;

(10) Covenant as to the procedure by which the terms of any contract with or for the benefit of the bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(11) Covenant as to the custody, safekeeping, and insurance of any of the properties or investments of the city and the use and disposition of insurance proceeds;

(12) Covenant as to the vesting in a trustee or trustees, within or outside the state, of such properties, rights, powers, and duties in trust as the city may determine;

(13) Covenant as to the appointing and providing for the duties and obligations of a paying agent or paying agents or other fiduciaries within or outside the state;

(14) Make all other covenants and do any and all such acts and things as may be necessary, convenient, or desirable in order to secure its bonds or, in the absolute discretion of the city, tend to make the bonds more marketable, notwithstanding that such covenants, acts, or things may not be enumerated in this section; and

(15) Execute all instruments necessary or convenient in the exercise of the economic development program granted or in the performance of covenants or duties, which instruments may contain such covenants and provisions as any purchaser of bonds may reasonably require.

Sec. 7. Any city may issue and sell refunding bonds for the purpose of paying or providing for the payment of any of its bonds issued under section 1 of this act at or prior to maturity or upon acceleration or redemption. Refunding bonds may be issued at any time prior to or at the maturity or redemption of the refunded bonds as the city's governing body deems appropriate. The refunding bonds may be issued in principal amount not exceeding an amount sufficient to pay or to provide for the payment of (1) the principal of the bonds being refunded, (2) any redemption premium thereon, (3) interest accrued or to accrue to the first or any subsequent redemption date or dates selected by the city's governing body in its discretion or to the date or dates of maturity, whichever is determined to be most advantageous or convenient for the

city, (4) the expenses of issuing the refunding bonds, including bond discount, and redeeming the bonds being refunded, and (5) such reserves for debt service or other capital or current expenses from the proceeds of such refunding bonds as may be deemed necessary or convenient by the governing body of the issuing city. A determination by the governing body that any refinancing is advantageous or necessary, that any of the amounts provided in this section should be included in such refinancing, or that any of the bonds to be refinanced should be called for redemption on the first or any subsequent redemption date or permitted to remain outstanding until their respective dates of maturity shall be conclusive.

Sec. 8. Refunding bonds issued under section 7 of this act may be exchanged for and in payment and discharge of any of the outstanding obligations being refunded. The refunding bonds may be exchanged for a like, greater, or smaller principal amount of the bonds being refunded as the issuing city's governing body may determine in its discretion. The holder or holders of the bonds being refunded need not pay accrued interest on the refunding bonds if and to the extent that interest is due or accrued and unpaid on the bonds being refunded and to be surrendered.

Sec. 9. To the extent not required for the immediate payment and retirement of the obligations being refunded or for the payment of expenses incurred in connection with such refunding and subject to any agreement with the holders of any outstanding bonds, principal proceeds from the sale of any refunding bonds under section 7 of this act shall be deposited in trust to provide for the payment and retirement of the bonds being refunded, payment of interest and any redemption premiums, and payment of any expenses incurred in connection with such refunding, but provision may be made for the pledging and disposition of any surplus, including, but not limited to, provision for the pledging of any such surplus to the payment of the principal of and interest on any issue or series of refunding bonds. Money in any such trust fund may be invested in direct obligations of or obligations the principal of and interest on which are guaranteed by the United States Government, in obligations of any agency or instrumentality of the United States Government, or in certificates of deposit issued by a bank, capital stock financial institution, or trust company if such certificates are secured by a pledge of any of such obligations having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. Nothing in this section shall be construed as a limitation on the duration of any deposit in trust for the retirement of obligations being refunded but which have not matured and which are not presently redeemable or, if presently redeemable, have not been called for redemption. The provisions of section 77-2366 shall apply to deposits in capital stock financial institutions.

Sec. 10. The issue of refunding bonds, the manner of sale, the maturities, interest rates, form, and other details thereof, the security therefor, the rights of the holders thereof, and the rights, duties, and

obligations of the city in respect of the same shall be governed by the provisions of sections 1 to 13 of this act relating to the issue of bonds other than refunding bonds insofar as the same may be applicable.

Sec. 11. Bonds may be issued under sections 1 to 13 of this act without obtaining the consent of any department, division, commission, board, bureau, or instrumentality of this state and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions, or things which are specifically required therefor by such sections, and the validity of and security for any bonds shall not be affected by the existence or nonexistence of any such consent or other proceedings, conditions, or things.

Sec. 12. Bonds issued pursuant to sections 1 to 13 of this act shall be securities in which all public officers and instrumentalities of the state and all political subdivisions, insurance companies, trust companies, banks, savings and loan associations, investment companies, executors, administrators, personal representatives, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds shall be securities which may properly and legally be deposited with and received by any officer or instrumentality of this state or any political subdivision for any purpose for which the deposit of bonds or obligations of this state or any political subdivision thereof is now or may hereafter be authorized by law.

Sec. 13. All bonds of a city issued pursuant to sections 1 to 13 of this act are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income therefrom, shall be exempt from all taxes.

Sec. 14. (1) Any city which has received voter approval to conduct an economic development program pursuant to the Local Option Municipal Economic Development Act prior to June 1, 1993, may, subject to subsection (2) of this section, issue bonds as provided by the act even though the proposed plan prepared pursuant to section 18-2710 did not contemplate or provide for the issuance of bonds and the question on the ballot approved by the voters did not set out that the city proposed to issue bonds to provide funds to carry out the economic development program.

(2) The governing body of any city proposing to issue bonds pursuant to the authority granted by subsection (1) of this section shall adopt a resolution expressing the intent of the city to issue bonds from time to time pursuant to the act to provide funds to carry out the economic development program. Such resolution shall set a date for a public hearing on the issue of exercising such authority, and notice of such hearing shall be published in a newspaper of general circulation in the city at least seven days prior to the date of such hearing. Following such hearing, the governing body of the city shall amend or incorporate into the ordinance adopted pursuant to section 18-2714 a provision authorizing the governing body to exercise, in the manner set forth in the act, the authority granted by the act to issue bonds to provide funds to carry out the economic development program.

(3) Any city desiring to exercise the authority granted by this section which complies with the provisions of subsection (2) of this section may exercise the authority to issue bonds as provided in the act.

Sec. 15. The powers conferred by the Local Option Municipal Economic Development Act shall be in addition and supplemental to the powers conferred by any other law and shall be independent of and in addition to any other provisions of the law of Nebraska, including the Community Development Law. The act and all grants of power, authority, rights, or discretion to a city under the act shall be liberally construed, and all incidental powers necessary to carry the act into effect are hereby expressly granted to and conferred upon a city.

Sec. 16. That section 18-2701, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2701. Sections 18-2701 to 18-2723 and sections 1 to 15 of this act shall be known and may be cited as the Local Option Municipal Economic Development Act.

Sec. 17. That section 18-2705, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2705. Economic development program shall mean any project or program utilizing funds derived from local sources of revenue for the purpose of providing direct or indirect financial assistance to a qualifying business or the payment of related costs and expenses or both, without regard to whether that business is identified at the time the project or program is initiated or is to be determined by specified means at some time in the future. An economic development program may include, but shall not be limited to, the following activities: Direct loans or grants to qualifying businesses for fixed assets or working capital or both; loan guarantees for qualifying business; grants for public works improvements which are essential to the location or expansion of a qualifying business; grants or loans for job training; the purchase of real estate, options for such purchases, and the renewal or extension of such options; the issuance of bonds as provided for in the Local Option Municipal Economic Development Act; and payments for salaries and support of city staff to implement the economic development program or the contracting of such to an outside entity. An economic development program may be conducted jointly by two or more cities after the approval of the program by the voters of each participating city.

Sec. 18. That section 18-2709, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2709. Qualifying business shall mean any corporation, partnership, or sole proprietorship which derives its principal source of income from any of the following: The manufacture of articles of commerce; the conduct of research and development; the processing, storage, transport, or sale of goods or commodities which are sold or traded in interstate commerce; the sale of services in interstate commerce; headquarters facilities relating to eligible activities as listed in this section; telecommunications activities; or tourism-related activities. In cities with a population of two thousand five hundred inhabitants or less, a business

shall be a qualifying business even though it derives its principal source of income from activities other than those set out in this section.

If a business which would otherwise be a qualifying business employs people and carries on activities in more than one city in Nebraska or will do so at any time during the first year following its application for participation in an economic development program, it shall be a qualifying business only if, in each such city, it maintains employment for the first two years ~~of its participation in the~~ following the date on which such business begins operations in the city as a participant in its economic development program at a level not less than its average employment in such city over the twelve-month period preceding participation.

A qualifying business need not be located within the territorial boundaries of the city from which it is or will be receiving financial assistance.

Sec. 19. That section 18-2710, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2710. The governing body of any city proposing to adopt an economic development program shall prepare a proposed plan for such economic development program, to be adopted by resolution and filed with the city clerk who shall make it available for public review at city hall during regular business hours. The proposed plan shall include:

(1) A description of the city's general community and economic development strategy;

(2) A statement of purpose describing the city's general intent and proposed goals for the establishment of the economic development program;

(3) A description of the types of businesses and economic activities that will be eligible under the program for the city's assistance;

(4) A statement specifying the total amount of money that is proposed to be directly collected from local sources of revenue by the city to finance the program, whether the city desires the authority to issue bonds pursuant to the Local Option Municipal Economic Development Act to provide funds to carry out the economic development program, the time period within which the funds from local sources of revenue are to be collected, the length of time period during which the program will be in existence, and a basic preliminary proposed budget for the program;

(5) A description of the manner in which a qualifying business will be required to submit an application for financial assistance, including the type of information that will be required from the business, the process that will be used to verify the information, and the steps that will be taken to insure the privacy and confidentiality of business information provided to the city;

(6) A description of the administrative system that will be established to administer the economic development program, including a description of the personnel structure that will be involved and the duties and responsibilities of those persons involved; and

(7) A description of how the city will assure that all applicable laws, regulations, and requirements are met by the city and the qualifying businesses which receive assistance.

Sec. 20. That section 18-2711, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2711. (1) If the proposed economic development program involves the purchase of or option to purchase land, the ~~resolution of the governing body of the city~~ proposed plan shall also specify the manner in which tracts of land will be identified for purchase or option to purchase and whether or not the city proposes to use the proceeds from the future sale of such land for additional land purchases.

(2) If the proposed economic development program involves the creation of a loan fund, the ~~resolution~~ proposed plan shall also specify:

(a) The types of financial assistance that will be available, stating the maximum proportion of financial assistance that will be provided to any single qualifying business and specifying the criteria that will be used to determine the appropriate level of assistance;

(b) The criteria and procedures that will be used to determine the necessity and appropriateness of permitting a qualifying business to participate in the loan fund program;

(c) The criteria for determining the time within which a qualifying business must meet the goals set for it under its participation agreement;

(d) What personnel or other assistance beyond regular city employees will be needed to assist in the administration of the loan fund program and the manner in which they will be paid or reimbursed;

(e) The investment strategies that the city will pursue to promote the growth of the loan fund while assuring its security and liquidity; and

(f) The methods of auditing and verification that will be used by the city to insure that the assistance given is used in an appropriate manner and that the city is protected against fraud or deceit in the conduct or administration of the economic development program.

Sec. 21. That section 18-2712, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2712. Upon completion of the proposed plan, the governing body of the city shall schedule a public hearing at which such plan shall be presented for public comment and discussion. Following the public hearing, the governing body shall adopt the proposed plan and any amendments by resolution. At the discretion of the governing body, the resolution may include the full text of the proposed plan or it may be incorporated by reference. The resolution shall include a statement of the date at which the economic development program will be presented to the voters of the city for approval pursuant to section 18-2713 and the language of the ballot question as it will appear on the ballot. Following its adoption, a copy of the resolution and the proposed plan shall be filed with the city clerk who shall make it available for public review at city hall

~~during regular business hours. The governing body of the city shall schedule a public hearing at which the resolution shall be presented for public comment and discussion to be held not later than fifteen days prior to the date of the election pursuant to section 18-2713.~~

Sec. 22. That section 18-2713, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2713. Before adopting an economic development program, a city shall submit the question of its adoption to the registered voters at an election. The governing body of the city shall order the submission of the question by filing a certified copy of the resolution proposing the economic development program with the election commissioner or county clerk not later than forty-one days prior to ~~the~~ a special election or not later than fifty days prior to a primary or general election. The question on the ballot shall briefly set out the terms, conditions, and goals of the proposed economic development program, including the length of time during which the program will be in existence, the year or years within which the funds from local sources of revenue are to be collected, the source or sources from which the funds are to be collected, ~~and~~ the total amount to be collected for the program from local sources of revenue, and whether the city proposes to issue bonds pursuant to the Local Option Municipal Economic Development Act to provide funds to carry out the economic development program. The ballot question shall also specify whether additional funds from other noncity sources will be sought beyond those derived from local sources of revenue. In addition to all other information, if the funds are to be derived from the city's property tax, the ballot question shall state the present annual cost of the economic development program per ten thousand dollars of assessed valuation based upon the most recent valuation of the city certified to the Tax Commissioner pursuant to section 77-1613.01. The ballot question shall state: "Shall the city of (name of the city) establish an economic development program as described here by appropriating annually from local sources of revenue \$..... for ..... years?". If the only city revenue source for the proposed economic development program is a local option sales tax that has not yet been approved at an election, the ballot question specifications in this section may be repeated in the sales tax ballot question.

If a majority of those voting on the issue vote in favor of the question, the governing body may implement the proposed economic development program upon the terms set out in the resolution. If a majority of those voting on the economic development program vote in favor of the question when the only city revenue source is a proposed sales tax and a majority of those voting on the local option sales tax vote against the question, the governing body shall not implement the economic development program, and it shall become null and void. If a majority of those voting on the issue vote against the question, the governing body shall not implement the economic development program.

Sec. 23. That section 18-2715, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2715. (1) The ordinance establishing the economic development program shall provide for the creation of a citizen advisory review committee. The committee shall consist of not less than five or more than ten ~~resident taxpayers~~ registered voters of the city who shall be appointed to the committee by the mayor or chairperson subject to approval by the governing body of the city. At least one member of the committee shall have expertise or experience in the field of business finance or accounting. The ordinance shall designate an appropriate city official or employee with responsibility for the administration of the economic development program to serve as an ex officio member of the committee with responsibility for assisting the committee and providing it with necessary information and advice on the economic development program.

(2) No member of the citizen advisory review committee shall be an elected or appointed city official, an employee of the city, a participant in a decisionmaking position regarding expenditures of program funds, or an official or employee of any qualifying business receiving financial assistance under the economic development program or of any financial institution participating directly in the economic development program.

(3) The ordinance shall provide for regular meetings of the citizen advisory review committee to review the functioning and progress of the economic development program and to advise the governing body of the city with regard to the program. At least once in every six-month period after the effective date of the ordinance, the committee shall report to the governing body on its findings and suggestions at a public hearing called for that purpose.

(4) Members of the citizen advisory review committee, in their capacity as members and consistent with their responsibilities as members, may be permitted access to business information received by the city in the course of its administration of the economic development program, which information would otherwise be confidential (a) under section 84-712.05, (b) by agreement with a qualifying business participating in the economic development program, or (c) under any ordinance of the city providing access to such records to members of the committee and guaranteeing the confidentiality of business information received by reason of its administration of the economic development program. Such ordinance may provide that unauthorized disclosure of any business information which is confidential under section 84-712.05 shall be a Class III misdemeanor.

Sec. 24. That section 18-2717, Revised Statutes Supplement, 1992, be amended to read as follows:

18-2717. (1) No city shall appropriate from funds derived directly from local sources of revenue for all approved economic development programs, in each year during which such programs are in existence, an amount in excess of four-tenths of one percent of the taxable valuation of the city in the year in which the funds are collected.

(2) Notwithstanding the provisions of subsections (1) and

(3) of this section, ~~except that~~ no city of the metropolitan or primary class shall appropriate from funds derived directly from local sources of revenue more than three million dollars for all approved economic development programs in any one year and no city of the first or second class or village shall appropriate from funds derived directly from local sources of revenue more than one million dollars for all approved economic development programs in any one year. ~~No~~

(3) Notwithstanding the provisions of subsections (1) and (2) of this section, no city shall appropriate from funds derived directly from local sources of revenue an amount for an economic development program in excess of the total amount approved by the voters at the election or elections in which the economic development program was submitted or amended.

(4) The restrictions on the appropriation of funds from local sources of revenue as set out in subsections (1) through (3) of this section shall apply only to the appropriation of funds derived directly from local sources of revenue. Sales tax collections in excess of the amount which may be appropriated as a result of the restrictions set out in such subsections shall be deposited in the city's economic development fund and invested as provided for in section 18-2718. Any funds in the city's economic development fund not otherwise restricted from appropriation by reason of the city's ordinance governing the economic development program or this section may be appropriated and spent for the purposes of the economic development program in any amount and at any time at the discretion of the governing body of the city subject only to section 18-2716.

(5) The restrictions on the appropriation of funds from local sources of revenue shall not apply to the reappropriation of funds which were appropriated but not expended during previous fiscal years.

Sec. 25. That section 18-2718, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

18-2718. (1) Any city conducting an economic development program shall establish a separate economic development fund. All funds derived from local sources of revenue for the economic development program, any earnings from the investment of such funds; ~~any~~ including, but not limited to, interest earnings, loan payments, and any proceeds from the sale or rental by the city of assets purchased by the city under its economic development program, ~~or any other money received by the city by reason of the economic development program~~ shall be deposited into the economic development fund. Any proceeds from the issuance and sale of bonds pursuant to the Local Option Municipal Economic Development Act to provide funds to carry out the economic development program, except as provided in section 9 of this act, shall be deposited into the economic development fund. Except as provided in this section, subsection (4) of section 18-2714, and subsection (7) of section 18-2722, no money in the economic development fund shall be deposited in the general fund of the city. The city shall not transfer or remove funds from the economic development fund other than for the

purposes prescribed in the Local Option Municipal Economic Development Act, and the money in the economic development fund shall not be commingled with any other city funds.

(2) Any money in the economic development fund not currently required or committed for purposes of the economic development program shall be invested as provided for in section 77-2341.

(3) In the event that the city's economic development program is terminated as provided in subsection (4) of section 18-2714 or subsection (7) of section 18-2722, the balance of money in the economic development fund not otherwise committed by contract under the program shall be deposited in the general fund of the city. Any funds received by the city by reason of the economic development program after the termination of such program shall be transferred from the economic development fund to the general fund of the city as such funds are received. The economic development fund shall not be terminated until such time as all projects and contracts related to the program have been finally completed and all funds related to them fully accounted for, with no further city action required, and after the completion of a final audit pursuant to section 18-2721.

(4) When the economic development program is terminated, the governing body of the city shall by resolution certify the amount of money to be transferred from the economic development fund to the general fund of the city and the amount that is anticipated will be received by the city between such time and the final audit of the economic development fund. The sum of those two amounts shall be divided by the number of years in which funds for the economic development program were collected from local sources of revenue. The resulting figure shall constitute the amount to be applied against the budgeted expenditures of the city during each succeeding year until all funds from the economic development program have been expended. The installments shall be used to reduce the property tax levy of the city by that amount in each year in which they are expended.

(5) If, after five full budget years following initiation of the approved economic development program, less than fifty percent of the money collected from local sources of revenue is spent or committed by contract for the economic development program, the governing body of the city shall place the question of the continuation of the city's economic development program on the ballot at the next regular election.

Sec. 26. That original sections 18-2701, 18-2705, 18-2709 to 18-2713, 18-2715, and 18-2718, Reissue Revised Statutes of Nebraska, 1943, and section 18-2717, Revised Statutes Supplement, 1992, are repealed.