

NACO Legislative Report



January 17, 2025

[Video Report](#)

Bill Introductions Continue

Senators continued to [introduce bills](#) this week making a total of 432 bills and 12 constitutional amendments offered thus far during the session. Two [days](#) remain for bill introductions when the Unicameral returns after the Martin Luther King, Jr. holiday on Monday.

On Wednesday, Governor Jim Pillen spoke to the Legislature in his annual [State of the State](#) address. He spoke about ideas to provide property tax relief including development of a new mechanism for school funding. He will pursue initiatives to protect children from social media and prohibit the sale of lab-grown meat in Nebraska.

On Thursday, the Rules Committee held a public hearing on more than 20 [proposed changes](#) to the Legislature's [operating rules](#). Proposals address the number of votes needed to invoke cloture, germaneness of debate, and other issues. Floor debate on the permanent rules will begin on January 22.

Inheritance Taxes and Unfunded Mandates Constitutional Amendments Introduced

Constitutional amendments on two familiar issues – inheritance taxes and unfunded mandates – were introduced this week.

A constitutional amendment to prohibit inheritance taxes imposed by the state or political subdivisions was introduced on Tuesday. Senator Bob Hallstrom introduced [LR13CA](#) and it was co-signed by Senators Rob Clements, Brian Hardin, Loren Lippincott, and Merv Riepe. During his State of the State address, Governor Pillen expressed his intent to eliminate inheritance taxes in order to be competitive with other states.

Two constitutional amendments, [LR16CA](#) and [LR18CA](#), would address unfunded mandates by requiring the state to reimburse political subdivisions for costs of increased programs or additional services required after 2026. Reimbursement would have to be in the form of a specific appropriation or an increase in the distribution of state revenue.

Constitutional amendments that are passed by the Legislature during this session would be presented to voters at the November 2026 general election.

Property Tax Proposals Offered

Two bills introduced by Senator Merv Riepe on behalf of NACO and the League of Municipalities would clean up

and clarify the property tax caps that were passed in [LB34](#) during the special session. [LB242](#) would redefine allowable growth and add exceptions to the cap. It would clarify that counties retain a one percent collection fee for distributing school property tax credits. [LB211](#) would adjust the formula used to calculate the cap on property tax requests. LB34 set the cap at zero percent or an inflationary factor.

A number of bills were introduced to change other parts of the property tax system:

[LB200](#), a bill by Senator Tony Sorrentino, would reinstate the \$10,000 personal property tax credit that was repealed when a refundable income tax credit was enacted in 2020. The Revenue Committee will hold a public hearing on LB200 on January 23.

Senator Kathleen Kauth offered a constitutional amendment ([LR12CA](#)) to limit valuation increases, similar to the process used in California under Proposition 13. She had introduced a similar measure during the special session. [LB424](#), introduced by Senator Bob Andersen, would limit growth in property tax bills to the lesser of the inflation rate or three percent.

[LB152](#) would create a \$100,000 exemption of actual value of all homesteads. [LB272](#) and [LB425](#) would create homestead exemptions for disabled veterans equal to the percentage of their disability ranking. [LB209](#) would add clarification to the determination of total disability for veterans homestead exemption eligibility. It would also create a property tax exemption for certain for-profit nursing homes. LB209 will be heard by the Revenue Committee on January 23.

Two constitutional amendments, [LR10CA](#) and [LR11CA](#), would shift the state's tax structure to a consumption tax. [LB331](#) would provide implementing legislation for the EPIC consumption tax.

[LB50](#) would distribute five percent of nameplate capacity taxes to community colleges.

Documentary Stamp Taxes

[LB328](#) would shift all documentary stamp tax receipts to counties. Currently counties retain 50 cents of the \$2.25 that is collected on each \$1,000 of value. The remaining funds are distributed to the Affordable Housing Trust Fund (90 cents), Site and Building development Fund (25 cents), Homeless Shelter Assistance Fund (25 cents), and Behavioral Health Services Fund (30 cents).

[LB194](#) would clarify that exemptions from the tax on transfers within families apply to step-family relationships. [LB78](#) would increase the documentary stamp tax by seven cents with the proceeds going to a newly-created Domestic Violence and Sex Trafficking Survivor Housing Assistance Fund.

[Read more about some of the other bills introduced this week](#)

Clerk of the District Court Transfer Introduced

The duties of ex officio clerks of the district court would be transferred to the state next year, with elected clerks of the district court becoming state employees in 2027, under [LB216](#). After that date, clerks of the district court would be appointed and supervised by the district judge in their judicial district. If a vacancy occurs, the judges and court clerks would develop a consolidation plan. Counties would provide office space and the state would pay for salaries and benefits for the state employees.

Other bills affecting counties' interaction with the justice system would require the state to pick up the costs for probation ([LB327](#)) and remove payments to counties for lodging defendants who have been committed to the Department of Health and Human Services to receive treatment to restore competency but remain lodged in jail ([LB264](#)).

Committees Schedule Hearings

The Legislature's standing committees will hold public hearings on introduced bills beginning on January 22.

Floor debate will occur in the mornings and hearings will be held in the afternoons through March 28.

The Government, Military and Veterans Affairs Committee will hear bills introduced on NACO's behalf at its hearing on January 22. [LB58](#) would repeal an obsolete process for filing jeweler's liens with county clerks. [LB126](#) would allow counties that are selling their bonds through a competitive sale process to use an extended call period. A 10-year call period is customary in the national bond market where competitive sales occur. Counties using a negotiated sale process would use the current five-year call period.

During its second day of hearings on January 23, the committee will hear [LB166](#) that would require county treasurers to withhold the residential addresses of law enforcement officers, judges, and certain members of the Nebraska National Guard unless the addresses are requested in writing. County assessors and registers of deeds are already subject to the same restrictions.

The full committee [hearing schedule](#) is available here.

NACO Legislative Committee To Meet January 23

NACO's Legislative Committee will meet at 8:30 a.m. (CST) on Thursday, January 23 to review and take positions on bills that have been [introduced](#) through the first [eight days](#) of the 2025 legislative session. Committee members will meet in person and all county officials are invited to join a live webinar of the discussion. Each affiliate group has been asked to review the bills pertinent to their office prior to the meeting and select one of their members to speak to their recommended positions on bills. Register for the meeting [here](#). After registering, you will receive a confirmation email containing information about joining the webinar.

The Committee will meet again on January 30 to take positions on bills introduced during the final two days of introductions. A webinar will not be held so comments on those bills should be provided to your NACO Board representative to share at the meeting.

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