



County Roads: Improvement Districts

Background

Counties are authorized to establish rural road improvement districts to build, improve, or extend roads. The process requires a proposed resolution that states the road(s) to be improved, the location of a new road or the changes to the location of an existing road (if applicable), a description of the improvement, a rough estimate of the cost, the proposed method financing, and the boundaries of the district that would levy special assessments.

Definitions

For purposes of the Rural Road Improvement District Act (the Act), unless otherwise required: **Persons** shall include individuals, corporations, partnerships, and limited liability companies. **Board, board of county commissioners, or board of county supervisors**, shall mean the governing body of the county. **Improvement** shall mean the completed road and all work incidental thereto.

Hearing and Approval Process

Before a rural road improvement district is formed, the county must hold a public hearing, giving property owners within the proposed district an opportunity to provide input or file objections. The board can approve, modify, or reject the proposal based on this feedback.

Advisory Committees

The county must appoint an advisory committee composed of not less than three district residents. The committee advises the board on matters related to project planning, financing, and assessment of costs.

Project Implementation and Financing

Once a rural road improvement district is created, the county develops detailed plans and may use its own crews or contract with private companies to complete the work. The county can issue progress warrants or bond anticipation notes and pay for materials, right-of-way acquisitions, and construction costs through a designated rural road improvement fund.

Funding and Assessments

A special fund is established for each rural road improvement district to manage money collected through assessments, levies, or bond sales. The law allows counties to fund improvements through the levy of special assessments against benefited properties or allows counties to fund improvements as general county expenses.

Bonds and Repayment

Counties may issue bonds to finance road improvements. These bonds are general obligations of the county, and payments are supported by collected assessments (if any have been levied) and tax revenue from a bond levy.

Maintenance and District Changes

After improvements are completed, roads become part of the county system and are maintained accordingly. Districts may be enlarged, consolidated, or dissolved through petitions and hearings following specific procedures.

Primary Stakeholders

County Residents

County Boards

Nebraska Statutes

§§ 39-1639
through
39-1647

§ 39-1651

§ 39-1653

Additional Resources

Recommendations

1. Eliminate Advisory Committees when No Special Assessments

Current law:

Advisory committees are currently required in districts where special assessments would be levied on property owners and those where costs would be paid from general county funds.

Proposed language:

Adds wording in Sections 39-1639 through 39-1647 requiring the county board to appoint an advisory committee only when special assessments are expected to be levied. These changes will differentiate between districts where assessments are expected and where the costs will be a general county expense primarily for this purpose.

2. Bond Term Extension

Current law:

Counties can issue bonds maturing in no more than 10 years.

Proposed language:

Revises Section 39-1648 to permit bond maturities of up to 20 years.

Effect:

- Gives counties greater long-term financing flexibility
- Reduces annual repayment obligations
- Aligns with modern infrastructure financing practices, more closely matching the financing term with the useful life of the improvements

3. Clarifying and Clean-Up Amendments

Current law:

Contains outdated procedural language and cross-references

Proposed language:

Makes a series of non-substantive corrections and clarifications throughout the Act, including:

- Updating notice and hearing requirements for forming or dissolving districts (39-1641 and 39-1642; 39-1951 to 39-1953)
- Clarifying procedures for advisory committee appointments and their reimbursement (Section 39-1646 and 39-1647)
- Refining fund management and assessment language for consistency (Sections 39-1646–1647)
- Updating interest rate references to match current Nebraska law (Section 45-104.01)

LB1107

LB1107 would incorporate these recommendations, and in general, modernize the Rural Road Improvement District Act, extend the term of road district bonds, and help communities maintain local control of critical infrastructure without obligating the rest of the county.

LB1107 will make the Act clearer, more flexible, and more practical for counties to administer rural road improvement projects.