

# NACO Legislative Report



March 7, 2025

[Video Report](#)

## Inheritance Tax Repeal Hearing Scheduled

A proposed constitutional amendment to prohibit the state and political subdivisions from levying inheritance taxes will be heard by the Revenue Committee on March 12. [LR13CA](#) does not include provisions for replacement revenue. Without replacement revenue, either taxpayers will have to pay more property taxes in order to maintain the current level of support for bridges, emergencies, levy buydowns, reserves, and other projects that are funded by inheritance taxes, or those services will suffer cuts. If passed by the Legislature, LR13CA would appear on the November 2026 general election ballot.

All county officials are urged to contact members of the [Revenue Committee](#) and their own [senators](#) to express opposition to the constitutional amendment. Tell them how your county uses inheritance taxes and the property tax increases or cuts in services that might result from eliminating inheritance taxes without sustainable replacement revenue. Statewide, counties collect more than \$90 million annually in inheritance taxes.

### Alternative to LR13CA

An alternative to LR13CA was heard earlier in the session. [LB468](#) would reduce inheritance tax rates for extended family and unrelated beneficiaries and provide replacement revenue through fee increases and reallocations. Senator Rob Clements, who introduced LB468, has agreed that if the revenue replacement is reduced by the Legislature, the proposed inheritance tax rate should be adjusted accordingly. Because of this, and assurances by Governor Pillen that lost inheritance tax revenue should be replaced, NACO testified in conditional support of LB468 during its public hearing on February 5.

As written, LB468 would reduce inheritance tax collections by an estimated \$33 million statewide by reducing 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.

Replacement revenue would be provided by:

Increasing counties' share of documentary stamp taxes by 50 cents

Increasing nameplate capacity tax rates

Reallocating carline taxes

Reallocating insurance premium taxes

Providing \$5 million from the Securities Act Cash Fund

LB468 also proposes increased fees to more closely reflect costs of doing business. This includes:

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 counties' administrative fees for motor vehicle tax collection

The Revenue Committee has discussed LB468 in executive sessions but not yet voted to send the bill to the full Legislature. A majority vote of the 8-member committee is needed to advance the bill from committee.

**Submit Testimony on LR13CA**

If you are interested in testifying at the hearing for LR13CA, please let NACO know no later than Monday. If you do not wish to testify, you can still attend the hearing and sign in to indicate your opposition to the bill.

To submit comments for the public record for the hearing on LR13CA, go to the [LR13CA](#) page on the [Legislature's](#) website. Click on [Submit Comments Online For LR13CA](#). Online comments are limited to 500 words and must be submitted before 8:00 a.m. on March 12. You will receive a confirmation email with a link to complete the submission. Comments may be submitted online or in person, but not both.

Members of the Revenue Committee are:

[Senator Brad von Gillern, Chair](#)

[Senator Mike Jacobson, Vice Chair](#)

[Senator Eliot Bostar](#)

[Senator George Duncan](#)

[Senator Teresa Ibach](#)

[Senator Kathleen Kauth](#)

[Senator Dave Murman](#)

[Senator Tony Sorrentino](#)

A full list of senators and contact information is [here](#).

The hearing will be held at 1:30 p.m. in Room 1524 of the State Capitol. [Nebraska Public Media](#) will livestream the hearing.

**TIF Notice, ATV Titling Bills Passed**

The Legislature passed 23 bills on Thursday, including bills introduced on NACO's behalf to set an earlier deadline to give county assessors notice of tax increment financing projects ([LB240](#)) and to remove weight limits that restrict titling of all-terrain and utility-type vehicles ([LB98](#)).

Appropriations Committee Chair Rob Clements shared an update of the state's [fiscal status](#) following a reduction of \$90 million in federal Medicaid funds. When combined with last week's economic forecast, transfers from

reserves, and other offsets and proposed cuts, the deficit is expected to be about \$189 million. Clements urged senators to consider the shortfall when advancing bills. Bills appropriating state general funds are not passed until the budget is adopted. [Budget](#) bills must be sent to the floor by the 70th day of a long session, which is April 29 this year.

[Priority bill](#) designations continued this week. Each senator can select one personal priority bill and each committee can prioritize two bills. The Speaker can designate 25 bills. Priority bills must be selected by the end of next week. The Health and Human Services Committee has selected [LB376](#), a Department of Health and Human Services cleanup bill that would eliminate a 40-year old requirement for counties to provide office space for the Department. The budget and priority bills will be the focus of floor debate for the remainder of the session.

## Hearings Held This Week

### Government, Military and Veterans Affairs Committee

No-excuse early voting and online voter registration would be eliminated by a bill heard by the Government, Military and Veterans Affairs Committee. [LB541](#) would allow counties to hand-count ballots for any election or automatic recount. It would limit the number of ballots that could be returned by a single agent, shorten the period to return early voting ballots, and require surveillance of ballot drop boxes. Ballots would have to carry a watermark for security.

Proponents asserted that early voting presents opportunities for fraud because ballots are out of election officials' control after they leave the election office. They said that the identification information on early voting ballots violates the intent of voter ID laws because a pollworker cannot compare the photo on the ID to the voter. They questioned the accuracy of electronic counting and centralized voter rolls.

County election commissioners, the Secretary of State's office, pollworkers, civic groups, and NACO testified in opposition to LB541. Testifiers pointed to the efficiencies of online voter registration, including the ability for voters to update names, addresses or political parties. They shared data on the popularity of no-excuse early voting and questioned the impact of delayed postal deliveries on a shortened voting time frame. They gave examples of the Secretary of State's existing process to audit more than the statutorily-required number of ballots, noting that the time needed to count all ballots by hand after an election would delay the results and require many additional election workers.

The committee also heard [LB586](#) that would require county election officials to create an election plan to facilitate voting by person in jails, hospitals and care facilities. Although the bill does not show a fiscal impact to the state, counties that currently do not pick up voted ballots from these facilities would need to consider costs and logistics for pick-up staffing and security in jails. An amendment was suggested to clarify the civil penalty for noncompliance. The committee has not reported action on either bill.

### Transportation and Telecommunications Committee

Broadband providers would need to provide a resolution of project support from each county, city, and village in which the project is located in order to be eligible for broadband grants under [LB176](#). Because some providers do not give adequate notice of pending projects to local governments, overbuilding and improper fiber installation has occurred in some areas. As introduced, the bill would apply only to Broadband Bridge grants but an amendment was offered at the hearing to expand the requirement to other grants administered by the Public Service Commission. County officials, city representatives and NACO testified in support of the bill and shared examples of the bad actors and situations that led counties to ask Senator Jana Hughes to introduce the bill. Opponents testified that the grant application periods are too short to wait for a resolution in counties that meet once a month.

The committee also heard a bill to increase funding for public safety answering points by allowing the 911 surcharge on cell phones to be increased to \$1.00 per month statewide. Currently the maximum rate is 70 cents, except in Douglas County, where the maximum rate is 50 cents. [LB576](#) would require the Public Safety

Commission to maximize operational support for PSAPs when they set the surcharge rates. County officials and NACO testified in support of the bill. Senator Myron Dorn introduced LB576 on NACO's behalf.

[LB690](#) would give county boards authority to regulate the operation of all-terrain and utility-type vehicles on county roads. These vehicles would be registered and issued license plates. A similar bill, [LB337](#), was heard earlier and remains in committee.

[LB714](#) would increase motor vehicle tax collection fees from one percent to two percent and reallocate more of the remaining share of receipts to counties and cities. Currently counties receive 22 percent, cities generally receive 18 percent, and schools receive 60 percent. LB714 would increase the county share to 40 percent and cities to 23 percent. The school share would be reduced to 37 percent. In addition, the bill would increase the base fee for all classes of motor vehicles and expand the rate table for motor vehicle base taxes to include tiers for vehicles valued at \$200,000 and over. Currently the highest tier is for vehicles valued at \$100,00 and over. Increasing stable revenue streams such as these was suggested during NACO's study of taxes and fees last summer. NACO testified in support of the bill.

## **Appropriations Committee**

Two bills to provide state funding for interoperable communications were heard by the Appropriations Committee this week. [LB25](#) would appropriate \$5 million in matching grants for mobile radios and equipment for volunteer departments, including fire, first aid, rescue or emergency squads. Agencies would be required to provide a 50 percent match.

[LB62](#) would appropriate \$19 million for equipment to establish interoperability between state agencies and local departments using the Statewide Radio System. Interoperable radios cost about \$9,000 each and an entire kit for areas without other connectivity costs \$25,000. Committee members asked if other alternatives, such as cell phone-based radios, would serve as a less expensive options to the statewide system. Representatives of counties, fire departments, sheriffs' posses and NACO testified in support of one or both of the bills.

## **Judiciary Committee**

When criminal charges are dropped or a defendant is found not guilty, they would be able to seek damages for attorney fees and other litigation expenses, as well as actual damages such as lost wages under [LB127](#). According to the bill's intent language, it would lessen the hardship faced by defendants and serve as an incentive for restraint in making prosecutorial decisions. The Judiciary Committee heard testimony in support of the bill from defendants who did not choose to pursue existing civil remedies following their prosecution. County officials and NACO testified that the bill as written does not clearly define whether counties or the state would be responsible for the costs. Acting on behalf of the state, county attorneys are paid by counties to prosecute and defend laws enacted by the state, but counties have no authority to enact their own criminal laws. If counties would be found liable for damages under LB127, the costs would be paid through property taxes.

Other bills heard by the committee would create the offenses of unlawful squatting ([LB443](#)) and organized retail crime ([LB464](#)).

## **Revenue Committee**

Filibusters during last summer's special session limited the ability of the Legislature to make essential technical and substantive revisions to bills imposing property tax caps on counties and cities. [LB211](#) and [LB242](#), which were heard by the Revenue Committee this week, were introduced to make those revisions to [LB34](#), the main property tax bill of the special session.

LB211 would adjust the formula used to calculate the cap on property tax requests for counties that use the new public safety exception found in LB34. If public safety services account for less than 20 percent of the subdivision's property tax budget, property tax request authority could be increased by the greater of two percent or inflation. If public safety services account for 20 percent or more of the subdivision's property tax budget, property tax request authority could be increased by the greater of zero percent or the inflation percentage. Changes made by LB34 adopted SLCE ([State and Local Consumption Expenditures and Gross Investments](#)),

rather than the Consumer Price Index, as the inflationary factor. LB34 replaced the lid on restricted funds with a property tax cap as part of the Property Tax Growth Limitation Act.

LB242 would redefine and harmonize allowable growth measures and unused restricted funds between the current lid and the new cap. It would include amounts budgeted for substance abuse prevention, behavioral health, and opioid abuse prevention within the exception for public safety services. Other exceptions would be created for federal and state grant matching funds and replacing lost revenue streams. It would clarify that counties retain a one percent collection fee for distributing school property tax credits. The timing of elections to override the cap would be revised.

NACO, the League of Municipalities, and city officials testified in support of the bills.

## Hearings Scheduled For Next Week

### Government, Military and Veterans Affairs Committee

Political subdivisions that supply electricity, natural gas, water or sewer services could request an emergency proclamation directly from the governor without first requesting an emergency declaration from a county or other governmental entity under [LB546](#). The declaration would cover multiple counties for a disaster, emergency, or civil defense emergency. The bill will be heard by the Government, Military and Veterans Affairs Committee on March 12.

In addition, [LB693](#) would help protect veterans from unaccredited consultants who charge fees to help them apply for veterans benefits or other services. County veterans service officers and other accredited individuals provide assistance in preparing these claims at no cost. The bill would add the fee-based arrangements to the list of actions that can be considered deceptive trade practices. Persons who violate the Uniform Deceptive Trade Practices Act are guilty of a Class II misdemeanor and may be subject to damages and civil penalties.

On March 13, the committee will hear [LB546](#) to allow publication of legal notices on a website or application of a digital newspaper to be considered legal publication if the digital entity does not have a print publication. The notices would also be placed on a statewide repository of public notices.

### Revenue Committee

In addition to a constitutional amendment to repeal inheritance taxes, the Revenue Committee will hear bills next week on gambling, sales taxes, and homestead exemptions.

On March 12, the committee will hear [LR13CA](#) to repeal inheritance taxes and [LB152](#) to exempt the first \$100,000 of actual value of each owner-occupied homestead. LB152 is similar to a bill introduced during the special session with the stated goal of providing targeted tax relief for Nebraska resident homeowners, rather than property owners from outside of Nebraska.

In addition, [LB582](#) would increase the amount of taxes imposed on certain mechanical gaming devices and reallocate the distribution of funds toward education and the state's general fund.

On March 13, the committee will hear bills to eliminate sales tax exemptions for [candy, soft drinks](#), and nearly 20 [services](#).

On March 14, the committee will hear [LB547](#) that would change the definition of disabled veteran for purposes of motor vehicle and property tax exemptions. A similar bill was introduced in 2021.

[LB107](#) would provide an income tax credit to renters of four percent of rent paid for their primary residence or \$200.

### Transportation and Telecommunications Committee

Railroad safety bills will be heard by the Transportation and Telecommunications Committee on March 10. [LB37](#) by Senator Mike Jacobson would enact the Railroad Safety Act. It would prohibit blocking a public crossing for more than 10 minutes or obstructing a public crossing in a way that delays emergency vehicles. Railroads would have to offer training on hazardous substances to fire departments along the tracks every three years and install wayside detectors.

Other bills would allow Public Service Commission inspectors to work with Federal Railroad Administration inspectors on accidents ([LB128](#)), reinstate Nebraska as a member of the Midwest Interstate Passenger Rail Compact ([LB256](#)), and keep personal information of train crew members confidential ([LB485](#)).

**Judiciary Committee**

On March 12, the Judiciary Committee will hear [LB578](#) to require inmates to be paid at least the statutory minimum wage when they are employed by a county, city or other person. The sheriff or city jail administrator would have to open deposit accounts for such inmates.

On March 13, the committee will hear [LB556](#) that would lower the minimum age for detention and charging juveniles as adults for serious felonies. [LB584](#) would revise penalties for youth who are charged as adults. [LB694](#) would prohibit discrimination based upon military status.

**Business and Labor Committee**

Employees who file civil actions for discrimination would be entitled to a jury trial under [LB361](#) that will be heard by the Business and Labor Committee on March 10. This would include cases brought against the state and governmental agencies. In addition, retaliation or discrimination against employees who file claims or seek remedies for work-related injuries would be prohibited.

**General Affairs Committee**

On March 10, the General Affairs Committee will hear bills on [gambling](#), [online sports betting](#), [fantasy sports](#), and [entertainment district](#) licenses. Several would allocate tax proceeds to the Property Tax Credit Act.

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

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