

NACO Legislative Report



February 7, 2025

[Video Report](#)

Bills Advanced from First and Second Round

The first substantive debate of the session occurred this week as senators discussed whether marketplace network contractors, such as Uber and Lyft drivers, should be classified in law as independent contractors. [LB229](#) advanced from the first round of debate, along with bills to eliminate outdated 911 committees ([LB362](#)) and remove vehicle weight limits from the definitions of all-terrain (ATV) and utility-type (UTV) vehicles to facilitate titling ([LB98](#)).

On Friday, bills were advanced from the second round of debate including measures to eliminate the outdated process of filing jeweler's liens in county clerks offices ([LB58](#)) and allowing counties that sell their bonds competitively to use an extended call period ([LB126](#)). Other bills were advanced to clarify the property tax exemption for certain nursing and long-term care facilities ([LB209](#)) and allow step relationships to be considered the same as blood relationships for determining documentary stamp tax exemptions ([LB194](#)).

Inheritance Tax Changes Heard by Revenue Committee

Inheritance tax rates would be reduced for some beneficiaries and counties would receive replacement revenue through a variety of reallocations in a bill heard by the Revenue Committee on Wednesday. Unlike [last year's bill](#) to completely repeal inheritance taxes, [LB468](#) would reduce inheritance tax collections by \$33 million statewide and is intended to provide alternative funding sources to make up what might otherwise be a property tax increase. Last year counties received more than \$90 million in inheritance taxes and levied more than \$900 million in property taxes.

LB468 was introduced by Senator Rob Clements as part of his commitment to find sources of replacement funding to hold counties harmless for inheritance tax reductions. A NACO study this summer generated ideas for updated distribution formulas, state assumptions of responsibilities and increased fees and commissions to reflect actual costs.

NACO and county officials testified in conditional support of LB468, contingent upon counties being made whole through adequate, sustainable, locally-sourced revenue streams. If the amount generated by the replacement revenue is reduced, the inheritance tax rate should be adjusted accordingly. Business and taxpayer groups and ag producers testified in support of overall elimination of inheritance taxes.

Committee members discussed the merits of reducing a tax that affects a small number of Nebraskans in exchange for increased fees that would be paid by all users. NACO noted that several of the proposed fee increases are not meant to replace lost inheritance taxes, but to align the fees with the costs of providing the

service. Other committee members questioned whether the school aid formula would offset reallocations of funds that were previously distributed to schools.

County officials from two counties also testified in conditional opposition to bill, citing similar concerns about adequate replacement revenue and the need to fund behavioral health services. Affordable housing developers, realtors, chambers of commerce, policy groups, and users of economic development incentives testified against specific revenue replacement provisions affecting their interests.

Revenue Replacements

The bill as written would reduce 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.

The sources of replacement revenue include:

Increasing counties’ share of documentary stamp taxes by 50 cents

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 nameplate capacity tax rates

Increasing counties’ administrative fees for motor vehicle tax collection

Reallocating carline taxes

Reallocating insurance premium taxes

Providing \$5 million from the Securities Act Cash Fund

Hearings Held This Week

Committees held hearings this week on numerous bills of interest to counties.

Transportation Committee

License plates were the focus of Transportation and Telecommunications Committee hearings this week. On Monday, the committee heard a bill introduced on behalf of the Department of Motor Vehicles (DMV) to change the process for license plate issuance. Until an aluminum shortage a few years ago limited the ability to print the entire plate issuance at one time, DMV historically provided county treasurers with all of the license plates for their counties at the beginning of a six-year plate cycle. When a vehicle owner paid their registration, the treasurer would retrieve the plate from their supply and many times the owner would receive the same plate number for the new cycle. [LB543](#) would centralize the license plate printing and delivery process at the state level.

DMV Director Rhonda Lahm testified that the bill was prompted by Governor’s Pillen’s request for all state agencies to look for efficiencies. Because increasing numbers of vehicle owners order their plates online and receive them by mail, DMV’s new ability to print plates on demand could reduce the need to print excess plates

and save the state \$500,000. In addition, the bill would allow vehicles to be registered for up to three years at a time.

[LB279](#) would require drivers to display only a rear license plate. Because two plates would still be issued, introducing Senator Brad von Gillern suggested that county treasurers could provide recycling for vehicle owners who only wanted one plate. Currently vehicle owners who want to use one plate can pay a \$50 annual fee and place a sticker in their window. Committee members discussed the use of license plate readers for rear plates and the possibility of waiting until the new license plate cycle begins in 2029.

[LB343](#) would reduce the fee for organizational license plates from \$70 to \$40. This would align them with the cost of specialty license plates. The committee discussed the history of specialty and organizational plates and fees, as well as the distribution of the fees.

[LB134](#) would update military license plates and add a new plate for the U.S. Space Force. [LB568](#) would authorize Arbor Day license plates.

Another bill heard by the committee would increase registration fees for alternative fuel commercial vehicles weighing over 7,500 pounds. [LB207](#) is intended to make up for lost fuel taxes and help pay for the use of these vehicles on public roads. The committee also heard [LB97](#), the annual DMV cleanup bill, and [LB398](#), a joint cleanup bill for DMV and the Nebraska State Patrol.

Revenue Committee

In addition to [LB468](#), the inheritance tax bill, the Revenue Committee heard bills to allow adjustments to property valuation due to damage and to amend tuition waivers for first responders.

[LB501](#) would allow owners of real property that has been damaged prior to July 1 to seek an adjustment to their valuation. County assessors would be required to inspect the property and file a report with the county board of equalization for the adjustment. Existing law allows for a reduction on property damaged by calamity.

[LB608](#) would amend the First Responder Recruitment and Retention Act to include correctional officers and juvenile detention officers. The Act provides a tuition waiver for sworn officers, first responders and their dependents. Numerous law enforcement officers, including several county sheriffs and deputies, as well as NACO testified in support.

Health and Human Services Committee

Local public health directors would need approval of a majority of the elected public officials on board of health before issuing directed health measures under [LB203](#). The bill would require the directed health measure to be submitted at the next meeting of the board of health for ratification. These provisions reflect the changes negotiated two years ago.

Hearings Scheduled For Next Week

Next week committees will hear bills on transferring the office of clerk of the district court to the state, requiring more board members at "pink postcard" hearings, and shifting half of county court costs to the state.

Judiciary Committee

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 as state employees. The Judiciary Committee will hear LB216 on February 13.

At the same hearing the committee will also hear [LB612](#) to require the state to pay half of the operational costs of county courts. Currently the state pays for salaries of county court judges and employees, computer hardware

and software, communication lines and recording equipment. Counties pay for all other costs. In addition, [LB640](#) would clarify the calculation of good time sentence reductions to reflect a Nebraska Supreme Court case.

On February 12, the committee will hear [LB150](#) to eliminate reductions to mandatory minimum sentences in certain instances.

Revenue Committee

A majority of the elected members of governing bodies of political subdivisions that participate in “pink postcard” hearings would have to attend the joint public hearing under [LB384](#) that will be heard by the Revenue Committee on February 13. Currently only one elected official must attend the hearing. At the hearing, a designated representative of each political subdivision intending to increase its property tax request by more than the allowable growth percentage must give a brief presentation about the amount of the property tax request, assessed value, tax rate and other issues.

On February 12, the committee will hear [LB526](#) to impose an excise tax of 2.5 cents per kilowatt hour on energy used by cryptocurrency mining operations. The bill was introduced by Senator Mike Jacobson on behalf of Governor Pillen.

Transportation and Telecommunications Committee

The Transportation and Telecommunications Committee will hear bills on motor vehicles and telecommunications issues next week.

On February 10, the committee will hear [LB112](#) to allow insurance companies to determine whether vehicles have sustained structural damage sufficient to merit a salvage title designation. [LB225](#) would strike requirements that duplicate title applications are “sworn to”. [LB490](#) would exempt self-propelled feed trucks or other implements of animal husbandry from sales tax due to their treatment as personal property. [LB449](#) would direct the Department of Transportation to allocate no less than 70 percent of the revenue raised in each district for any project within the district.

On February 11, the committee will hear bills to allow incumbent local telecommunications carriers to seek relief from their obligations as carriers of last resort ([LB4](#)) and prohibit state and local governments from regulating certain broadband internet access ([LB311](#)). [LB18](#) would require political subdivisions to determine whether the installation of utility poles in the right-of-way comply with federal accessibility requirements and do not obstruct travel or public safety in the right-of-way.

Government, Military and Veterans Affairs

A 97-page bill to combine, terminate or reassign more than 40 boards and commissions will be heard by the Government, Military and Veterans Affairs Committee on February 13. [LB346](#) was introduced on behalf of Governor Pillen in an effort to find operational efficiencies and reduce complexity in government. Among other provisions, the bill would shift oversight of county highway superintendent certification to the Board of Public Roads Classifications and Standards and reassign duties of the State Emergency Response Commission.

The committee will also hear [LB403](#), that would create an Office of Grants in the executive branch of state government. The office would identify national grants and assist state agencies and political subdivisions in applying for those grants. By July 1, 2026, the office would create a statewide plan to maximize the amount of grants received under national programs.

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

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