

NACO Legislative Report



February 21, 2025

[Video Report](#)

Legislature Passes, Advances Bills

On the [30th day](#) of the session, the Legislature passed 19 bills, including two introduced on NACO's behalf. [LB58](#) would eliminate obsolete filings of jeweler's liens in county clerks offices. [LB126](#) would allow counties that sell bonds on a competitive basis to extend the call period beyond five years. Other bills sent to the governor's desk would clarify that step relationships are considered family members for certain property transfers exempted from documentary stamp taxes ([LB194](#)) and clarify references to homestead exemptions for veterans ([LB209](#)).

Senators gave first-round approval to bills that would allow counties to give larger grants from County Visitors Improvement Funds ([LB294](#)) and allow for vacation of roads without traffic studies ([LB373](#)).

The Appropriations Committee heard Governor Pillen's [biennial budget recommendations](#) in [LB260](#), [LB261](#), and [LB264](#). The 2025 preliminary biennial budget report is available [here](#).

Unfunded Mandates Hearings

Two committees heard bills this week that would eliminate unfunded mandates to provide office space or operational support for state functions.

Since the state took over Medicaid from counties in 1983, counties have provided office space for the Department of Health and Human Services (DHHS). Separate legislation at that time would have transferred the costs of caring for medically indigent individuals who were not eligible for Medicaid to the state. That concept did not pass but a section of the bill requiring counties to pay for "office and service facilities as such facilities existed on April 1, 1983" was adopted. In 2011, counties were given the authority to ask DHHS to evaluate the amount of office space provided by the county to see if it could be reduced or eliminated. Counties currently provide 80,771 square feet of space to DHHS.

Two bills were heard by the Health and Human Services Committee on Wednesday that would eliminate this requirement. [LB516](#), introduced by Senator Dan Quick, would outright repeal the section of statute containing this requirement. [LB376](#), a Health and Human Services Committee bill, would eliminate the requirement on July 1, 2028. NACO and county representatives testified in support of both bills.

[LB327](#), which was heard by the Judiciary Committee, would shift the responsibility to provide office space for probation from counties to the state, along with eliminating county financial support for technology for probation. Counties currently provide office space valued at more than \$4 million annually and a comparable amount for technology. NACO and county representatives testified in support of the bill, noting that probation is a function of the state court system and the support provided by counties is an unfunded mandate. A representative of the

office of Probation Administration testified in a neutral capacity due to concerns about vagueness in the bill as written, but supported moving technology costs to the state as part of an ongoing technology update.

On February 27, the Government, Military and Veterans Affairs Committee will hear two proposed constitutional amendments to require the state to reimburse counties and other political subdivisions for new programs or increased levels of services created after 2026. These proposals mirror language that was introduced during several recent regular sessions and the 2024 special session. Because the language is the same, [LR16CA](#) and [LR18CA](#) will be heard together.

Revenue Committee Updates

Nameplate capacity, pink postcard, and documentary stamp tax bills were heard by the Revenue Committee this week.

[LB50](#) would distribute five percent of nameplate capacity taxes to community colleges before any other distributions are made. Last year most property tax levy authority for community colleges was replaced with state aid. Because nameplate capacity taxes are distributed based upon property tax levies, community colleges now will receive a lesser share. Community colleges testified in support of the bill. NACO provided input about levies and taxes from a neutral position.

[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. Many of the bill’s opponents spoke about a proposed solar farm in Lancaster County. Others suggested that the designation should only be sought after a vote of county residents. Some testifiers said that such a vote would disproportionately represent urban residents who would not live near solar or wind farms.

Other bills 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 property owners who grant a perpetual recreational trail easement on their property ([LB628](#)). The committee also heard bills to allow for the creation of destination districts to promote retail, entertainment and tourism ([LB637](#)) and to increase the earned income tax credit ([LB710](#)).

Pink Postcards

“Pink postcard” joint public hearings would be held in July before valuations are certified, rather than in September, under [LB575](#). 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 testified in opposition to the bill at the hearing this week and suggested that the committee consider [LB683](#) as an alternative to the pink postcard process. LB683 would direct taxpayers to budget hearings and give information about how to protest their valuations. No hearing date has been set for LB683.

[LB495](#), a bill to remove community colleges from the pink postcard and joint public hearing requirements, will be heard on February 26. Currently counties, cities, school districts and community colleges -- the four entities levying the highest amounts of property taxes -- must participate in the hearings if their property tax request exceeds the prior year, plus growth. Because community college levy authority has been greatly reduced, a small increase could trigger their participation in the hearings.

[LB384](#), which would require a majority of the governing body of entities appearing on the pink postcards to participate in joint public hearings, was heard last week and remains in committee.

Documentary Stamp Tax

Documentary stamp taxes would increase under three proposals heard by the Revenue Committee. 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 state general funds or 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. An amendment offered at the hearing would rewrite the bill.

[LB583](#) would increase 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 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.

Hearings Next Week

On February 26, the Revenue Committee will hear [LB679](#) to allow county treasurers to sell delinquent property taxes through a bulk sale negotiated by the county board to one or more purchasers. The bill would allow an administrative fee to be added to each tax sale certificate for the bulk sale.

[LB458](#), a bill to make technical changes to the tax sale process, was heard on January 30 and remains in committee. The bill also contains shot clocks for making zoning decisions.

Also on February 26, the committee will hear [LB81](#) that would address the “lost year” of refundable income tax credits that was created during last summer’s special session when property tax credits were placed directly on tax statements.

[LB424](#) would limit increases in property tax by enacting the Capping Annual Property tax Increases for Taxpayers Act or CAP IT Act. It would limit the annual growth of property tax bills for individual parcels to the lesser of the inflation rate based on the consumer price index or three percent. The Revenue Committee will hear LB424 on February 27.

On February 28, the committee will hear a proposed constitutional amendment to repeal the uniformity clause and limit valuation growth. [LR12CA](#) mirrors a measure introduced during the 2024 special session that borrowed concepts from California’s Proposition 13. Other bills that will be heard at the same hearing would increase the amount of sales taxes directed to the Highway Trust Fund and Highway Allocation Fund ([LB479](#)) and create a property tax exemption for homeowners called the Property Tax Circuit Breaker Act ([LB439](#)).

Hearings Held This Week

Judiciary Committee

Law enforcement officers would have to arrest and assume custody of juveniles and persons on probation if requested by a probation officer under [LB488](#). The bill was introduced to move custody when conditions of probation are about to be violated or the probationer is leaving the jurisdiction without authority to do so. County sheriffs and NACO testified in opposition to this unfunded mandate, pointing to staffing and transportation concerns. In counties with one officer on duty, receiving a call to arrest a probationer would mean paying overtime for an additional deputy, plus transportation costs and, if the probationer is a juvenile, locating a facility with an open bed. Existing law allows law enforcement officers, probation officers and courts flexibility to plan for staffing and transportation issues.

Another [bill](#) heard by the Judiciary Committee 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. NACO and counties testified in opposition to the lack of reporting and pointed out that some of these groups already receive funding through community plans that receive Community-based grants.

Government, Military and Veterans Affairs Committee

The Government, Military and Veterans Affairs Committee heard election cleanup, ballot counting, and initiative bills this week. [LB521](#) is the Secretary of State's annual omnibus cleanup bill that includes ideas suggested by county clerks and election commissioners. It clarifies the timing of special elections, deadlines, signature requirements, and other issues. NACO and election commissioners testified in support of LB521. [LB659](#) provides for observers to be appointed by each political party to observe the testing of vote counting machines prior to elections. The test results would be certified to the Secretary of State and posted on their website. [LB604](#) addresses the timing of lawsuits brought against the Secretary of State for legal insufficiency of initiative petitions. This change would allow legal issues to be resolved before signature collection begins. [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. Opponents questioned whether the delay between the petition and the vote would be too long.

Bills to eliminate early voting ([LB541](#)), authorize the use of county initiatives and referenda ([LB629](#)) and require plans to assist persons in jails, hospitals and other facilities to vote ([LB586](#)) have not been scheduled for hearing.

On Wednesday the committee heard bills on interactions with foreign adversaries. [LB644](#) would require persons acting as agents of foreign principals from adversary nations to register with the Attorney General. [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 also restricts state purchases of drones.

[LB7](#), which would clarify provisions of the Foreign-Owned Real-Estate National Security Act that was adopted last year, was placed on General File with an Agriculture Committee amendment.

Education Committee

State funding would be provided to enhance school security under two bills heard by the Education Committee on Tuesday. [LB631](#) would appropriate an additional \$4 million for grants to assist in mapping of K-12 schools for emergency responses. The maps include floorplans and site-specific identifiers that can be overlaid, printed or integrated into software used by public safety agencies. Legislation enacted last year appropriated \$525,000 for mapping grants. [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.

Transportation and Telecommunications Committee

Tankers hauling raw milk from dairy farms to processing plants could purchase an annual permit allowing them to exceed maximum weight limits by 15 percent under [LB561](#). Farmers hauling grain or other seasonally harvested products are already permitted to be 15 percent overweight. An amendment offered at the Transportation and Telecommunications Committee hearing would cap weights on each axle at federal limits and require a map of roads and bridges where travel would be prohibited. The amendment would alleviate concerns by the Nebraska Department of Transportation about excess wear on roads from the additional weight. Ag producers and the trucking industry testified in support of the bill.

The committee sent two license plates bills to the floor this week, both with amendments. [LB97](#) was introduced as a cleanup bill for the Department of Motor Vehicles (DMV). The committee amendment includes provisions from [LB225](#) to remove a requirement for notarized signatures on duplicate title applications when vehicles determined to be a total loss are signed over to insurance companies. Provisions in the committee amendment taken from [LB543](#) would allow vehicle owners to opt for a one-, two-, or three-year registration period, beginning on or before January 1, 2029. License plates and registrations would be delivered to vehicle owners or the county treasurer where the vehicle is registered. This process corresponds with DMV's new ability to print

license plates on demand, rather than delivering the full issuance for the six-year plate cycle to each county treasurer.

[LB568](#), which would provide for Arbor Day license plates, includes provisions from LB134, LB343, and LB563. Language from [LB134](#) would waive fees for military honor license plates for disabled veterans, prisoners of war and purple heart recipients. [LB343](#) would reduce the fee for organizational license plates from \$70 to \$40. This would align with the cost of specialty license plates. [LB563](#) would create a permanent license plate for commercial fertilizer trailers.

Hearings Scheduled For Next Week

Next week committees will hear bills to require education for county board and planning commission members and reimburse inmate medical costs.

Government, Military and Veterans Affairs Committee

The state would be required to reimburse counties for eligible medical costs for county jail inmates under [LB636](#) that will be heard on February 27. State appropriations could not exceed \$21 million. In addition, the bill would increase fees for many civil functions performed by sheriffs, including service of process and distress warrants.

At the same hearing, the Government, Military and Veterans Affairs Committee will take joint testimony on [two constitutional amendments](#) that would require the state to reimburse counties and other political subdivisions for new programs or increased levels of services created after 2026.

On February 28, the committee will hear a bill to require two hours of education per term on zoning issues for county boards and planning commission members. County attorneys would develop and present the information. In addition, [LB663](#) would also prohibit county boards from requiring applicants for conditional use permits or special exceptions to apply for or obtain a permit from a federal, state or local agency as a condition for granting the permit. Granting conditional use permits or special exceptions would be based solely on zoning regulations.

Judiciary Committee

On February 26, the Judiciary Committee will hear two bills relating to criminal records. [LB226](#) would allow expungement of certain concealed weapons offenses that occurred before the repeal of Nebraska's concealed weapons permitting requirements. [LB215](#) is a clean slate bill that would allow records of non-violent misdemeanor and some felony offenders to be expunged.

On February 28, the committee will hear [LB684](#) to transfer juvenile probation functions from the Judicial Branch to the Executive Branch. Juvenile probation has been part of the Judicial Branch since 2013, when it was transferred from the Department of Health and Human Services.

Transportation and Telecommunications Committee

The Transportation and Telecommunications Committee will hear a bill, [LB542](#), to require the state to reimburse utility companies for relocating their facilities when the move is due to projects funded in whole or part by state or federal funds. At the same hearing on February 24, they will take testimony on a bill to allow the Department of Transportation to publish notices of upcoming contract lettings on their website, rather than in a newspaper in the county of the project ([LB323](#)) and a bill to prohibit drivers from using cell phones unless they are using hands-free or voice activated technology ([LB594](#)).

On February 25 the committee will hear a bill to allow the release of drivers license photos to the Nebraska State Patrol for posting on their missing persons clearinghouse ([LB120](#)) and a measure to change the percentage of tinting allowed on side and rear windows of motor vehicles ([LB106](#)). Another bill, [LB496](#), would require drivers to use caution and yield the right of way to livestock being led or driven on a roadway.

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

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