

NACO Legislative Report



March 1, 2024

[Video Report](#)

Inheritance Tax Repeal Debated

Senators debated a bill to eliminate inheritance taxes for more than four and a half hours this week before the bill was removed from Thursday's agenda. Friday was a recess day and it is not scheduled for debate on Monday.

As introduced, [LB1067](#) would phase out inheritance taxes over five years. It would reinstate a reimbursement program for holding state prisoners and would allow counties to use Visitors Promotion and Visitors Improvement funds for purposes other than tourism. An [amendment](#) was adopted to strike the proposed changes to the visitors funds. When time ran out on Wednesday, an [amendment](#) was pending that would phase in jail reimbursement but not change the definition of who is considered a state prisoner.

Proponents of LB1067 said counties have excess reserves and should focus their spending on needs, not wants. Some called it "mean" and "the cruelest tax" because it affects those who are grieving. Others said the five-year phase out would give counties time to account for the loss of funding and that increased property valuations have caused collections to increase.

Many senators who spoke on the bill acknowledged that counties need replacement revenue if inheritance taxes are eliminated. Senator Robert Clements, who introduced LB1067, offered an interim study [resolution](#) to examine potential county revenue sources and the elimination of unnecessary county expenses to compensate for phased-out inheritance taxes.

Senators read emails from several county officials that outlined how counties use inheritance taxes and the property tax consequences if they are eliminated without replacement revenue. Opponents of the bill argued that LB1067, in conjunction with the caps proposed in the pending property tax reform package, would hamper counties' abilities to provide services without raising property taxes. They said counties budget and spend prudently and are at the mercy of natural disasters, increased costs, and unfunded mandates dictated by the state.

When debate ended on Wednesday, Speaker John Arch asked for a meeting between NACO and proponents of eliminating inheritance taxes, including Senator Clements, Revenue Committee chair Lou Ann Linehan, and Governor Pillen's staff. NACO entered into the discussion in good faith but no agreement was reached. NACO does not support repealing inheritance taxes without 100 percent revenue replacement.

Slightly less than two hours of debate remain before reaching the eight-hour mark to invoke cloture and end debate. Thirty-three votes are required to invoke cloture. If the cloture vote is successful, votes are taken on each pending amendment and then on advancement of the bill. If there are not 33 votes for cloture, the bill is removed from the agenda and is effectively dead for the rest of the session. That is our goal.

Thank you again to all county officials who reached out to their senators. Your factual examples about the uses and importance of inheritance taxes to counties and the need for replacement revenue made an impact. Please keep it up. We need to make sure there are not 33 votes for cloture and that the bill is done for this session. Because today is a recess day, many senators will be home in their districts this weekend. We would encourage you to find the time to meet with your senators and get them to commit to either a no vote on the bill itself, or a no vote on cloture if there is not 100 percent revenue replacement for counties.

Legislative Action This Week

On Thursday, senators advanced [LB1288](#), a State-Tribal Relations committee priority bill introduced by Senator Jane Raybould, from the first round of debate. The bill would codify procedures for the recognition of emergency protective custody orders issued by tribal courts. An amendment is expected on the second round to address concerns raised about existing practices, including transportation and sovereignty.

First-round debate began on [LB894](#), a bill to require sheriffs to be certified before filing for office. Currently candidates have eight months after election to complete their certification. Senator Teresa Ibach introduced the bill after an elected county sheriff in her district failed to obtain certification and a recall election was needed to remove him from office. A committee [amendment](#) would add authority to appoint a sheriff from another county if no qualified candidate is elected. This mirrors appointment authority for county attorneys. When time ran out, an amendment was pending to require sheriffs in Douglas, Lancaster and Sarpy counties to hold a four-year degree in law enforcement. An [amendment](#) based on [LB918](#) has also been offered. It would allow individuals with Deferred Action for Childhood Arrival (DACA) status to be certified and employed as law enforcement officers.

Committees reported bills to the floor, including bills on the retention of forensic evidence in sexual assault cases ([LB870](#)) and allowing jury trials for certain landlord-tenant actions ([LB1115](#)). Some committee amendments, such as those to LB867, contained other bills. As introduced, [LB867](#) would provide for a voluntary hunting and fishing outfitter database. The committee amendment would create a migratory waterfowl hunting season for members of the armed forces and veterans ([LB1001](#)), allow veterans to hunt with no fee on Veterans Day on the year the permit is applied for ([LB971](#)), and create a special park entry permit for active-duty military members stationed in Nebraska ([LB1406](#)).

A bill advanced with an amendment from the Banking, Commerce and Insurance Committee ([LB1074](#)) would include provisions from bills prohibiting political subdivisions and state agencies from accepting central bank digital currency as a form of payment ([LB872](#)) and allowing vital event records to be excepted from disclosure as public records ([LB1294](#)).

Next Week

When the Legislature [reconvenes](#) on March 4, six bills will be on a General File consent calendar. These bills must be noncontroversial and without amendments that add new subject matter. One bill, [LB1162](#), was introduced by Senator John Lowe on behalf of NACO. It would update the authority for mileage reimbursement for county sheriffs using county vehicles to deliver process and require reporting of fees after they are collected, rather than earned. [LB877](#) would restore language that was repealed last year to clarify the eligibility of small parcels of agricultural land for special valuation. A committee [amendment](#) would strike a requirement for these provisions to apply retroactively. [LB1143](#) would eliminate outdated statutes relating to health districts.

After the consent calendar, debate will move to Select File bills, beginning with [LB43](#), a Government, Military and Veterans Affairs priority bill, which has been amended to include several public records bills. Language from last year's [LB366](#) would change the amount of time public entities must provide without charging for their work fulfilling public records requests. For Nebraska residents and all media, regardless of location, the actual added cost for public records could not include employees' salaries for eight cumulative hours of searching, identifying, physically redacting, or copying public records. For nonresidents, the actual added cost could be charged for the entire amount of time. Currently the time is set at four hours and there is no distinction between residents and nonresidents. Senator Tom Brewer has offered an [amendment](#) that would strike a proposed requirement for cost estimates to fulfill records requests to be written and attested to under oath by the custodian of the record.

Other bills amended into LB43 include [LB650](#) that would allow cybersecurity records to be withheld from public disclosure. Concepts from [LB297](#) would prohibit state and local government agencies from disclosing information about donors to nonprofit corporations. [LB277](#) would protect the free exercise of religion and define tribal regalia. The underlying bill, LB43, would change the burden of proof in hearings conducted under the Administrative Procedures Act.

A bill to allow leases of dark fiber to help bring broadband to unserved and underserved areas appears later on the agenda. An amendment has been offered to [LB61](#) that would strike access to terrestrial fixed wireless technology as a factor in determining whether areas are served.

[LB938](#), a bill to increase dollar amounts triggering competitive purchasing by counties, appears further down the agenda. Senator Tom Brandt introduced the bill on NACO's behalf.

Final Hearings Held this Week

Committees held their final hearings this week. Full days of floor debate will begin on March 4.

Transportation and Telecommunications Committee

The Transportation and Telecommunications Committee heard bills this week to address ongoing concerns with the burial of communications lines and repairs of vehicles with branded certificates of title. [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. Several bills have been introduced in recent years with different approaches to address liability for excavators who cut lines that are either not buried or not buried as deeply as expected. Senator Rita Sanders, the introducer, asked the committee to hold the bill because of continuing discussions between utilities and contractors.

[LB1105](#) would provide for the issuance of destroyed-vehicle branded certificates of title. The bill is intended to reduce the number of damaged vehicles that receive only cosmetic repairs, rather than needed structural fixes. An amendment was offered at the hearing to require repair facilities to follow the original equipment manufacturer manuals and guidance when making repairs. Automotive body shops, insurers, parts providers and consumers testified on the bill. The bill would also name the group of statutes that contain salvage-branded certificate of title laws as the Branded Certificate of Title Act. The committee has not reported action on either bill.

Election Worker Protection

Criminal penalties could be imposed for intentionally obstructing or harassing election officials and workers under a bill heard by the Government, Military and Veterans Affairs Committee. Penalties would also apply to disclosing the residential address of election officials and workers without their permission and with intent to encourage other criminal offenses like stalking, death or bodily injury. In addition, [LB1390](#) would create a Class I misdemeanor for creating or disseminating deep fakes intended to mislead voters within 60 days of an election. Opponents questioned whether these offenses would fall within existing criminal penalties and the intersection of the proposed penalties with free speech protections. LB1390 was heard in conjunction with [LB1262](#) that would create the Native American Voting Rights Commission to study voting barriers for Indian tribes in the state.

The committee also heard bills to regulate the use of artificial intelligence in political advertisements ([LB1203](#)) and prohibit paying petition circulators based upon the number of signatures ([LB1382](#)).

Camping on County Property

The Judiciary Committee heard [LB1357](#) that would make it a misdemeanor 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 intended to reduce homeless tent encampments on public and private property. These areas lack basic sanitary facilities and are not intended to be used for housing. Opponents said that many of the persons living in tent encampments

have unaddressed mental or behavioral health or substance abuse issues. They said that services and treatment, rather than criminal penalties, should be provided.

The committee also heard a bill, [LB1185](#), to change the offense of obstructing a police officer to impose penalties for recordings made within 10 feet of an officer.

Property Tax Exemptions

This week the Revenue Committee heard a bill to enact the Long-Term Resident Homestead Exemption Act. [LB1361](#) would provide an exemption from school property taxes for owners who have resided in the same residence for at least 10 years. 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, [LB924](#), would create an exemption for low-income persons living in a qualified census tract.

Other bills heard by the committee would require nonprofit economic development companies with underutilized property in areas with high poverty rates to develop the property within two years ([LB1043](#)) and a measure to increase the documentary stamp tax by 25 cents with the proceeds going toward down payment assistance for owner-occupied housing ([LB1379](#)). [LB1149](#) would create an exemption from motor vehicle taxes for Gold Star families. [LB1342](#) would provide a sales tax exemption for electricity and natural gas for residential use.

The committee held a special hearing on an [amendment](#) to [LB1317](#). The hearing was needed because LB1317 was introduced as a shell bill that could be gutted and used by the committee if necessary. The bill would enact the Racing and Gaming Winnings Setoff Act. It would create a procedure to set off gaming winnings to collect debts for child support or other state obligations.

Bills Passed This Week

More than a dozen bills were passed by the Legislature on Thursday. Governor Pilleen has five days, excluding Sundays, to sign or veto each bill.

Bills without an emergency clause or other effective date will take effect three calendar months after the session adjourns. Assuming adjournment as scheduled on April 18, the effective date will be July 19.

[LB147](#) would allow counties to notify political subdivisions electronically when a portion of their tax collections will be withheld to pay for a refund to the property owner. Existing law requires notice of refunds in excess of \$200 to be mailed to the political subdivision. LB147 would allow subdivisions to waive notice of refunds of \$1,000 or less and ask to receive such notice electronically. Senator Kathleen Kauth introduced the bill last year on behalf of NACO. As an interesting historical footnote, LB147 was the bill being debated that kickstarted last year's session-long filibuster.

[LB317](#) would allow county assessors to determine how inspection of real property must be completed. A separate bill, [LB949](#), was introduced to require inspections every year, instead of every six years, and allow inspections to be conducted remotely. LB949 was not prioritized and remains in committee.

[LB190](#) would allow counties to spread out payments on bridge projects beyond the completion date. The bill was modeled after a process used to build a beltway in Lancaster County.

[LB102](#) would revise land surveyor statutes. It would allow county surveyor's records to be stored in buildings owned by the county, rather than limiting the storage location to the county courthouse.

[LB307](#) would allow counties and cities to authorize a syringe services program to provide access to sterile syringes and safe disposal of used syringes and needles. The program would provide a needs assessment for

program participants, referral information for substance abuse, mental health care, and other information and services to reduce overdose risks. Governor Pillen has said he will veto LB307.

[LB184](#) limits the use of statements made by juveniles and mental health professionals for purposes of a motion to transfer the juvenile's case from county or district court to juvenile court.

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