

# NACO Legislative Report



March 22, 2024

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## Property Tax Package Advanced

The Revenue Committee voted on Thursday to send Governor Pillen's property tax package to the full Legislature for debate. Although the language of the package has not been officially released, the Revenue Committee has reported that it would replace property taxes levied for schools with front-loaded state aid. The state aid would be funded through increases in sales and cigarette taxes and eliminating some sales tax exemptions.

Counties and cities would be subject to a cap of three percent or the consumer price index, whichever is greater. A six percent increase would be allowed for salary costs for law enforcement in understaffed areas.

The package, which will be drafted as an amendment to [LB388](#), could be scheduled for debate as early as Tuesday, March 26.

## Inheritance Taxes

Until the amendment to LB388 is released, it is unclear whether it includes a repeal of inheritance taxes. Thanks to your efforts, after two days of General File debate, [LB1067](#) has not appeared on the agenda for three weeks. However, even if a repeal is not a part of the package, LB1067 could be placed on the agenda separately at the request of the introducer, Senator Rob Clements. In either case, several sources report that the Legislature is contemplating an inheritance tax repeal with a reduced rate of replacement revenue. This loss of inheritance taxes without full replacement revenue could only be made up through increased property taxes – if such increases are available under the proposed caps – or a decrease in services.

Please continue to reach out to your senator. Remind them of how your county uses inheritance taxes and what the loss would mean in terms of property taxes increases and reduced services. With 11 [days](#) remaining in the session, amendments will be offered with little advance notice so we must remain diligent in our opposition to repealing inheritance taxes without 100 percent replacement revenue. Thank you for ongoing commitment to this effort.

## Floor Debate This Week

With less than 25 percent of the session remaining, the Legislature began late nights of debate this week. As of Tuesday morning, 54 [priority](#) bills remained on General File. By adjournment on Thursday, more than 30 had been advanced from the first round.

Senators began the week with a filibuster of [LB137](#), a bill to enhance criminal penalties for controlled substances violations that result in serious bodily injury or death. An amendment was offered to revive a bill ([LB307](#)) on syringe exchange programs that was vetoed by the governor and the subject of an unsuccessful override attempt. After a few hours of debate, LB137 was passed over at the request of introducer Senator Carolyn Bosn.

Late Monday afternoon, debate began on [LB441](#), a bill to change the criminal offense for presenting obscene information to a minor. Debate ended when a cloture motion was unsuccessful on Wednesday morning. During debate, Senator Steve Halloran read a graphic excerpt from a book that a testifier had read aloud during the Judiciary Committee hearing on LB441 and made references to other senators' names. A hearing to censure him pursuant to [LR335](#) will be held on March 28.

Senators advanced two bills with mid-biennium budget adjustments. [LB1413](#) would sweep money from state agency cash funds and [LB1412](#) would adjust last year's mainline budget. Senators debated transferring money from the State Unemployment Insurance Fund, the allocation of affordable housing funds between rural and urban needs, and funding for court interpreters, as well as appropriations for bills that were not part of the budget changes proposed by Governor Pillen or the Appropriations Committee. To continue the discussion, Senator George Dungan introduced an interim study resolution, [LR336](#), to examine the method of funding for court interpreters and determine a stable or permanent funding arrangement. The budget must be passed by the 50th day, which is March 26.

## Public Records, Meeting Bill Passed

Legislators passed a bill this week that would change the amount of time custodians of public records must spend responding to records requests and to require public bodies to accept input at every meeting. [LB43](#), the underlying bill, was amended on both rounds of debate to include provisions from other bills heard by the Government, Military and Veterans Affairs Committee.

Language from [LB366](#) would replace existing law requiring custodians of public records to conduct the first four cumulative hours of searching, identifying, physically redacting or copying public records without charge. New language would extend the time period to eight hours for requests from Nebraska residents and news media. Nonresidents could be charged from the first hour for the actual added cost of records, including a proportional charge for the services of an attorney to review the public records. Custodians could waive or reduce fees if they deem it to be in the public interest to contribute to the understanding of the operations or activities of government and not primarily in the commercial interest of the person requesting the record.

Counties and other public bodies would have to give the public an opportunity to speak at each meeting pursuant to an amendment based on [LB637](#). Existing law provides that a public body is not required to allow citizens to speak at each meeting, but it cannot forbid public participation at all meetings.

Records relating to cybersecurity of the state or political subdivisions could be withheld from disclosure as public records under language from [LB650](#).

The First Freedom Act, which was introduced as [LB277](#), would prohibit the state and local governments from taking actions that would substantially burden a person's right to exercise religion unless there is a compelling government interest or to restrict it from engaging in religious services during a state of emergency to a greater extent than it restricts other organizations or businesses. It would require schools to allow students who are members of an indigenous tribe to wear tribal regalia on school grounds or at school functions.

Provisions taken from other bills would prohibit state agencies, courts and the Legislature from imposing filing requirements for charitable organizations that are more burdensome than required by state law ([LB41](#)) and prohibit state and local agencies from requiring the disclosure of data that directly or indirectly identifies a person as a member or supporter of a nonprofit organization ([LB297](#)). LB43, the underlying bill, would instruct courts not to defer to state agency interpretations when deciding contested cases arising from a decision under the Administrative Procedures Act.

# Homestead Exemption Changes Proposed

The homestead exemption program would be revised to remove the emphasis on property valuations as part of a bill advanced from General File on Wednesday. [LB126](#), as introduced, would make changes to the homestead exemption program to increase eligibility for partially disabled veterans. A committee [amendment](#) struck the original bill. Instead, it would incorporate provisions from several other homestead exemption bills and create a new exemption. Persons who receive a homestead exemption under the current program could choose to continue or apply for the new program.

Under the amended version of LB126, every homestead exemption recipient would pay a minimum of \$100 per month in property taxes to help offset police, fire, and other services provided to the property. The valuation of the property would not be capped. Instead, total assets for the applicant would be limited to \$1 million. New homeowners in qualified census tracts would receive a 50 percent reduction in their valuation for the first five years of ownership ([LB924](#)). Persons who apply for an exemption based on their age would have to be receiving benefits from social security, railroad retirement, or other equivalent benefits. Veterans who are classified as 50 percent disabled or higher would be eligible for the homestead exemption.

Language from [LB1151](#) would enact a definition for occupancy that would be used when the property owner is absent from the property for health or legal reasons. Absent owners would be considered occupants if the property is their primary residence and they demonstrate an intent to return to the property.

Senators generally spoke in support of the goals of the homestead exemption program. Some questioned whether the new proposal would provide the same level of relief to their constituents. Further analysis of the proposal will be done before Select File debate. Amendments will be offered to reflect the new fiscal note.

Before the bill was advanced, an amendment was adopted that would eliminate the need for county boards of equalization to approve a final order of the Tax Equalization and Review Commission (TERC). Senator Rick Holdcroft, who introduced the concept as [LB1019](#), said that taxpayers sometimes wait weeks for the county board of equalization hearing to approve the order, only to discover that the board cannot change the TERC's decision. The bill would eliminate the additional county hearing.

Senator Jen Day introduced and prioritized LB126.

## Bills Advanced from General File

The Legislature worked until nearly 10:00 p.m. on Wednesday and most of Thursday to advance bills from General File, the first round of debate. Most of the bills contain provisions that would affect counties.

[LB1030](#) would revise the county bridge match program by creating a working group to score applications and determine the awards. The governor would appoint two representatives from a list of county highway superintendents, county surveyors, or county engineers submitted by NACO. The Director-State Engineer of the Department of Transportation would select three representatives of the Department. The bill would transfer \$4 million in 2024 and another \$4 million in 2025 to the program.

[LB1031](#), as amended and advanced from General File, would help facilitate the expansion of broadband in Nebraska by giving incumbent service providers deadlines to replace copper wire or lose high-cost support from the Nebraska Universal Service Fund (NUSF). It would set minimum speeds of 100 megabits per second (Mbps) for downloads and 20 Mbps for uploads.

A Transportation and Telecommunications Committee amendment was adopted that incorporated provisions from five other bills. Language from [LB865](#) would require each broadband provider to report information about standard internet plans and rates to the Public Service Commission (PSC). [LB1255](#) would require all 911 services to be migrated to next-generation 911 by January 1, 2026 unless the Federal Communications Commission (FCC) requires a different date. [LB1256](#) would require communications service providers to report 911 outages to the PSC in the same manner as reporting outages to the FCC. The PSC would hold a hearing on

outages within 90 days. Other provisions would revise at-large membership on the Nebraska Information Technology Commission to include a representative from the ag sector ([LB1038](#)) and increase the number of participants per household who are eligible to receive specialized communications equipment assistance for persons who are deaf, hard of hearing, or speech-impaired ([LB1080](#)).

[LB1329](#), as introduced, would modify definitions and shift responsibilities under the Nebraska Career Scholarship Act. It was amended to include several education and safety bills, including provisions on school mapping for emergency responses. The concepts are similar to two bills, [LB673](#) and [LB1339](#), that would provide for school boards to adopt mapping policies. Language in LB1329 would require the finished map product to be in a file format easily accessible using a standard or open-source file reader, depending upon the needs of the school and the public safety agency. Maps would include accurate floor plans overlaid on accurate, verified aerial imagery of the school campus. Other provisions taken from LB1339 would allow school boards to adopt policies to authorize security personnel to carry firearms on school grounds, at school athletic events and to other activities. Such policies would have to include requirements for personal qualifications, training, appropriate firearms and ammunition, and appropriate use of force. Provisions from [LB231](#) would address truancy policies and plans for excessive absences.

[LB876](#), as introduced, would expand Nebraska's Safe Haven law to include authority for newborn infant drop-off boxes at hospitals, fire stations and law enforcement offices that are staffed 24 hours a day, seven days per week. After several hours of debate, proponents and opponents agreed to withdraw or vote against pending amendments and advance the bill to Select File. They will work on amendments to remove references to drop boxes, the distinctions between abandonment and surrender of an infant, and other issues.

[LB1074](#) is a Banking, Commerce and Insurance Committee priority bill that was amended to contain provisions from other bills heard by the committee. These include [LB1176](#), the Public Entities Pooled Investment Act. It would set out the investment objective of such pools – preservation and safety of principal, liquidity, and yield. Pools would have to display disclosures about liquidity risk and FDIC coverage on marketing materials. Pool investment advisors would have to hold licenses required by federal or state law to sell securities. Language from [LB872](#) would prohibit state and local governments from accepting central bank digital currency as a form of payment. [LB1294](#) would adopt the Data Privacy Act to limit the use of consumers' personal data.

[LB1301](#) is the second bill advanced by the Legislature this year to address foreign ownership of agricultural land near military bases in Nebraska. It would create the Foreign-owned Real Estate National Security Act that would prohibit certain individuals, foreign corporations, and foreign governments from purchasing property in the state. The Department of Agriculture and Attorney General would be responsible for determining that ownership is in violation of the Act and taking action for divestment of the property.

A related bill, [LB1120](#), advanced from Select File last week. It would require purchasers of real estate near certain military bases to sign an affidavit that they are not affiliated with any foreign government determined to be a foreign adversary.

Senators also discussed the security risks posed by foreign land ownership and foreign-made hardware used in wind and solar energy projects during debate on [LB1370](#). The bill addresses decommissioning dispatchable electric generation facilities. As amended, it includes language from [LB120](#) that would require owners of electric facilities that will be located within 10 miles of a military installation to provide written certification to the Power Review Board that the facility does not contain any materials manufactured by a foreign adversary. It also contains language from [LB956](#) that FAA-approved light-mitigating technology must be installed on all new wind turbines beginning July 1, 2025.

[LB1051](#) would eliminate obsolete provisions in the juvenile code. A working group of judges, attorneys and other stakeholders was created after a 2022 interim study to update the code to make it easier to navigate. The changes proposed in LB1051 are the noncontroversial recommendations of that group.

[LB253](#), as introduced, would create a second law enforcement training academy in Scottsbluff. The original bill was replaced with a [process](#) to create a veterans court in every district and county court in the state. These courts are already in place in Douglas and Lancaster counties. Like other problem-solving courts, programs would hold

veterans accountable and subject to detailed case plans focusing on supervision, goals and rules. The bill was advanced to Select File with the understanding that amendments will be offered to address issues raised during debate.

[LB874](#) would revise childcare licensing requirements and create a property tax exemption for nonprofit organizations that own or operate a childcare facility. As introduced, the bill would have prohibited political subdivisions from instituting residency requirements for family child care homes but this language was removed before the bill advanced.

[LB1335](#) would clarify that the Nongame and Endangered Species Conservation Act (NESCA) applies only to initial actions to create new roads and other infrastructure, not to work on existing man-made structures and the associated right-of-way. The Nebraska Act, which is stricter than federal requirements, requires documentation of the potential impacts of construction on endangered or threatened species.

[LB20](#) would restore voting rights to felons after they have completed their sentences. Existing law, which was enacted in 2005, prohibits convicted felons from voting for two years after they complete their sentence, including any parole term.

[LB934](#) was introduced at the request of the Attorney General to harmonize authority under two consumer protection laws. Among other provisions, it would allow the Attorney General to request a jury trial in civil claims filed under these laws. A Judiciary Committee [amendment](#) would also allow named defendants to request a jury trial.

## Bills Advanced from Select File

The Legislature advanced a handful of bills from Select File, the second round of debate, this week.

[LB894](#) would require candidates for county sheriff to be certified before filing for office. Currently sheriffs must obtain certification within eight months after being elected. Before the bill was advanced from General File, an [amendment](#) was adopted to allow persons with Deferred Action for Childhood Arrivals (DACA) status to become certified law enforcement officers. This concept was introduced as [LB918](#). Due to concerns that persons with DACA status cannot possess firearms under federal law, the [amendment](#) was removed before the bill advanced from Select File.

[LB1004](#) would update last year's bill to repeal motorcycle helmet laws in response to suggestions from law enforcement, the Department of Motor Vehicles, and the riding community. It would allow experienced riders who already hold a motorcycle operator's license to forgo extended in-person training classes and instead require only a three-hour online safety course. Passengers under age 21 would be required to wear a helmet but older passengers could go without a helmet if the driver had completed safety training.

## Bills Signed by Governor Pilleen

Governor Pilleen signed a number of bills on March 18. Unless a bill carries an emergency clause or a different effective date is specified, it will take effect three calendar months after adjournment.

[LB938](#) increases the dollar amounts triggering competitive bidding under the County Purchasing Act. The Act currently requires competitive bidding on purchases in excess of \$50,000. Beginning January 1, 2025, this will increase to \$70,000. The amounts will subsequently increase to \$90,000 in 2029, and \$110,000 in 2034. The bill makes corresponding changes to amounts requiring informal bidding and the disposal of surplus or obsolete property and mobile equipment. Other provisions of LB938 replace the process for making special purchases with language specific to auctions and revise the publication process.

[LB61](#) allows utilities to lease or license their dark fiber and related infrastructure to help facilitate the expansion of broadband in the state. Such leases and licenses must be in areas that are unserved, which is defined as areas where broadband is not available by fiber-optics, cable modems, or hybrid technology with speed of at least 100

megabits per second (Mbps) for downloading and at least 20 Mbps for uploading and no internet service providers have enforceable commitments to serve the area. Revenue from the lease or license of dark fiber must be used for billing, construction, operation and maintenance costs associated with dark fiber and related infrastructure.

[LB198](#) updates all of the state-administered retirement plans to correct the use of the term “qualified alien” in response to an Attorney General’s opinion. In the county sections, the term is replaced with a list of 10 identification documents that indicate U.S. citizenship or lawful presence in the United States at the time of hire. Some of these include a state-issued driver’s license or identification card, certified copy of a birth certificate, passport, or tribal certificate. Because the bill has an emergency clause, it took effect on March 19.

[LB304](#) requires counties and other units of local government to publicly disclose on their websites the membership dues paid annually to each association or organization and the fees paid to any individual lobbyist or lobbying firm that are separate from the membership dues. Political subdivisions without a website must make this information available upon request at the office of the political subdivision.

[LB771](#) provides \$200,000 in grant funding to postsecondary educational institutions that assist in the accounting of servicemembers and civilians who are missing from past conflicts.

[LB895](#) expands the authority of the Adjutant General to provide incentive payments to encourage enlistment or reenlistment in the Nebraska National Guard to commissioned officers.

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