

# NACO Legislative Report



January 31, 2025

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## Senators Advance Bills from General File

The Legislature advanced 23 bills from [General File](#) during morning floor debate this week. The bills, which were heard by the Legislature's [standing committees](#) last week, were noncontroversial and generally advanced with no opposition. Two of the bills were introduced on behalf of NACO. [LB58](#) would repeal an outdated process for filing jewelers' liens in county clerks offices and [LB126](#) would allow counties that sell their bonds competitively to have an extended call period.

[Hearings](#) will continue in the afternoons through the end of March. Full days of floor debate will begin on March 31.

On Tuesday, Nebraska Supreme Court Chief Justice Jeffrey Funke presented the annual [State of the Judiciary](#) address. He outlined the current needs of the Judicial Branch, including funding for an updated case management system and behavioral health services.

## Inheritance Tax Hearing Scheduled

Inheritance taxes would be reduced for some beneficiaries and counties would receive replacement revenue through a variety of sources under a bill that will be heard by the Revenue Committee on February 5. [LB468](#) was introduced by Senator Rob Clements as part of his commitment to find sources of replacement funding, or "pay fors", that do not increase property taxes. A NACO study this summer generated ideas for increased fees and commissions to reflect actual costs, updated distribution formulas, and state assumptions of responsibilities. Several of these are included in the bill.

Governor Jim Pillen met with the NACO Board by zoom this week to give his assurance that revenues lost from inheritance taxes will be replaced by other funding or backstopped by the state. He expressed willingness to testify to this position at the hearing in person or through staff. Because of that, the NACO Board voted to conditionally support the bill, contingent upon replacement revenue. If the amount generated by "pay fors" is reduced, the inheritance tax rate reduction should be adjusted accordingly.

The bill as written would reduce inheritance tax rates for Class II and Class III beneficiaries to one percent on the clear market value of property received by each beneficiary in excess of \$100,000. Currently, Class II beneficiaries, who are aunts, uncles, nieces and nephews, are taxed at a rate of 11 percent on amounts in excess of \$40,000. Unrelated or more distantly related heirs, who are Class III beneficiaries, are taxed at 15 percent on amounts in excess of \$25,000. The change is estimated to reduce inheritance tax collections by \$33 million.

The "pay fors" of replacement revenue include:

Increasing counties' share of documentary stamp taxes by 50 cents

Increasing marriage license fees from \$25 to \$40

Increasing fees for advertising delinquent tax from \$5 to \$20 per parcel

Increasing motor vehicle out of state inspection fees from \$10 to \$20

Increasing distress warrant fees for delinquent personal property taxes

Increasing nameplate capacity tax rates

Increasing counties' administrative fees for motor vehicle tax collection

Reallocating carline taxes

Reallocating insurance premium taxes

Providing \$5 million from the Securities Act Cash Fund

## **Revenue Committee Hears Tax Sale, Permitting Bill**

Revisions to tax sale procedures and building permitting processes were combined into a single bill that was heard by the Revenue Committee on Thursday. Nineteen testifiers representing counties, cities, affordable housing groups, builders, realtors, tax sale investors, chambers of commerce and other interests spoke on [LB458](#). Most indicated positions on only one of the issues and several committee members questioned whether the two issues should be combined.

The tax sale portion of the bill contains language crafted by county treasurers and tax sale purchasers to clarify tax sale notice and fee provisions that were enacted two years ago. That language requires purchasers of tax sale certificates to notify property owners by personal service and allows the purchasers to be reimbursed for the service at the greater of \$100 or the actual cost of the service if the property owner redeems the delinquent taxes. These provisions require sheriffs to make repeated attempts at service and give county treasurers little guidance to determine when to collect the fee and the amount.

The proposed language would allow investors to receive a flat \$150 fee, regardless of whether service is completed. Notice could be given through personal or residential service, with notice by certified mail if other attempts are unsuccessful. The fee for publishing the list of delinquent property prior to the tax sale would be increased from \$5 to \$20 to reflect actual publication costs.

Language included in LB458 on behalf of land banks would shorten the time frame to request a tax deed or apply for foreclosure from three years to two years for property that is vacant and abandoned.

The permitting provisions of the bill would enact a 60-day shot clock for local governments to approve permits. By-right provisions would allow developers who have met the standards for a project to develop it without the need for local government approval. Proponents said that the proposal would facilitate the development of affordable and workforce housing. Opponents, including counties and cities, questioned the impact of rushed decisions and a lack of oversight on local zoning, future planning, neighbors' rights.

The committee took no immediate action on the bill.

## **Hearings Held This Week**

Committees held hearings this week on numerous bills of interest to counties

**Transportation and Telecommunications Committee**

Weight limits that restrict the size of ATVs and UTVs that can be issued a certificate of title would be eliminated under a bill heard by the Transportation and Telecommunications Committee on Tuesday. Current titling laws define ATVs and UTVs as weighing less than 1,200 and 2,000 pounds respectively. These vehicles have increased in size over time due to increased safety and comfort features. NACO and ATV and UTV dealers testified in support of [LB98](#).

The same provisions were included in [LB337](#) that would require ATVs and UTVs that are not used for ag purposes to be registered. County boards would be given authority to enact ordinances to regulate their use on county roads. A similar bill, [LB690](#), has not been set for hearing.

The committee also heard [LB362](#) that would update 911 statutes by eliminating and combining outdated committees. The groups were created to help implement different phases of 911 services and are now unnecessary because all public safety answering points are connected to next-generation 911 technology. NACO and county sheriffs testified in support of the bill. It was advanced by the committee and appears on [Monday's agenda](#) for General File debate.

### **Agriculture Committee**

County weed superintendents, natural resource districts, ag groups, and NACO testified before the Agriculture Committee in support of increasing appropriations to the Noxious Weed and Invasive Species Assistance Fund to help manage riparian vegetation. [LB145](#) would increase appropriations from \$3 million to \$6 million beginning in FY25-26.

Since 2007, the state has appropriated funding through the Department of Agriculture to aid counties and their partners in controlling invasive vegetation in waterways and increasing flow conveyance. This work was a primary factor in reducing a \$72 million lawsuit filed by the State of Kansas for not delivering enough water to \$5 million.

### **Urban Affairs Committee**

County assessors would receive earlier notice of the need to divide taxes in TIF (tax increment financing) projects under [LB240](#) that was heard by the Urban Affairs Committee this week. Moving the deadline from August 1 to July 1 would give assessors more time to complete their part of the process of dividing taxes between the excess and the base. The bill was introduced by Senator Mike Jacobson at NACO's request.

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

The Government, Military and Veterans Affairs Committee heard several bills affecting local government. [LB373](#) would allow county boards to abandon or vacate section line roads. A traffic study would not be required. NACO testified in a neutral position, noting that the decision to abandon or vacate a road is made locally.

[LB294](#) would increase the maximum amounts of individual Visitors Improvement Fund grants. As introduced, grants could be awarded in amounts of the greater of one percent of the lodging tax collected or \$2,500. An amendment was offered to change the \$2,500 amount to a \$5,000 maximum. The increased amount would extend the option of awarding larger grants to 23 counties.

[LB266](#) would prohibit cities and counties from enacting ordinances to impose rent controls.

[LB123](#) would revise statutes on withholding state aid to governmental entities that fail to file an annual audit or meet budget limits. Because counties were removed from the restricted funds calculation by last summer's [LB34](#), the bill as written would not apply.

### **Revenue Committee**

The Revenue heard two bills this week to base homestead exemptions for certain disabled veterans on the percentage of the veteran's percentage. [LB425](#) would provide an exemption for veterans with a disability rating of 80 percent or greater. [LB272](#) would use a 10 percent disability as the qualifying point.

A bill heard last week to clarify that disabled veterans assigned a total disability rating under federal code would be eligible for a full exemption was reported to the floor and advanced from General File. [LB209](#) would also clarify the property tax exemption for certain nursing and long-term care facilities.

## Hearings Scheduled For Next Week

In addition to [LB468](#), the bill on inheritance taxes, committees will bills on motor vehicles, building inspections, and directed health measures next week.

### License plates

Motor vehicle owners could choose to use one or two license plates under a bill that the Transportation and Telecommunications Committee will hear next Tuesday, February 4. Under [LB279](#), two plates would be issued but only one would need to be placed on the vehicle. At the same hearing, the committee will take testimony on [LB343](#) that would reduce the fee for specialty license plates from \$70 to \$40. Because 40 percent of these fees are distributed to the Highway Trust Fund, this would reduce the amount of funding for counties. Some of the reduction could be offset if the lower cost would generate a boost in sales of the plates. Other bills heard that afternoon would create military license plates for the U.S. Space Force ([LB134](#)), provide for permanent plates for commercial fertilizer trailers ([LB563](#)), and provide for Arbor Day plates ([LB568](#)).

On Monday, February 3, the committee will hear bills to allow the state or counties to deliver license plates. [LB543](#) would facilitate increased numbers of online motor vehicle transactions and the possibility of state assumption of motor vehicle licensing in the future. [LB207](#) would increase registration fees for alternative fuel vehicles. The bill is intended to make up for lost fuel taxes. [LB97](#) is the annual Department of Motor Vehicles cleanup bill.

### Virtual Building Inspections

[LB441](#) would allow certain inspections for building permits to be conducted virtually by an authorized inspector. The bill, which will be heard by the Urban Affairs Committee on February 4, limits inspections to buildings of less than three stories and 10,000 square feet. Inspection records would have to be made available to the public.

### Directed Health Measures

Local public health directors would need approval of a majority of the elected public officials on board of health before issuing directed health measures under [LB203](#). The bill would require the directed health measure to be submitted at the next meeting of the board of health for ratification. [LB203](#) will be heard by the health and Human Services Committee on February 7.

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

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