

# NACO Legislative Report



February 23, 2024

[Video Report](#)

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## Inheritance Tax Repeal Debate Begins

Inheritance taxes took center stage for counties again this week. On Tuesday, senators spent nearly an hour debating a [bill](#) that would repeal inheritance taxes. On Friday, inheritance taxes were discussed for another 25 minutes but no vote was taken.

Supporters of the bill said that residents are leaving Nebraska because inheritance taxes are too high and that counties in 45 other states survive without inheritance taxes. They said inheritance taxes are double taxation because property that has been taxed once is taxed again at death. They circulated a document purporting to show that more than 80 percent of counties have two to five years of reserves or more so property taxes would not need to increase if inheritance taxes are eliminated.

Supporters of counties refuted these claims and reminded the Legislature that it continues to impose unfunded mandates upon counties without providing additional funding. Nebraskans have many reasons for leaving the state that do not involve taxes. Counties have a fiduciary responsibility to maintain reserves, but none have the excessive amounts that were asserted.

Several amendments have been filed. [One](#) would eliminate inheritance taxes entirely, effective January 1, 2025, rather than the five-year phase out proposed in the bill. [Another](#), which was introduced solely as an opportunity to engage in debate, would impose inheritance taxes only if a decedent's estate is valued at \$100 million or more at their time of death.

Other amendments would address sections of the bill that would reinstate a jail reimbursement program that paid counties \$35 per day for holding certain prisoners before they are transferred to the state. The Revenue Committee [amendment](#) would increase the rate to \$100 per day. One [amendment](#) would provide for \$75 million in appropriations for jail reimbursement and [another](#) would reimburse counties for 100 percent of costs incurred by counties for holding these state prisoners.

The original bill proposed allowing counties to use lodging taxes for their own purposes. The committee amendment would limit that to 50 percent of the funds.

Debate is [scheduled](#) again on Tuesday when the Legislature reconvenes at 10 am. Assuming that debate will continue for the full eight hours needed for a cloture vote and assuming that the bill will appear on the agenda each day, the vote to advance the bill from General File, the first round of debate, will take place on Thursday morning. To invoke cloture, 33 senators must vote to end debate and then 25 must vote to advance the bill.

Thank you to all county officials who have contacted your senators, many more than once, to tell them how important inheritance taxes are. Please continue the dialog with your senator. Let them know how much your

county actually has in reserves, what you have in the inheritance tax fund, and what transfers you have made out of it in the past year. We are still fighting for one hundred percent replacement revenue and need everyone's help to make sure LB1067 does not advance from General File.

## Floor Activity This Week

The Legislature amended and advanced several bills from the first round of debate this week. [LB137](#) would enhance penalties for drug dealers who supplied drugs that directly and proximately caused the death or serious injury of a user. [LB1355](#) would provide grants to local public health departments and other agencies for prevention, education and data-tracking. Funding would come from the state's opioid settlement dollars.

On Tuesday, senators advanced a series of bills from Select File, the second round of debate. These include [LB940](#) that would allow counties to enter into agreements to help fund entities that assist survivors of domestic violence or sexual assault. Last summer an audit questioned the authority of a county to provide such funding without adequate documentation of how funding was used.

[LB936](#) would eliminate county-issued amusement licenses. Lancaster County issued six licenses in FY23 and most counties do not issue any.

When a county board is considering the construction of a new electric generation facility within the county, it would have to hold a public meeting announcing the project prior to the site selection or approval of related contracts under [LB569](#) as amended. If any official or their immediate family member holds a direct or indirect financial interest in the facility, its ownership, or lease of the property within the county for the facility, the board would need to publish notice of this fact and whether the official has indicated an intent to vote to select the project site or approve the contract. The board would have to hold a public meeting within 90 days after the publication regarding the official's intent to vote on the issue.

### Speaker Priority Bills

During each legislative session, the Speaker can designate up to 25 bills as speaker [priority bills](#). These are selected from requests submitted by senators. Several were designated earlier and more were announced this week. Some of the bills of interest to counties include:

[LB876](#) to adopt the Newborn Safe Haven Act

[LB894](#) to require candidates for county sheriffs to be certified law enforcement officers before filing for office

[LB1030](#) to appropriate \$8 million for the county bridge match program and create a working group of county and state representatives to score applications

[LB1051](#) to remove obsolete provisions from the juvenile code

[LB1195](#) to revise outside practice, residency, and loan repayment requirements for county attorneys and public defenders to encourage more lawyers to practice governmental law in rural areas

Speaker Arch also announced plans to hold two or three consent calendars. These are an opportunity for noncontroversial bills to be debated briefly and advanced. These bills might not otherwise appear on the agenda. The deadlines to request the placement of bills on the consent calendar are February 28 and March 2.

## Hearings Held this Week

### Veterans' Assistance

County veterans service officers, county board members and NACO testified in support of a bill to help ensure that county veterans aid is available to all veterans who need it, regardless of when they served. [LB869](#) would

strike language limiting veterans aid to members of the Armed Forces who served during designated periods of war or conflict so that veterans who served during peacetime would be eligible. Each county could decide whether to allocate additional funds and veterans service officers would determine whether and how much assistance would be provided to each veteran in need. Senators Eliot Bostar and Mike Jacobson introduced the bill on behalf of veterans service officers and NACO. LB869 has been suggested as a candidate for a consent calendar.

The committee also heard a bill to prohibit so-called benefit sharks from charging fees to provide referrals or assist veterans in filing claims for services. These services are already provided by county veterans service officers without charge. County officials testified in support of [LB1037](#).

## Road Projects and Funding

Counties, cities and the Department of Transportation testified in support of a measure to streamline the environmental review process for road projects. Under [LB1335](#), existing public roads, streets, highways and their associated right-of-way would be considered man-made structures, not critical habitat subject to the Nongame and Endangered Species Act. The Act, which is funded in part through an income tax checkoff program, is intended to help enable such wildlife to sustain itself successfully and ensure that projects do not jeopardize the continued existence of endangered species and their critical habitat. Senator Mike Moser introduced the bill on behalf of the Department of Transportation and selected it as his personal priority bill.

The Appropriations Committee heard [LB1401](#) would appropriate \$15 million in ARPA funds for the East Beltway in Lincoln. Lancaster County and the City of Lincoln would contribute funds in amounts to total a 20 percent match. A separate bill, [LB1411](#), would appropriate \$5.1 million of unobligated ARPA funds for bridge construction projects in a county with 20,000 to 30,000 inhabitants. The bill is intended to help reduce the backlog of bridges that need to be replaced or repaired.

## 911 and Broadband

On Tuesday the Transportation and Telecommunications Committee heard bills on next-generation 911 issues. [LB1255](#) would accelerate the migration from copper lines to next-gen 911. The new system would have increased redundancies to help prevent outages, as well as allowing 911 communications by text and other upgrades. [LB1256](#) would require carriers to submit reports on outages to the Public Service Commission (PSC). [LB1257](#) is a shell bill that could be used by the committee after the PSC completes its investigation into the outages.

On Friday, the Revenue Committee heard a bill ([LB1389](#)) to exempt broadband equipment from personal property tax if it is deployed in an area funded by the federal BEAD (Broadband Equity, Access, and Deployment) program or in certain qualified census tracts in a metropolitan class city.

## Court Security

This week the Judiciary Committee heard bills on courtroom security, inmate pay and juvenile detention issues.

[LB1360](#) would require the state to reimburse counties for up to \$12 million for the costs of deputies assigned to court security. The reimbursement would cover the actual wage costs, including benefits, for up to one and four-tenths deputies assigned per judge and one supervisor for every ten deputies assigned to court security. Counties are required by law to provide security for judges. Their presence also helps de-escalate tension in courtrooms and protects attorneys and the parties. County sheriffs, NACO and a representative of the Nebraska State Bar Association testified in support of LB1360. There were no opponents.

Under [LB1021](#), counties, cities and other entities employing inmates would have to pay them at least minimum wage and set aside a portion of the wages in various trust accounts. The jail administrator would transfer 25 percent of the inmate's net wages into a commissary account, with other funds designated for the support of their families, restitution and other legal obligations, and reimbursement for injuries caused by certain intentional acts of the inmate. Based on data from 10 of the 20 counties with the largest jail populations, NACO estimates that wages would likely exceed \$3.5 million statewide.

[LB916](#) would regulate the forfeiture of property in controlled substance cases. Other bills would consider youth renewal centers for high-risk youths juvenile detention facilities ([LB1282](#)), allow detention of juveniles for their own protection ([LB1208](#)), and require hearings for the release of certain juveniles ([LB1281](#)).

## Homestead Exemptions and Valuations

On Wednesday, the Revenue Committee heard a bill to increase documentary stamp tax fees by \$1.25 per \$1,000 of value on the transfer of property. Counties would receive an extra five cents, in addition to the 50 cents already collected from each fee. Other portions of the fund would be earmarked for new programs including military base development, innovation hubs, and the Nebraska film office. NACO testified in support of [LB1363](#), noting that the fee is a charge for using county recording systems and is an intergovernmental partnership. Senator Mike McDonnell has selected LB1363 as his priority bill. Increasing documentary stamp taxes has also been suggested as a mechanism for replacement revenue for inheritance taxes. [LB1379](#), a bill to increase the documentary stamp tax by 25 cents with the proceeds going toward a housing downpayment assistance fund, will be heard by the Revenue Committee on February 28.

The committee also heard [LB1367](#) that would create a property tax circuit breaker that would trip when residential property taxes are too high relative to income. The credit would be available when property taxes exceed five percent of the owner's federal adjusted gross income. The credit would be distributed as a refundable income tax credit, similar to the [LB1107](#) credit for school property taxes paid.

Senator Tony Vargas offered a bill that would create a property tax exemption for housing developments of at least five residential units and one or more rent-restricted units. The exemption provided by [LB1346](#) would be based upon the median income of target tenants. This information would be reported on the [Form 451](#) Exemption Application.

The committee also heard bills to require the correction of tax rolls upon the final order of an administrative body or court ([LB1019](#)) and two measures to cap residential property valuations. [LR285CA](#) would allow the legislature to create a separate class for residential property and limit its valuation growth. [LB1362](#) is a companion bill that would cap residential valuation growth at 5 percent. It would take effect after passage of the constitutional amendment.

## Emergency Proclamations

Utility companies could ask the Governor to declare an emergency for multiple counties without first requesting a declaration from a county under [LB1277](#). The request could be made by any political subdivision of the state that supplies electricity, natural gas, water, or sewer service. The declaration could be requested for a disaster, emergency or civil defense emergency. The bill was introduced on behalf of the Omaha Public Power District after they sought an emergency declaration due to ice jams. The Adjutant General and representatives of NEMA, emergency managers, and NACO testified in opposition. The bill was heard by the Government, Military and Veterans Affairs Committee.

The committee also heard bills to make meetings of governing bodies of entities holding state contracts open to the public ([LB1076](#)) and codify an agreement between state agencies to provide assistance to volunteer first responders to control wildland fires ([LB1243](#)). This would codify the Wildland Incident Response Team (WIRAT) that was created through a letter from Governor Dave Heineman in 2013.

## Bills Reported Out of Committees

Committees sent numerous bills to the floor of the Legislature for debate this week. Many are prioritized and some may appear on a future consent calendar. Here are some that affect counties.

[LB421](#), as introduced, would require the appropriate county board or city council, rather than health directors, to issue and enforce directed health measures. A committee [amendment](#) would allow health directors to issue and enforce community-wide district health measures with written approval issued by a majority of the publicly

elected county board members or city council members for a city-county health department. Such directed health measures would be submitted to the board of health for ratification at its next regularly scheduled meeting.

[LB861](#) would allow persons who signed a petition to remove their signature by submitting a letter, rather than an affidavit, to the Secretary of State, election commissioner or county clerk. A committee [amendment](#) would require election officials to verify the signature.

[LB894](#) would require candidates for county sheriff to hold a law enforcement certificate before they could file for election. An [amendment](#) would rewrite the bill to also require certification of appointees to fill a vacancy and allow a sheriff to serve in more than one county, if appointed. LB894 was designated as a Speaker priority bill and has appeared on the agenda but not been debated.

[LB910](#) would allow emergency medical responders to provide emergency care to law enforcement canines.

[LB918](#) would allow individuals who have received Deferred Action for Childhood Arrival (DACA) status to receive law enforcement training and certification.

[LB925](#) would prohibit discrimination against the firearm industry in government contracting. The bill would apply to any political subdivision or state agency.

[LB991](#) would regulate blockchain technology. It would prohibit local governments from imposing stricter noise requirements on digital asset mining than on data centers or other businesses.

[LB1004](#) would revise and clarify motorcycle helmet laws that were adopted last year, including allowing current riders to take an online safety course in order to ride without a helmet. Senator Ben Hansen designated it as his priority bill.

[LB1120](#) would require purchasers of land within a 10-mile radius of a military installation to file an affidavit stating that they are not affiliated with a foreign adversary. A committee [amendment](#) would remove a proposed requirement for registers of deeds to sign the affidavit before filing and redefine the property subject to filing requirements. Senator Brian Hardin designated LB1120 as his priority bill.

[LB1162](#) would clarify the ability of county sheriffs to collect mileage fees when using a county vehicle. It would require fees to be reported when collected, rather than when they are earned. A committee [amendment](#) would add additional clarification. Senator John Lowe introduced the bill on behalf of NACO.

[LB1174](#) would allow counties to vacate section line roads by resolution. A committee [amendment](#) would clarify that section lines are declared to be county roads but not required to be county roads. It would also eliminate provisions in the original bill that address county duties for surveying monuments.

[LB1175](#) would allow counties which use a competitive sale process to sell bonds with an extended call period. The current five-year call would continue to apply to counties that sell bonds using a negotiated sale process. Senator Rick Holdcroft introduced this bill on behalf of NACO.

[LB1200](#), as introduced, would update references to federal motor vehicle laws. A Transportation and Telecommunications Committee [amendment](#) would incorporate provisions from several other bills, including [LB900](#) that would extend the maximum length of trucks on roads to 45 feet. LB1200 is a Transportation Committee priority bill.

[LB1288](#) would authorize local tribal courts to enter mental health commitment orders. It has been designated as a priority by the State-Tribal Relations Committee.

## Hearings Scheduled for Next Week

February 29 marks the final day of committee hearings. Beginning on March 4, the Legislature will move to full days of floor debate. The mid-biennium budget bills will be placed on General File later that week and debate on

them will start mid-March. The tenor of debate on budget and appropriations bills will be set after the Economic Forecasting Advisory Board meets on February 29 to make revenue projections for FY24-25.

## Transportation and Telecommunications Committee

On February 27, the Transportation and Telecommunications Committee will hear a bill to change liability provisions for excavators under the One-Call Notification Systems Act. [LB1186](#) would provide that excavators who damage residential communication lines are not strictly liable for damage to lines buried less than 10 inches deep and more than 12 inches from a house.

The committee will also hear [LB1105](#), a bill to name the act that contains branded certificates of title laws. The bill would provide for the issuance of destroyed-vehicle branded certificates of title. An [amendment](#) has been offered that would revise the proposed definition of a structurally totaled vehicle.

## Election Worker Protection

[LB1390](#) would create a Class III misdemeanor for obstructing, harassing or otherwise interfering with the Secretary of State, election commissioners, county clerks, their employees and others assisting in conducting elections. The same penalty would apply to persons who disseminate the home address of these election workers without their consent and with an intent to assist in a criminal offense that is reasonably likely to cause death, bodily injury or stalking or the fear of these threats to the person or their close relatives. It would create a Class I misdemeanor for creating or disseminating deep fakes intended to mislead voters near the election. The Government, Military and Veterans Affairs Committee will hear LB1390 in a combined hearing with LB1262 on February 28. [LB1262](#) would create the Native American Voting Rights Commission to study voting barriers for Indian tribes in the state. The committee will also hear [LB1203](#) that would regulate the use of artificial intelligence in political advertisements.

## Property Tax Exemptions

On February 28, the Revenue Committee will hear a bill to enact the Long-Term Resident Homestead Exemption Act. [LB1361](#) would provide a homestead exemption for long-time homeowners. Owners who have resided in the same homestead for at least 10 years would be eligible to receive an exemption from school property taxes. Assessors would examine each application, notify homeowners of approval and adjust the assessment rolls accordingly. Once approved, owners would need to file a subsequent application in years divisible by five. Homeowners receiving this exemption would not be eligible for other homestead exemption programs. The state would reimburse counties for the amount of property taxes lost.

Another homestead exemption bill will be heard at the same hearing. [LB924](#) would create a homestead exemption for low-income persons living in qualified census tracts.

Other homestead bills were heard this week. [LB853](#) would increase the value of homes eligible for homestead exemptions to 350 percent of the average assessed value or \$300,000. [LB1151](#) would define occupancy provisions for property owners who are in nursing homes or otherwise away from their homes. [LB1041](#) would adjust eligible income amounts by the percentage increase in the average assessed value of a single-family residential property in each county. In addition, Senator Jen Day has prioritized a homestead exemption bill that she introduced last year. [LB126](#) would also provide a homestead exemption to veterans based on their level of disability.

Also on February 28, the committee will hear [LB1043](#) to require nonprofit economic development companies with underutilized property in areas with a high poverty rate to develop the property within two years.

In addition, the committee will hold a special hearing at the same time on an [amendment](#) to [LB1317](#) that would replace the bill with the Racing and Gaming Winnings Setoff Act. The amendment would create a procedure to set off gambling winnings against debt for child support payments, contracts and court judgments. The Department of Health and Human Services could submit debts of \$25 or more to the collection system. Gaming operators would have to check the collection system before making a payout to determine if there is an

outstanding state tax liability or other debt owed. LB1317 was introduced as a shell bill that could be used for another purpose, if necessary.

On February 29, the committee will hear [LB1149](#) that would create an exemption from motor vehicle taxes for Gold Star families. The 2021 Department of Motor Vehicles annual report shows 26 applications for Gold Star license plates. The committee will also hear [LB1342](#) to provide a sales tax exemption for electricity and natural gas for residential use.

### **Camping on County Property**

On February 28, the Judiciary Committee will hear [LB1357](#) that would make it a misdemeanor crime to knowingly camp on property owned by a political subdivision that has not been designated as a campsite. Notice that the property is not a campsite would have to be posted or otherwise made known by actual communication. The bill is aimed at homeless tent encampments on public and private property.

## **Committee Hearings Scheduled**

Every bill introduced by the Legislature is the subject of a public hearing. Following is a schedule of bills that are of interest to counties. Other bills not shown here may be heard at the same hearing. A complete list of [hearings](#) is available on the Legislature's website. For tips about testifying at a hearing, click [here](#). For options for providing input, click [here](#). Hearings will conclude this week

### **Tuesday February 27, 2024**

#### *Transportation and Telecommunications Committee*

Room 1113 - 1:30 PM

[LB1340](#) (Kauth) Change provisions relating to enforcement of offenses related to interactive or handheld wireless communication devices, speed limit violations, removal of vehicles from highways, and motor vehicle homicide

[LB1186](#) (Sanders) Change provisions of the One-Call Notification System Act

[LB1105](#) (DeKay) Name the Branded Certificate of Title Act and provide for the issuance of destroyed-vehicle branded certificates of title

### **Wednesday February 28, 2024**

#### *Government, Military and Veterans Affairs Committee*

Room 1507 - 1:30 PM

[LB1203](#) (Cavanaugh, J.) Regulate artificial intelligence in media and political advertisements under the Nebraska Political Accountability and Disclosure Act

[LB1390](#) (Bostar) Require a report and prohibit certain activities related to elections and change and provide penalties

Note: \*LB 1390 will be a combined bill hearing with LB 1262

[LB1262](#) (Day) Change and eliminate provisions relating to the Commission on Indian Affairs and provide for an ongoing study relating to Native American voting issues

#### *Revenue Committee*

Room 1524 - 1:30 PM

[LB1379](#) (Dover) Change the rate and disbursement of the documentary stamp tax and provide for grants by the Department of Economic Development for its comprehensive housing affordability strategy

[LB1361](#) (McDonnell) Adopt the Long-Term Resident Homestead Exemption Act

[LB924](#) (McKinney) Provide a homestead exemption for residents of qualified census tracts

[LB1043](#) (McKinney) Require the development of certain real property and provide for the revocation of property tax exemptions

[LB1040](#) (Fredrickson) Change provisions relating to income tax credits for food donations

## Thursday February 29, 2024

### *Government, Military and Veterans Affairs Committee*

Room 1507 - 1:30 PM

[LB1417](#) (Brewer) Create, eliminate, terminate, and provide, change, eliminate, and transfer powers, duties, and membership of boards, commissions, committees, councils, task forces, panels, authorities, and departments and change and eliminate funds

[LB1246](#) (Brewer) Change provisions relating to county government

### *Judiciary Committee*

Room 1113 - 1:30 PM

[LB1185](#) (Lowe) Change the offense of obstructing a peace officer

[LB1357](#) (McDonnell) Prohibit camping on certain property owned by political subdivisions

### *Revenue Committee*

Room 1524 - 1:30 PM

[LB1149](#) (Day) Provide an exemption from the motor vehicle tax for motor vehicles with Gold Star Family plates

[LB1342](#) (Wayne) Provide a sales and use tax exemption for electricity and natural gas

[AM2672](#) (Linehan) Amending [LB1317](#)

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