

NACO Legislative Report



August 9, 2024

[Video Report](#)

Debate on Property Tax Package Delayed

After several hours of tense discussion that criticized the timing and procedures for the special session, the Legislature adjourned on Thursday without a property tax bill on the floor for debate. Because [LB1](#), the bill introduced by Senator Lou Ann Linehan on Governor Pillen's behalf, met with much opposition at the Revenue Committee hearing last week, the committee pivoted to use [LB9](#) as the base for the committee bill. A draft amendment to LB9 was circulated to senators Wednesday night and the Revenue Committee met in executive sessions on Thursday to work through the fine points of the amendment but were unable to finalize it in time to vote it out of committee and debate it on the floor this week.

The Legislature was [scheduled](#) to meet on Friday and Saturday, but at Senator Linehan's request, the body adjourned until Monday at 1:00 p.m. so the Revenue Committee could work on the amendment and negotiate with opponents. Debate on the amendment could begin on Tuesday.

The discussion this week occurred during debate on [LB4](#), which would appropriate funding for the costs of the first ten days of the special session, and the confirmation of gubernatorial appointments. If the special session is longer than ten days, the Legislature will adopt a deficit appropriation during the 2025 regular session to cover any additional costs. Monday will be the tenth day of the special session. LB4 was advanced from the first and second rounds of debate.

Concepts in the Revised Property Tax Plan

Although the Revenue Committee continues to work on the details of the amendment to [LB9](#), the following concepts are expected to continue to be part of overall property tax relief proposal:

County and city property tax requests would be capped at zero percent or the percentage change in the consumer price index, whichever is greater. Although it appeared that there might be some consideration of using a different inflationary measure that is more relevant to government, it was not included in the draft amendment to LB9.

An exception to the cap would be created for public safety, which is defined to include crime prevention, offender detention, police, fire, medical, ambulances or other emergency services, county attorneys, and public defenders. Senator Eliot Bostar's [LB28](#) had proposed removing public safety services from the base limit calculation in county budgets.

Language from [LB45](#) would transfer the duties of ex officio clerks of the district court to the state. Clerk magistrates from county courts would assume those responsibilities over the course of two years starting in 2026.

Elected clerks of the district court would not be transferred unless voters opted not to retain the office as an elected position.

Counties would be reimbursed for 25 percent of the cost of operating and maintaining county jails in 2025, and 50 percent thereafter under concepts that were presented in [LB53](#). Counties with jails would report the costs to the Jail Standards Board, rather than using the inmate per diem process that was proposed as a means of providing replacement revenue for inheritance taxes during the regular session. Because reimbursement would only be available to counties conforming to the regulations of the Jail Standards Board, Douglas County would not be eligible for reimbursement under the amendment that was circulated. Douglas County's jail is certified under the guidelines of the American Correctional Association (ACA). At the Judiciary Committee hearing on LB53, NACO recommended an amendment to include jails following the ACA.

The maximum school levy would drop from \$1.05 to .25 cents. This reduction would be offset by state aid generated from removing exemptions and expanding the sales tax base.

New ag machinery and equipment would not be subject to personal property taxes but would have a 2 percent excise tax.

A property tax credit would be provided for property taxes paid for natural resources districts.

Upcoming Interim Study Hearings

In addition to the public hearings on special session legislation, public hearings will be held on interim study resolutions that were introduced during the 2024 regular session. The full schedule of hearings is [here](#). Following are hearings of interest to counties:

Thursday September 5, 2024

Revenue Committee

Room 1524 - 1:30 PM

[LR384](#) (Linehan) Interim study to examine nonprofit organizations, their nonprofit status, the way they use their nontaxable income, and the ways they use their nontaxable income for political purposes. Invited Testimony Only

Friday September 6, 2024

Revenue Committee

Room 1524 - 1:30 PM

[LR384](#) (Linehan) Interim study to examine nonprofit organizations, their nonprofit status, the way they use their nontaxable income, and the ways they use their nontaxable income for political purposes. Invited Testimony Only

Friday September 20, 2024

Revenue Committee

Room 1524 - 1:30 PM

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

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

Revenue Committee

Room 1524 - 10:00 AM

[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. Invited Testimony Only.

Friday October 4, 2024

Revenue Committee

Room 1524 - 1:30 PM

[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. Invited Testimony Only

[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. Invited Testimony Only

Friday October 18, 2024

Transportation and Telecommunications Committee

Room 1113 - 1:30 PM

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

Wednesday December 4, 2024

Transportation and Telecommunications Committee

Room 1113 - 10:00 AM

Special Hearing - Joint meeting of the Transportation and Telecommunications Committee and the Appropriations Committee to receive the Department of Transportation Highway Needs Study Report. Invited Testimony Only

Transportation and Telecommunications Committee

Room 1113 - 1:30 PM

Special Hearing - Joint Meeting of the Transportation and Telecommunications Committee and the Nebraska Broadband Office on Report of status of Broadband in Nebraska

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