

NACO Legislative Report



August 23, 2024

[Video Report](#)

Property Tax Package Adopted

[LB34](#), a bill to limit county and city tax askings, was passed by the Legislature on Tuesday and immediately signed into law by Governor Jim Pillen. The bill was much smaller in scope than [LB1](#), Governor Pillen's original proposal, but he has stated that he will not call the Legislature into another special session this year for further property tax relief efforts.

LB34 prohibits counties and cities from requesting more property taxes than the prior year, with a limited increase for growth and some exceptions. Otherwise, the request cannot exceed zero percent or an inflationary percentage – the annual percentage change in the [State and Local Consumption Expenditures and Gross Investment](#) index (SLCE). The SLCE is traditionally higher than the Consumer Price Index, with a 20-year average of 4 percent. However, it has sometimes dropped below zero. The zero percent floor in LB34 would prevent tax askings from having to drop below the prior year's request in that instance.

In addition, counties could increase their property tax request authority by the amount of property taxes (1) budgeted for approved bonds; (2) needed to respond to an emergency declared the prior year and certified to the auditor; (3) allowed for unused property tax request authority; (4) budgeted to support a service relating to an imminent and significant threat to public safety that was not previously provided by the county or an interlocal agreement for public safety; (5) approved by voters at the next regularly scheduled election or a special election held on the first Tuesday after the second Monday in May in odd-numbered years; (6) budgeted for public safety, which is defined as crime prevention, offender detention, and firefighter, police, medical, ambulance, or other emergency services; and (7) budgeted for county attorneys and public defenders.

The cap replaces the lid on [restricted funds](#) for counties and cities that was enacted in 1996. Counties will continue to be subject to the [constitutional levy limit](#) of fifty cents per one hundred dollars of valuation, as well as continuing the [authority to allocate](#) 15 cents to miscellaneous districts and use five cents for interlocal agreements.

Counties can choose not to increase total property taxes levied by the full amount of their authority and can carry it forward to future budget years. Accumulated unused property tax request authority cannot exceed an aggregate of five percent of the total property tax request authority from the prior year.

The bill creates a new \$750 million property tax credit program, the School District Property Tax Relief Act. In addition to annual increases in appropriations for the fund, excess state General Funds will be credited to the plan. The relief is "front-loaded" so that it will appear as a credit on property tax statements for FY24-25. It replaces a [refundable credit](#) that requires property owners to submit an application for the credit on their income taxes. Counties will receive disbursements from the state in January and before April 1 and will distribute the

funds to school districts. Counties will not receive a commission for their role in calculating the amount for each parcel and distributing the funds.

Other language requires the levy rate and amount of taxes due to fund public safety services, county attorneys and public defenders to appear on each tax statement.

Thank you to all county officials for your engagement during the special session. Your emails, letters and personal contacts with your senators were essential. You have shown true dedication to county government and the state is better for your efforts.

Separate Residential Classification Fails to Advance

A constitutional amendment to allow owner-occupied housing to constitute a separate class of property for taxation purposes failed to reach a vote for passage on Tuesday. [LR2CA](#) proposed constitutional language similar to the authority to value agricultural land and horticultural land in a manner that results in values that are not uniform and proportionate with other classes of real property.

The measure was debated for several hours on Saturday before being bracketed to avoid taking it to a vote because several senators were absent. It was debated again on Tuesday after [LB34](#), [LB2](#), [LB3](#), and [LB4](#) passed. Senators Mike Jacobson and Julie Slama filibustered the measure until it was eligible for a cloture vote to end debate. The cloture motion failed, 26-16, and the special session was adjourned sine die.

LB2 and LB3 would sweep funds and interest earnings from state agencies and direct them to the state's General Fund to help fund the property tax relief in LB34. LB4 would appropriate funds to pay for the special session.

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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