

NACO Legislative Report



February 14, 2025

[Video Report](#)

Bills Advanced from First and Second Round

Companies' liability for the release of personal data in a cybersecurity incident ([LB241](#)) and categorizing rideshare drivers as independent contractors ([LB229](#)) were the focus of most debate this week. When the Legislature reconvenes on Tuesday, the 27th day of the session, second-round debate will resume on LB229. Other bills on the agenda for Select File include [LB362](#) that would eliminate outdated 911 committees and [LB139](#) to update federal references in the Real Property Appraiser Act.

The Legislature advanced bills to move the date for reporting tax increment financing (TIF) projects to assessors from August 1 to July 1 ([LB240](#)) and to allow the operation of all-terrain vehicles after sunset for snow removal in municipalities ([LB196](#)).

A bill and two constitutional amendments that would enact a consumption tax were withdrawn. Senator Brian Hardin asked the body to withdraw [LB331](#), [LR10CA](#) and [LR11CA](#) from consideration because a dynamic study of the impact will not be available until later this year.

Clerk of the District Court Transfer Heard

On Thursday, elected and ex officio clerks of the district court testified in opposition to a bill that would shift that office to the state. [LB216](#) would transition the responsibilities of 28 ex officio clerks of the district court to the state on January 1, 2026. In the ten counties that contract with the state for district court services, the county would no longer reimburse the state for those services. On January 1, 2027, elected clerks of the district court would become state employees. The office would be filled by appointment and supervised by the district judge in the judicial districts. If a vacancy occurs, the judges and court clerks would develop a consolidation plan. Counties' obligation to provide office space would continue and the state would pay for salaries and benefits as state employees.

Proponents of the bill, including a district court judge, an attorney, and a lobbyist for the Nebraska State Bar Association spoke in favor of a unified court system with more oversight of processes and district court personnel by the Judicial branch. They discussed the challenges of elected officials being responsible to both voters and the court system.

Opponents argued that the transfer to the state would lead to consolidation of court locations and diminished access to justice in more sparsely populated areas. In some areas, the clerk magistrate already divides their time between counties and constituents seek help from district court personnel when the county court office is not open. If there are concerns about personnel issues, a new review or disciplinary process could be developed, rather than dismantling the existing district court clerk system.

At the same hearing the committee heard [LB612](#) to require the state to pay half of the operational costs of county courts. Currently the state pays for salaries of county court judges and employees, computer hardware and software, communication lines and recording equipment. Counties pay for all other costs. NACO testified in support of the bill and will support three other bills that would require the state to pay costs for state functions that are currently funded by counties. [LB516](#) and [LB376](#) would repeal requirements for counties to provide office space for the Department of Health and Human Services. They will be heard by the Health and Human Services Committee. [LB327](#), which would require the state to pay for probation expenses, will be heard by the Judiciary Committee. These bills will be heard on Wednesday.

The committee also heard [LB640](#) that would clarify the calculation of good time sentence reductions to reflect a Nebraska Supreme Court case.

Hearings Held This Week

Revenue Committee

When the tax request of a county, city, school district or community college exceeds the prior year, a majority of the governing body would be required to attend a joint public hearing to explain the increase as proposed in [LB384](#). Existing law requires at least one elected official to attend the “pink postcard” hearing. The bill was introduced in an effort to encourage the elected officials making the budget decisions to hear from the public. NACO and representatives from cities, schools and community colleges testified in opposition to LB384, suggesting that public input would be more effective at budget hearings, rather than in mid-September after many crucial budget decisions have already been made. Another bill, [LB683](#), would replace the pink postcard with an earlier notice directing taxpayers to budget hearings and outlining the process for protesting valuations. LB683 has not been scheduled for hearing.

Another bill, [LB575](#), would move the joint public hearing from mid-September to July 14 to 24. It will be heard on February 20. [LB495](#) would remove community colleges from the pink postcard requirements because most of their property tax funding has been replaced by state funds. No hearing date has been set for LB495.

On Wednesday the Revenue Committee heard testimony on a bill introduced on behalf of Governor Jim Pillen to impose a 2.5 cents per kilowatt excise tax on the energy used for cryptocurrency mining. [LB526](#), which could generate nearly \$14 million in FY26-27, was opposed by cryptocurrency miners. NACO and a county assessor testified in a neutral position about the challenges in valuing these sites, pointing to the disparity in a mining location that sold in bankruptcy for more than \$160 million but whose personal property was valued at approximately \$20 million.

Transportation and Telecommunications Committee

Counties and cities would need to ensure that the installation of small wireless facilities is compliant with the Americans with Disabilities Act and does not obstruct the right-of-way under a bill heard by the Transportation and Telecommunications Committee. [LB18](#) was introduced in response to the placement of a 5G cell tower in the middle of a sidewalk in Omaha in 2021. More expansive bills regulating the tower siting process and requiring notice have been introduced several times but not advanced. LB18 drew only proponent testimony.

A bill to limit the authority of state and local governments to regulate broadband will be rewritten before the committee will be asked to consider advancing it. [LB311](#) is intended to address a situation in which a local government required guarantees of certain internet services and speeds before agreeing to issue a permit to access the right-of-way. NACO testified that the bill as written would hinder the ability of local governments to control the quality of work done in rights-of-way. Other opponents noted that changes to the federal landscape might cause unintentional consequences as the bill is written.

[LB4](#) would allow certain landline providers to be relieved of their obligations to be carriers of last resort upon approval of deregulation by the Public Service Commission.

[LB191](#) would expand criminal mischief penalties for interfering with telecommunications services to include interfering with broadband and communications. An amendment was offered to extend the penalties to wireless communications services.

A [bill](#) heard by the committee on Monday would require no less than 70 percent of revenue generated in each Nebraska Department of Transportation district to be spent on projects within that district. Much of the testimony focused on traffic data and the difficulty of determining how much fuel tax is generated in each district compared to the roads traveled. [LB490](#) would clarify differing interpretations of titling and sales tax requirements for self-propelled feed trucks and other implements of husbandry used exclusively for agriculture. Testifiers spoke about the use of Form 13 to identify sales that are exempt from sales tax. [LB225](#) would remove a requirement for notarized signatures on duplicate title applications when vehicles determined to be a total loss are signed over to insurance companies. [LB112](#) would create separate branding on titles for vehicles that are salvaged due to cosmetic reasons compared to vehicles receiving a salvage title due to structural damage. Testifiers spoke about safety concerns when structurally damaged vehicles are sold to unsuspecting buyers.

Hearings Scheduled For Next Week

Next week committees will hear bills on documentary stamp taxes, elections, and repealing requirements to provide office space for the state.

Revenue Committee

On February 19, the Revenue Committee will hear two bills to change nameplate capacity taxes. [LB50](#) would distribute five percent of nameplate capacity taxes to community colleges before any other distributions are made. [LB503](#) would allow counties to be designated as American energy friendly and receive an increased rate of nameplate capacity taxes. In exchange, privately developed renewable energy facilities would be allowed by right in all zoning areas that allow structures, without the need for a special use permit, conditional use permit, or other discretionary zoning approval. They will also hear [LB637](#) that would allow for the creation of destination districts to promote retail, entertainment and tourism.

On February 20, the committee will hear [LB575](#) to move the pink postcard joint public hearing from September to July. This move would place the hearings at a time before valuations have been certified. In addition, political subdivisions could not levy an amount more than necessary to raise the exact same amount of property taxes as the prior year. NACO opposes the bill.

Other bills that will be heard on February 20 would adjust the population thresholds to receive funding through the Mutual Finance Assistance Act for areas near larger cities ([LB399](#)) and allow a property tax exemption to taxpayers who grant a perpetual recreational trail easement on their property ([LB628](#)).

On February 21, the committee will hear three bills to change the rate and distribution of documentary stamp taxes. Documentary stamp taxes are collected on most real estate transfers at a rate of \$2.25 per \$1,000 of value. Counties retain 50 cents and the rest is allocated to the Affordable Housing Trust Fund, Site and Building Development Fund, Homeless Shelter Assistance Fund, and Behavioral Health Services Fund.

[LB328](#) would allow counties to retain the entire amount collected. Because the other funds are not eliminated, funding would need to be provided from another source. [LB622](#) would increase the total documentary stamp tax rate to \$2.55 with the increase directed to a statewide housing trust to assist first time homebuyers. [LB583](#) would raise the overall rate to \$3.30 and increase the county share to 75 cents. The additional collections would be distributed to the existing funds, as well as new funds for veterans services, child care, innovation hubs, and health care for the medically underserved.

Reallocating documentary stamp taxes to counties has been proposed as a means to replace inheritance tax revenue in [LB468](#). The bill was heard on February 5 and remains in committee.

Appropriations Committee

[LB264](#), which will be heard by the Appropriations Committee on February 18, is part of the Governor's biennial budget recommendations. Among other provisions, it would strike state reimbursement to counties when defendants who are committed to the Department of Health and Human Services to restore their competency remain lodged in county jails. Appropriations Committee hearings on state agency budgets are scheduled almost daily for the next several weeks.

Health and Human Services Committee

The Health and Human Services Committee will hear [LB516](#) and [LB376](#) that would repeal requirements for counties to provide office space for the Department of Health and Human Services on February 19. Counties have been providing space since 1983 when the state assumed responsibility for providing welfare services. When a similar bill was introduced in 2023 ([LB420](#)), a fiscal note estimated a cost to counties in excess of \$3 million statewide to provide the space.

Government, Military and Veterans Affairs Committee

The first of a series of election bills will be heard by the Government, Military and Veterans Affairs Committee on February 20. [LB521](#) is the Secretary of State's annual omnibus cleanup bill. It clarifies the timing of special elections, deadlines, signature requirements, and other issues. [LB659](#) provides for watchers to be appointed by each political party to observe the testing of vote counting machines prior to elections. [LB604](#) addresses the timing of lawsuits brought against the Secretary of State on initiative and referendum petitions. [LR23CA](#) would require petitions to be filed on or before the second Wednesday in July of the calendar year before a general election in order to be placed on the ballot at that general election.

On February 19, the committee will hear bills related to interactions with foreign adversaries. [LB644](#) would require persons acting as agents of foreign principals from adversary nations to register with the Attorney General. [LB193](#) would expand the number of non-voting members of the Committee on Pacific Conflict that was created last year to identify potential risks to the state from China in the event of a conflict in the Pacific. [LB660](#) would prohibit state purchases of drones from vendors that are not approved by the Department of Defense or otherwise deemed a threat to the state's security. To the extent practicable, purchases of drones by political subdivisions would be subject to the same requirements. [LB644](#) contains similar restrictions on state purchases of drones.

Judiciary Committee

On February 19, the Judiciary Committee will hear bills on probation and juveniles. [LB327](#) would require the state to pay for office space, operational expenses and salaries related to probation. Currently the state pays for salaries and travel expenses for state employees but counties pay for office space and other expenses. NACO supports [LB327](#).

NACO opposes a [bill](#) to require law enforcement officers to arrest and assume custody of probationers and temporary custody of juveniles upon the call of a probation officer.

NACO also opposes [LB585](#) that would require 10 percent of the appropriation for the Community-based Juvenile Services Aid fund to be set aside for crime prevention grants to small community-based organizations that are located in low-income areas. New criteria would be added, including staff with lived experience with the juvenile justice system and the size of the organization's budget. This would reduce the amount of funding that is available to counties and tribes.

Education Committee

The Education Committee will hear bills intended to enhance school safety on February 18. [LB685](#) would transfer \$1 million from the state's cash reserves to fund a secure master key box located on the exterior of each school building. The box would permit emergency access to the building by law enforcement. [LB631](#) would appropriate an additional \$4 million for grants to assist in mapping of K-12 schools for emergency responses by public safety agencies. Currently \$525,000 is appropriated for this purpose.

Transportation and Telecommunications Committee

On February 18 the Transportation and Telecommunications Committee will hear [LB561](#) to provide for the issuance of special permits to allow vehicles transporting raw milk from a dairy farm to a processing facility to exceed maximum weight limits by 15 percent. This mirrors the excess weight allowed for hauling grain or other seasonally harvested products.

See a schedule of [selected hearings of interest to counties](#). The full hearing schedule is available [here](#).

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