

NACO Legislative Report



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[Video Report](#)

Inheritance Tax Update

This week Senator Rob Clements introduced an [amendment](#) to [LB1067](#), the bill to eliminate inheritance taxes. The amendment proposes decreasing the rate of inheritance taxes on extended family and unrelated beneficiaries to six percent. The existing exempt amounts would not be changed. Currently aunts, uncles, nieces and nephews (Class 2) are taxed at a rate of 11 percent on amounts received in excess of \$40,000. Unrelated beneficiaries (Class 3) are taxed at a rate of 15 percent on amounts in excess of \$25,000.

Replacement revenue would be provided in the form of increases in documentary stamp taxes and motor vehicles sales tax commissions. Currently counties collect \$2.25 per \$1,000 of value in documentary stamp taxes on the transfer of real property. Of that, counties retain 50 cents and the rest is sent to the state for affordable housing, homeless shelter assistance, behavioral health, and other services. The amendment to LB1067 would increase collections to \$2.75, with counties retaining the additional 50 cents.

Motor vehicle sales taxes collection fees for counties would increase from one-half of one percent to one and one-half percent on amounts collected in excess of \$6,000 per month. The additional funds would be used according to the current formula of 75 percent to the county general fund and 25 percent to the county road fund.

A different version of LB1067 that included jail reimbursement had been debated in late February but thanks to your efforts, it has not appeared on the agenda since then. At that time, there were not enough senators committed to supporting the bill as written to be able to invoke cloture and vote on advancement. Speaker Arch has said he will not put LB1067 on the agenda again until the introducer can show that he has the 33 votes necessary to invoke cloture or has an agreement with NACO. At this point, no agreement has been reached.

Two interim study resolutions, [LR314](#) and [LR435](#), have been introduced to examine inheritance taxes and replacement revenue.

Property Tax Package Debated

The first bill in Governor Pillen's property tax package was debated for four hours on Wednesday before Revenue Committee chair Lou Ann Linehan asked for a pause in debate to work on amendments and technical issues. As written, [LB388](#) would place hard caps on county tax askings, increase the sales tax rate by up to one percent and eliminate several sales tax exemptions.

The second bill in the package was heard by the Education Committee and has not yet been advanced to the full body for debate. It would change the refundable income tax credit to a front-loaded line item on property tax statements.

Supporters of the package said that not voting for LB388 is effectively voting for a tax increase due to the impact of valuation increases without levy reductions. They spoke about property owners selling their homes or leaving the state due to high property taxes and the need to rebalance the three-legged stool of property, income and sales taxes.

Opponents said that the proposal is a tax shift, rather than a reduction, and that because sales taxes are regressive, they would disproportionately affect taxpayers with lower and middle incomes.

Debate on LB388 will resume when the Legislature reconvenes on [Tuesday](#) morning. Amendments have been filed to impose a tax on [luxury](#) items, strike a sales tax exemption on [lottery tickets](#), create a sales tax exemption for [diapers](#), and other issues.

Debate This Week

Mid-biennium adjustments to the state budget were adopted on Tuesday, the 50th day of the session. [LB1412](#) provides for transfers of funds from state agency cash funds and [LB1413](#) appropriates these and other funds. The budget would leave approximately \$20 million for senators to spend on other projects or tax cuts, including expanded homestead exemptions, new tax credits, and other programs. The Legislature also passed the annual claims bill, [LB1188](#). Governor Pillen has five calendar days, not including Sundays, to sign, veto, or line-item veto the bills.

Senators are scheduled for late nights of debate on Tuesday, Wednesday and Thursday. After what is expected to be four hours of debate on the property tax package on Tuesday, the agenda will move to General File priority bills including measures with prohibitions on right-to-list home sale agreements ([LB1135](#) to be amended into [LB1073](#)), revisions to the Nebraska State Patrol retirement plan ([LB196](#)), and consideration of child support payments for purposes of eligibility for state assistance ([LB233](#)).

[LB399](#) is also on the agenda. It would require notice of meetings by the Power Review Board for public or private electric generation projects prior to construction. An [amendment](#) has been filed to require giving notice of such projects to the county board of the county with zoning jurisdiction and requiring an application for a conditional use permit. Another [amendment](#) would require private projects to obtain a conditional use permit or special exception and hold a public hearing with a majority of the county board in attendance and an opportunity for public comment.

Committees continue to advance priority bills to the floor, usually with committee amendments incorporating several other bills. The Government, Military and Veterans Affairs Committee reported out [LB1300](#) that was introduced to create an annual review of supply chains and critical infrastructure in the state. A committee [amendment](#) includes provisions from [LB869](#), a bill introduced by Senators Eliot Bostar and Mike Jacobson on behalf of NACO and county veterans service officers, that would expand eligibility for county veterans aid to persons who served during peacetime. Existing language limits the benefit to those who served during specified periods of wartime or hostilities. [LB1358](#) would require a vote of residents when the board of a political subdivision votes to increase their salaries in excess of the average percentage change in the unadjusted Consumer Price Index (CPI), plus one percent. An amendment will be offered during General File floor debate to change the CPI factor to the cumulative rate of increases. This amendment would remove NACO's opposition to this portion of the bill.

Bills Advanced from Select File

The Legislature advanced priority bills and a short consent calendar from Select File this week. These are some of the bills affecting counties that were advanced:

[LB1120](#) would require purchasers of property near military bases to sign an affidavit affirming that they are not affiliated with any foreign government that is considered to be a foreign adversary. The [Form 521](#) real estate transfer statement would be revised to include a checkbox asking whether the affidavit has been completed. An

[amendment](#) was adopted stating that a violation of the filing requirement would not make the title invalid or unmarketable. The bill is intended to address questionable purchases of land near intercontinental ballistic missile fields in Banner, Cheyenne, Deuel, Garden, Kimball, Morrill, Scotts Bluff and Sioux counties. [LB1301](#), a bill that would provide for investigation of foreign ownership and penalties including divestiture, is on Select File.

[LB1167](#) would require a court appearance within seven days after an arrest without a warrant. A technical amendment was adopted before the bill advanced.

[LB1355](#) would appropriate funds from the Nebraska Opioid Recovery Fund for grants to health department, law enforcement, and behavioral health regions. Language incorporated from [LB1325](#) would allow local public health departments to distribute free fentanyl test strips.

[LB1108](#), as introduced, would have added 50 cents to each motor vehicle registration to increase funding for the statewide trauma system and emergency medical services. An [amendment](#) adopted on General File changed the funding source to a portion of motorboat and ATV sales and use taxes allocated to the Game and Parks Commission.

[LB1288](#) would ensure that emergency protective orders issued by tribal courts are honored in state and local facilities.

Bills Passed by the Legislature

Twenty bills were passed by the Legislature on Thursday, including several measures that would affect counties.

[LB1162](#) was introduced for NACO by Senator John Lowe. It would update the authority for county sheriffs to collect mileage fees when using a county vehicle to serve process. This change would reflect current practices. It would require fees to be reported to the county treasurer when they are collected, rather than when they are earned.

[LB877](#) would address the unintended consequences of last year's legislation on special valuation for small parcels. The bill would restore language requiring parcels eligible for special valuation to consist of five contiguous acres or more. For smaller parcels, the owner or lessee would need to provide a tax document reporting a profit or loss from farming for two out of the last three years. The bill has an emergency clause.

[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.

[LB1143](#) would repeal outdated statutes related to health districts. Health districts were created in 1939 and have been replaced with county health departments, district health departments formed through interlocal agreements, and city/county health departments. [LB1111](#), a bill introduced this year to restrict the authority of city-county health departments to independently issue directed health measures, remains in committee. Last year's bill, [LB421](#), was sent to the floor with a committee amendment but is unlikely to be debated.

[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 would be required to wear a helmet unless they are at least 21 years of age and the operator is licensed and has completed training. The bill has an emergency clause.

[LB1204](#) would allow holders of microdistillery licenses to operate rickhouses to store spirits. Other provisions would increase the dollar amount triggering the payment of taxes by nonprofits operating lotteries or raffles and prohibit disclosure of lottery winners' names without consent for prizes over \$250,000.

Governor Pillen Signs Public Records, Open Meetings Changes

Governor Pillen signed a bill making significant changes to public records and open meetings law on

Wednesday. [LB43](#) replaces 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 extends the time period to eight hours for requests from Nebraska residents and news media. Nonresidents can 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. Fees cannot be charged for copies of blank forms or pages that have all meaningful information redacted. Custodians can 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.

An interim study, [LR426](#), will examine whether further statutory reforms are needed. A recent Nebraska Supreme Court case found that a special service charge could be imposed on records requests.

Counties and other public bodies will have to give the public an opportunity to speak at each meeting. 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.

Other sections of the bill prohibit public agencies, including counties, from requiring an individual to provide personal information in their possession without the express permission of each party, except as required by law. Language incorporated from [LB277](#) prohibits the state and local governments from restricting religious services during a state of emergency to a greater degree than restrictions on businesses. Other sections require schools to allow students who are members of an indigenous tribe to wear tribal regalia on school grounds or at school functions and direct courts not to refer to state agency interpretations when deciding contested cases under the Administrative Procedures Act.

Interim Study Resolutions Introduced

Senators introduced their final interim study resolutions this week. Committee can introduce one additional resolution prior to adjournment. Each resolution is assigned to a committee for prioritization, including a determination of whether a hearing will be held. Following is a partial listing of interim study resolutions of significant interest and importance to county government. A complete list of the studies is available [here](#).

[LR314](#) (Clements) Interim study to examine adjustments to county revenue sources and elimination of unnecessary county expenses to compensate for a phaseout of the Nebraska inheritance tax by 2029

[LR336](#) (Dungan) Interim study to examine the method of funding for court interpreters and determine a stable or permanent funding arrangement

[LR347](#) (Dungan) Interim study to examine the frequency of claims brought under the Political Subdivisions Torts Claims Act and the State Tort Claims Act and the frequency of tort claims brought against other states

[LR357](#) (Holdcroft) Interim study to determine to what extent, if any, there is a necessity to bolster election security in the State of Nebraska

[LR362](#) (Brewer) Interim study to examine the dangers posed by artificial intelligence for elections

[LR367](#) (Day) Interim study to examine mechanisms to slow the rise of property tax valuations during periods of rapid property value increases

[LR380](#) (DeBoer) Interim study to examine issues regarding affordable broadband in Nebraska

[LR381](#)(DeBoer) Interim study to conduct a comprehensive examination of court fees as a funding source for the court system and the judicial branch

[LR401](#) (DeBoer) Interim study to conduct a comprehensive examination of Nebraska's county jails

[LR402](#) (DeBoer) Interim study to examine and monitor broadband expansion in Nebraska

[LR403](#) (DeBoer) Interim study to examine telecommunications and issues discussed during the hearing on LB1256 introduced in the One Hundred Eighth Legislature

[LR414](#) (Meyer) Interim study to determine the feasibility of having the state run all property assessment in Nebraska, merging county assessors with another office, or having county assessors be an appointed position

[LR418](#) (Dover) Interim study to examine the current property tax valuation process

[LR420](#) (Fredrickson) Interim study to examine the budget needs of and funding sources for regional behavioral health authorities

[LR422](#) (Fredrickson) Interim study to examine the needs, successes, and challenges relating to behavioral health in Nebraska

[LR426](#) (Conrad) Interim study relating to public records requests to determine whether reports of the resistance of government entities to public record requests are representative or isolated

[LR435](#) (Raybould) Interim study to assess the loss of funding to Nebraska counties as a result of an elimination of the Nebraska inheritance tax and to identify potential state funding sources to replace lost revenue

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