

NACO Legislative Report



August 16, 2024

Property Tax Package Amended and Advanced

In a week of filibusters, motions and amendments, senators gave first- and second-round approval to caps on counties and cities.

As amended and advanced, [LB34](#) would prohibit counties and cities from making a property tax request that exceeds the prior fiscal year, plus growth, less the sum of certain exceptions. This amount could not exceed the greater of zero percent or the inflation percentage shown as the annual percentage change in the [State and Local Consumption Expenditures and Gross Investment](#) (SLCE) index.

Exceptions are allowed for property taxes budgeted for approved bonds, emergency responses declared in the preceding year, unused property tax request authority, imminent and significant threats to public safety, property tax requests approved by voters, public safety services, county attorneys and public defenders. Public safety services means crime prevention, offender detention, and firefighter, police, medical, ambulance, or other emergency services.

If a county board recommendation or voter petition seeks to increase the county's property tax request authority, the issue could be placed on the ballot at the next general election or at a special election held on the first Tuesday after the second Monday of an odd-numbered year.

The bill would provide \$185 million in "front-loaded" property tax credits through the School District Property Tax Relief Act. The credits would be calculated by county treasurers and appear as a tax credit on property tax statements. Tax statements would also include the levy rate and amount of taxes due to fund public safety, county attorneys, and public defenders.

Procedural Path of LB34

The winding procedural path to the adopted version of [LB34](#) began as [LB1](#), which was introduced by Senator Linehan, the Revenue Committee chair, on behalf of Governor Jim Pillen. Because there was strong opposition to LB1 at the public hearing, the committee planned to use [LB9](#) as the base for the package but no amendments were officially offered. By Monday, the focus had shifted to LB34, which had been introduced as a bill to freeze property valuations for 2025 through 2028. The freeze provisions were gutted from LB34 and replaced with a Revenue Committee amendment, [AM73](#).

Because many provisions of AM73 were similar to LB1 and there was opposition during debate, the Legislature pared down the concepts and adopted [AM84](#) to AM73. AM84, which replaced AM73 and became the bill, contains caps on counties and cities and a front-loaded expansion of the income tax credit for school property taxes paid as described above. This version of LB34 was advanced from the first round of debate.

During the second round of debate, a technical amendment, [AM109](#), was adopted. After a successful cloture vote, the bill advanced 39-8.

The accompanying appropriations bill, [LB34A](#), was also advanced through the first and second rounds of debate.

Thanks To County Officials

Many thanks to the county officials who contacted their senators this week. Your calls, emails, and personal contacts made a difference. Your advocacy was crucial to letting senators know the impact of caps on essential county services. Many senators mentioned the input from their county officials.

Upcoming Debate

The Legislature will meet tomorrow (August 17) to receive the engrossed versions of LB34 and LB34A. Engrossing is required to ensure technical accuracy on bills before the Final Reading vote. Second-round debate on [LR2CA](#), a bill to allow owner-occupied housing to be treated as a separate class of property, is the main focus of the agenda.

Senators will meet on Monday to check in and allow for the required lay-over day for bills between Select File and Final Reading. Final Reading for these bills, as well as the budget adjustment bills ([LB2](#), [LB3](#)) and funding for the special session ([LB4](#)), will be held on Tuesday.

Residential Valuation Changes Proposed

The Legislature gave first-round approval to a proposed constitutional amendment that would allow owner-occupied housing to be treated as a separate and distinct class of property for purposes of taxation. [LR2CA](#), which was not part of the Governor's property tax package, was sent to the floor by the Revenue Committee on Thursday.

As introduced, the measure stated that it would appear on the November 2024 ballot. However, election law requires constitutional amendments submitted by the Legislature to be presented to the Secretary of State at least four months prior to the general election. Four measures ([LB5](#), [LB18](#), [LB21](#), [LB74](#)) were introduced to shorten the period to sixty days for constitutional amendments submitted by the Legislature at a special session. All were indefinitely postponed by the Executive Board.

To address this timing concern, an [amendment](#) was adopted to allow the question to be put to voters in November as a special election to be held in conjunction with the statewide general election.

Budget Adjustments Adopted

Adjustments to the state's budget were advanced from the first and second rounds of debate this week. [LB2](#) was introduced to reduce carryover funds for more than 40 state agencies.

[LB3](#) would transfer interest accruing in state agency cash funds to the state's General Fund. Along with LB2, the bill would provide \$185 million in funding for the property tax relief in LB34.

Gambling Amendment Sent to Floor

The General Affairs Committees advanced a proposed constitutional amendment to present the question of online gambling to voters. [LR3CA](#) would allow gaming operators at licensed racetracks to offer sports betting through mobile platforms. If state revenues increase, they would be placed in the Property Tax Credit Fund. The committee indefinitely postponed measures to create a registration process for fantasy sports games ([LB6](#)), allow sports wagering on events involving Nebraska collegiate teams ([LB32](#)), and legalize all forms of gambling in Nebraska ([LR23CA](#)).

Earlier the Government, Military and Veterans Affairs Committee reported [LR1CA](#) to the floor. The measure would require the state to reimburse political subdivisions for the costs of new programs or increased services required by the state.

None of these measures have been scheduled for debate. Speaker Arch has indicated that these measures could be placed on the agenda after the property tax debate has concluded, if senators wish to remain in 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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