

NACO Legislative Report



February 28, 2025

[Video Report](#)

Legislature Advances Bills From First and Second Round

First- and second-round debate continued this week, with bills focused on security for children online ([LB504](#)) and school tracking technology ([LB31](#)). On Monday, debate will begin on a bill to require school districts to adopt policies regarding student use of electronic communications devices, such as cell phones, on school property ([LB140](#)).

Among the bills advanced from Select File, the second round of debate, is [LB240](#) which would give county assessors earlier notice of the need to divide taxes in tax increment financing (TIF) project areas. Moving the deadline from August 1 to July 1 would give assessors more time to complete their part of the process of dividing taxes between the excess and the base. LB240 was introduced by Senator Mike Jacobson on NACO's behalf.

Governor Pillen signed a number of bills this week, including measures introduced on behalf of NACO to eliminate obsolete filings of jeweler's liens in county clerks offices ([LB58](#)) and to allow counties that sell bonds on a competitive basis to extend the call period beyond five years ([LB126](#)). Both bills will take effect three calendar months after the session adjourns, which is tentatively scheduled for June 9.

Hearings Held This Week

Government, Military and Veterans Affairs Committee

Counties would receive state reimbursement for unfunded mandates and inmate medical costs under measures heard by the Government, Military and Veterans Affairs Committee this week. [LR16CA](#) and [LR18CA](#) would require the state to reimburse counties and other political subdivisions for new programs or increased levels of services created after 2026. These proposals mirror language that was introduced during the 2024 regular and special sessions. County, city and school representatives spoke in support of the measures. There were no opponents.

[LB636](#) would require the state to reimburse counties for up to \$21 million in medical costs for county jail inmates. County officials testified that complex medical interventions have led to unanticipated, unsustainable costs. In Buffalo County, expenditures have more than doubled since FY21-22. For FY24-25, the county budgeted \$400,000 and has already spent more than \$440,000. The amounts are not based solely on increased inmate populations, but arise from higher medical costs and inmates with more medical needs. The bill would also increase the amount of fees paid to sheriffs for service of court documents. Many of these fees have not been increased for more than 50 years.

The committee also heard a bill to require two hours of education per term on zoning issues for county boards and planning commission members. County attorneys would develop and present the information. In addition, [LB663](#) would prohibit county boards from requiring applicants for conditional use permits or special exceptions to apply for or obtain a permit from a federal, state or local agency as a condition for granting the permit. Granting conditional use permits or special exceptions would be based solely on zoning regulations. County officials and NACO testified in opposition to the bill and recommended longer time frames for zoning shot clocks, noting that planning commission members, who are volunteers, are not always available for meetings on short notice. Counties suggested allowing a county attorney's designee to provide the training so that NACO or other subject matter experts could present information.

Revenue Committee

This week the Revenue Committee heard several measures intended to limit property tax increases. A proposed constitutional amendment, [LR12CA](#), would strike the uniformity clause and limit valuation growth on individual parcels to one-and-one-half percent. The measure is based on Proposition 13, which was enacted in California in 1978.

[LB424](#) would limit the annual growth on property tax bills for individual parcels to the lesser of the consumer price index or three percent. The measure would be called the CAP IT Act, or enacting the Capping Annual Property tax Increases for Taxpayers Act.

[LB495](#) would remove community colleges from the pink postcards and joint public hearings that are required when counties, cities or schools property tax requests exceed the prior year's request.

[LB81](#) would replace the "lost year" of tax credits that was created during last summer's special session. Although the Legislature continued to appropriate funds for the credits, switching from a refundable income tax credit to a direct credit on tax statements created timing concerns for property owners. Some proponents characterized the changes as property owners subsidizing their own credits.

[LB679](#) would allow county treasurers to sell delinquent property taxes through a bulk sale negotiated by the county board to one or more purchasers. An administrative fee could be added to each tax sale certificate. Senators asked how county officials would determine which investors could purchase in bulk and which tax-delinquent properties to bundle together. NACO testified in opposition to the bill as written. [LB458](#), a bill to make technical changes to the tax sale process, remains in committee.

[LB479](#) would increase the amount of sales taxes directed to the Highway Trust Fund and Highway Allocation Fund. In 2011, the Build Nebraska Act dedicated one-quarter of one percent of sales tax revenue to road funding through the Highway Trust Fund and Highway Allocation Fund. LB479 would increase the allocation to one-half of one percent. It is estimated that counties and cities would share \$12 million in FY25-26 from the proposed increase.

[LB439](#) would create an income tax credit for property taxes or rent paid. The Department of Revenue estimates that the program would cost approximately \$200 million.

The committee advanced [LB501](#), a bill to allow valuation adjustments when real property has been damaged. Currently the adjustment is available for property that has been destroyed by calamity, such as a fire, earthquake, flood, tornado, or other natural event.

The committee also advanced [LB50](#), which would give community colleges an extra five percent share of nameplate capacity taxes, and [LB399](#), which would adjust population thresholds used to determine distributions to fire districts under the Mutual Finance Assistance Act

Transportation and Telecommunications Committee

The state would pay the cost of relocating utilities for road projects paid for by state or federal funds under [LB542](#) that was heard by the Transportation and Telecommunications Committee. The bill was brought on behalf of an internet provider who testified that it is difficult to mitigate relocation costs when the move is generated by the

government, not the provider. Opponents testified that the Department of Transportation (NDOT) is already facing a \$150 million shortfall and that the cost savings to utility companies would come at the expense of taxpayers. Although the bill as written was intended to exclude local government projects, some testifiers questioned whether state or federal cost sharing programs would trigger the requirement. Others discussed the franchise fee paid to counties and the placement of lines on private property rather than in the right-of-way.

The committee also heard [LB323](#) to update NDOT publication requirements and [LB594](#) to make driving while using a handheld device a primary offense. LB323 would allow NDOT to publish notices of upcoming contract lettings on their website, rather than in a newspaper in the county of the project. An amendment would fine-tune the proposed change so that the newspaper publication would serve to provide notice of public involvement and the website would serve as notice to contractors.

The Department of Motor Vehicles could release drivers license photos to the Nebraska State Patrol for posting on their missing persons clearinghouse by [LB120](#).

[LB496](#) would require drivers to use caution and yield the right of way to livestock being led or driven on a roadway.

Urban Affairs Committee

The Urban Affairs Committee heard [LB626](#) that would include a lack of affordable housing as one of the secondary criteria for a blighted designation in a tax increment financing project. An amendment is expected that would revise the proposed definition of affordable housing.

Hearings Scheduled For Next Week

Government, Military and Veterans Affairs Committee

County election officials would have to create an election plan to facilitate voting by person in jails, hospitals and care facilities under [LB586](#). The plan would include coordination with the county sheriff or facility director to provide information and facilitate voter registration and in-person voting. [LB541](#) would limit early voting to persons who are hospitalized, confined to jails, absent from the county and a short list of other exceptions to voting in person. Ballots would have to carry a covert watermark and drop boxes would have to be under video surveillance. Both bills will be heard by the Government, Military and Veterans Affairs Committee on Wednesday, March 5.

Transportation and Telecommunications Committee

Broadband providers would need to provide a resolution of project support from each county, city, and village in which the project is located to be eligible for broadband grants under [LB176](#). Because some providers do not give adequate notice of pending projects to local governments, overbuilding and improper fiber installation has occurred in some areas. The Transportation and Telecommunications Committee will hear LB176 on March 3. An amendment will be offered to provide clarification to the notice process.

On March 4, the committee will hear bills on public safety answering point (PASP) funding, registering all-terrain vehicles (ATVs), and changing motor vehicle tax distributions. [LB576](#) would increase the maximum rate of 911 cell phone surcharges to \$1.00 statewide. Currently the maximum rate is 70 cents, except in Douglas County, where the maximum rate is 50 cents. The bill would require the Public Service Commission to maximize operational support for PSAPs when they set the surcharge rates.

[LB690](#) would give county boards authority to regulate the operation of ATVs and utility-type vehicles (UTVs) on county roads. These vehicles would be registered and issued license plates. A similar bill, [LB337](#), was heard earlier and remains in committee. [LB98](#), a bill to remove weight limits from definitions of ATVs and UTVs to permit titling was advanced from Select File.

[LB714](#) would increase motor vehicle tax collection fees from one percent to two percent and reallocate more of the receipts to counties and cities. Increasing these stable revenue streams was suggested during NACO's study of taxes and fees last summer.

Appropriations Committee

On March 4, the Appropriations Committee will hear two bills to provide funding for interoperable communications. [LB25](#) would appropriate \$5 million in grants for mobile radios and equipment for volunteer departments, including fire, first aid, rescue or emergency squads. Agencies would be required to provide a 50 percent match. [LB62](#) would appropriate \$19 million for equipment to establish interoperability between state agencies and local departments using the Statewide Radio System.

The committee continues to hear budget requests from state agencies. It will consider the Nebraska Economic Forecasting Advisory Board's updated revenue projections as it crafts the budget for the second half of the biennium. At a meeting this week, the board projected a net increase of \$100 million in state general fund revenues. The board will meet again on April 25.

Judiciary Committee

Counties, cities and the state would have to pay damages to persons who are charged or prosecuted for crimes but not convicted under [LB127](#). The trial court would hold a hearing to determine the amount to be awarded, which would include attorney fees and other litigation expenses, and actual damages such as lost wages. The Judiciary Committee will hear LB127 on March 5.

Revenue Committee

On March 5, the Revenue Committee will hear LB211 and LB242, which would revise the property tax caps enacted during the special session. [LB211](#) would adjust the formula used to calculate the cap on property tax requests. [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.

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

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