

NACO Legislative Report



February 2, 2024

[Video Report](#)

Urgent: Senator Contact Needed on Inheritance Tax Repeal

[LB1067](#), a bill to repeal inheritance taxes, has been scheduled for a public hearing by the Legislature's Revenue Committee on Thursday, February 8. Your call, email or personal conversation with your state senator is needed to convince them to maintain this essential source of county funding.

LB1067 would provide minimal replacement revenue through \$3.9 million in jail reimbursement for state prisoners lodged in county jails and allowing counties to use the County Visitors Promotion Funds for other purposes. This falls far short of replacing the revenue that would be lost. Statewide, if inheritance taxes are eliminated, we would see a roughly 12 percent increase in property taxes to offset the loss.

When you contact your senator, tell your county's story. Explain how your county uses inheritance taxes. Do you buy down the levy or use it for reserves or roads? Do you save it for long-term, large-scale projects? Tell what the impact would be on your county's property taxes, in the past year and as a five-year average. If you use inheritance taxes as a cash reserve, calculate how much property taxes would have to increase over time to build up an equivalent reserve. With respect to the jail reimbursement portion, share the actual daily cost to hold an inmate. These facts explain why the inheritance tax cannot be eliminated without a sustainable source of equivalent replacement revenue.

In addition to contacting senators, let your constituents know the importance of inheritance taxes to your county. Write op-eds for your local newspaper, ask to be on local radio comment programs, and speak to your network of friends and community leaders. Encourage them to contact their senators as well.

If your state senator is determined to support LB1067, encourage them to commit to finding replacement revenue. Or ask them to sign on to [LR287CA](#), a constitutional amendment introduced by Senator John Cavanaugh that would require the state to make up revenue lost to political subdivisions if a locally-imposed revenue source is eliminated or reduced.

Twenty-five senators co-signed LB1067 so fighting it will not be an easy task. We need all county officials to be engaged to help keep inheritance taxes, or at the very least, find sustainable revenue replacement if inheritance taxes are lost. Many county officials have already contacted their senators and members of the committee, but please contact them again. Contact information for senators can be found [here](#) or on the Legislature's [website](#).

If you would like to attend the hearing, it will begin at 1:30 next Thursday, February 8. At this point, LB1067 is the seventh bill on the committee's agenda. If you attend but don't wish to testify, please sign the gold sheets in the back of the hearing room to register your opposition to LB1067. These will become part of the record on the bill.

If you can't attend but would like to [submit comments](#) through the Legislature's portal, the deadline is 8:00 a.m. on the day of the hearing. The hearing will be livestreamed by Nebraska Public Media.

Governor's Property Tax Package Heard

This week the Revenue Committee held hearings on Governor Pilleen's property tax reform package and other bills that would reduce the amount of property taxes that could be collected by counties. Replacement revenue would be provided from increased sales taxes and fewer exemptions.

Pilleen began work on property tax reform this summer by appointing a valuation working group. Because valuations are only one piece of the property tax equation, the focus shifted to property tax limits. NACO and county officials shared their expertise in all aspects of the property tax process and offered practical suggestions. Within that context, NACO chose to take a position of conditional support of the goals of the overall package. The conditions are: providing replacement revenue to counties and other political subdivisions, keeping the package intact, and leaving inheritance tax untouched.

On Tuesday, the Appropriations Committee heard a [proposal](#) to sweep \$274 million from state agency cash funds to help pay for property tax relief. The funds are typically collected as user fees and often dedicated to specific programs or purposes, such as unemployment insurance, recycling, and outdoor activities. The funds would cover the first six months of property tax relief before revenue from increased sales taxes take effect. Users of the fees testified in opposition.

On Wednesday, the Revenue Committee heard bills to limit property tax growth. [LB1241](#) would freeze county revenue by decreasing levies by the percentage of valuation growth from the prior year. An amendment was offered to eliminate the calculation and cap levies at zero percent. At the hearing, Senator Brad von Gillern, who introduced LB1241, said that neither the bill nor the amendment accomplished his goal, which was for governing bodies to take a hard look at growth in their property tax requests before automatically overriding the base amount.

[LB1318](#) would change the growth calculation in the refundable income tax credit. [LB1397](#) would exclude land used for commercial purposes, specifically solar or wind farms, from treatment as agricultural land. Forty counties currently have wind or solar facilities.

On Thursday, the committee heard bills to expand the sales tax base by eliminating sales tax exemptions. Some of these include imposing taxes on soda and candy ([LB1248](#)), advertising ([LB1310](#) and [LB1354](#)), veterinary care ([LB1311](#)), and other products and services. Next Wednesday, the committee will hear a bill to increase the sales tax rate from 5.5 percent to 6.5 percent ([LB1315](#)).

On Friday, the committee heard the package's two most substantive bills. [LB1414](#) would cap property taxes and make changes to restricted funds. As introduced, a political subdivision's property tax request for any year could not exceed their property tax request from the prior year without approval from voters. Exceptions would be made for bonds, repairs for infrastructure damaged by a natural disaster, and growth. An amendment is being considered that would allow the cap to be increased to a certain percentage.

[LB1415](#) would provide state funding directly to counties, cities and schools in exchange for property tax relief. Counties would receive \$437 million in front-loaded tax relief.

Next Thursday, February 8, the committee will hear bills to exclude restricted funds budgeted for public safety services from base budget limits ([LB1216](#)) and a bill to revise the special valuation of parcels of five acres or less ([LB877](#)). They will also take testimony on the inheritance tax repeal ([LB1067](#)) and a proposal to exempt housing agencies from all taxes and special assessments ([LB1326](#)).

Hearings Set on Takeover of County Functions

The Department of Correctional Services (DCS) would operate county jails and the Attorney General would appoint district attorneys under bills that will be heard by the Judiciary Committee on February 7. At the same

time, the Revenue Committee will hear [LB1183](#), a bill to require the appointment of county assessors. Hearings will begin at 1:30 p.m.

[LB996](#) would shift the operation of county jails to DCS on July 1, 2025. No details are provided about jail ownership, staffing, county bonds issued to build existing jails or other issues. Instead, the bill would require the Legislature's Judiciary Committee to prepare an amendment to harmonize the concept with existing laws. If [LB996](#) and a bill to place the Legislature in charge of DCS ([LB994](#)) both pass, the Legislature would be in charge of county jails. A [report](#) on prison overcrowding issued this week by the Nebraska Center for Justice Research at the University of Nebraska at Omaha suggested that the state should explore alternatives to incarceration and allow those serving shorter sentences to serve portions of their time in alternative locations such as local jails and home confinement. This is likely to be brought up during the hearing.

[LB963](#) would require the "powers and duties" of county attorneys and deputy county attorneys to be performed by district attorneys and deputy district attorneys appointed by the Attorney General. These attorneys would be full-time and prohibited from private practice. While the bill would shift many criminal prosecution responsibilities, it does not address civil functions performed for the county board, such as contract review, litigating Tax Equalization and Review Commission appeals, and advising on open meetings. The bill would take effect on January 1, 2025, in the middle of a term of office. NACO opposes both bills.

At the same hearing, the Judiciary Committee will hear bills to change residency and other requirements for county attorneys and public defenders in an effort to attract more attorneys to rural areas ([LB1195](#)) and measures related to law enforcement certification. [LB894](#) would require candidates for county sheriff to have successfully completed law enforcement training before filing for office and [LB918](#) would allow individuals with Deferred Action for Childhood Arrivals (DACA) status to become certified law enforcement officers.

Also on February 7, the Revenue Committee will hear a [bill](#) to require county assessors to be appointed by the county board, rather than elected. Appointments would be for a four-year term, beginning July 1, 2025. In addition, [LB1183](#) states that the assessment of real property would be considered as an offer by the county board to purchase the property at the assessed value. In a typical year, approximately five percent of real property changes hands. It is likely that many owners of property in need of repairs or with a desire to cash out the equity in their homes would take advantage of a no-questions-asked purchase.

Floor Debate this Week

Senators spent most of the week in a filibuster of the merits of [two-person train crews](#) before an unsuccessful cloture motion ended debate before a vote on advancement from General File.

Senators advanced several noncontroversial bills from Select File, the second round of debate, including a technical clean-up to motor vehicle titling laws that Senator Loren Lippincott introduced on NACO's behalf. More than a decade ago, motor vehicle titling and registration duties were shifted to county treasurers. One section of law dealing with forfeited motor vehicles was omitted during that process. [LB247](#) would change the responsibility to issue titles for these vehicles from the county clerk to the treasurer. Several bills have previously been introduced to correct this oversight but all have run out of time.

Other bills advanced from Select File would provide for Czech heritage license plates ([LB140](#)) and make technical clean-ups to the Department of Veterans Affairs statutes ([LB252](#)). [LB299](#) would prohibit entities created through interlocal agreements with school districts or educational service units from issuing bonds without first submitting the question to voters. [LB146](#) would clarify that improvements on leased land are assessed on or before March 1. Existing language requires this to be completed before March 1.

Next week, the Legislature will begin debating [LB287](#), a Government Committee priority bill. Under the committee amendment, the original provisions of the bill would be gutted and replaced with six other bills. Language from [LB513](#) would allow alternative methods of giving notice of public meetings when publication is unavailable. [LB47](#) would amend the Open Meetings Act to allow fire districts to post, rather than publish, notices of their meetings. [LB514](#) is the annual election omnibus bill from 2023 that was not passed because the underlying bill was used as a voter ID measure. [LB269](#) would remove obsolete redistricting language. [LB313](#)

would revise the process for elections to fill vacancies in the U.S. Senate and House of Representatives. [LB302](#) would revise terminology in the Nebraska Political Accountability and Disclosure Act.

Committees sent bills to the full Legislature this week including [LB938](#), which would increase the dollar amounts triggering competitive bidding under the County Purchasing Act. Senator Tom Brandt introduced the bill on NACO's behalf.

Hearings Held this Week

Restricted Plants

The Agriculture Committee took testimony this week on a bill to create a new category of non-native “restricted plants” that could not be sold in the state. Counties would be responsible for inspecting and enforcing this proposed law. Before the hearing Senator Carol Blood offered an [amendment](#) that would replace [LB831](#) as introduced. It would instead require the Department of Agriculture to add consideration for the ecology of the state when designating noxious weeds. Because the amendment would eliminate the proposed new duties for counties, NACO and county weed superintendents testified neutral on the bill as it would be amended.

Election Cleanup

The Secretary of State’s annual omnibus election bill was heard by the Government, Military and Veterans Affairs Committee this week. [LB1152](#) contains items suggested by county clerks and election commissioners, including providing parity in notification requirements for recall elections. Another section would limit free copies of voter files provided to parties to once per month. Other parts of LB1152 contain voter ID amendments that were agreed to but not adopted last year and a technical change to the location where the governor certifies the appointment of presidential electors. The latter provision was introduced separately as [LB1068](#) and the two bills were heard together.

The committee also heard [LB861](#) that would make it easier for persons who have signed a petition to remove their signatures. Proponents testified that petition circulators have tricked citizens into signing the petitions by stating misleading information. Opponents expressed concern that the proposed process makes it too easy to remove signatures. The current process to remove a signature requires a notarized affidavit. The bill would allow the submission of a letter without notarization. An [amendment](#) would require signature verification by the county clerk, election commissioner or Secretary of State. The committee has not reported action on either bill.

Sheriffs Mileage

[LB1162](#) would codify current practices for mileage reimbursement to sheriffs who are using a county vehicle to serve process. The bill would require these fees to be paid to the county treasurer when they are collected. Under existing law, sheriffs must pay these fees when they are earned, even though they have not yet been collected. Senator John Lowe introduced the bill at NACO’s request The State Auditor suggested the clarifications and testified in a neutral capacity.

Tort Claims and Eminent Domain

The sovereign immunity provided under the Political Subdivisions Tort Claims Act would not apply to claims arising from the death or serious injury of a prisoner in a detention facility under [LB1192](#). Last year, counties opposed a similar measure, [LB325](#). Civil remedies are already available for such claims, including federal protections. NACO, NIRMA and other governmental entities testified in opposition.

Hearings Scheduled for Next Week

Zoning, Bonds and Salaries

County planning commission hearings would be eliminated under a bill that will be heard by the Government, Military and Veterans Affairs Committee on Wednesday, February 8. Instead of hearings, planning commissions

would be required to accept written comments from the public. Counties could not require a state or federal permit as a condition to approve a county special use permit. Counties would have to act on applications within 90 days of receipt. If they fail to act, the permit would be granted by default. [LB1375](#) was introduced at Governor Pillen's request. NACO opposes the bill.

At the same hearing, the committee will take testimony on bills to require voter approval of salary increases for county board members and allow certain county bonds to have an extended call period. [LB1358](#) would require salary increases for the governing body of any political subdivision that are in excess of the cost of living since the last increase, plus one percent, to be approved by voters at a statewide general election. Salaries could not be increased more than once every two fiscal years. The bill was introduced on behalf of the governing body of a utilities district whose salaries are capped in statute. Counties are subject to provisions of the Nebraska Constitution that prohibit increases or decreases in salary during the term of office.

Counties that sell bonds through a competitive sale process, rather than a negotiated sale, would be allowed to have a 10-year call period under [LB1175](#). Currently, all county bonds must have a five-year call. When bonds are sold competitively on the national market, a 10-year call period is the standard. Allowing a 10-year period for these sales is expected to help lower borrowing costs. Negotiated sales of bonds for counties, which normally involve underwriters selling bonds to Nebraska bond purchasers who are accustomed to five-year call provisions, would keep the five-year call requirement. The bill was offered by Senator Rick Holdcroft on behalf of NACO.

Interoperable Communications

Three bills to fund interoperable communications between state agencies and volunteer departments will be heard on Monday, February 5 by the Appropriations Committee. Each of the bills defines volunteer departments as volunteer fire departments or volunteer first-aid, rescue, or emergency squads or volunteer fire companies serving any city, village, county, township, or rural or suburban fire protection districts.

[LB1275](#) would provide \$23 million in funding to the state's chief information officer to establish interoperable communications by providing portable and mobile radios and grants for subscriptions, programming and training.

[LB1090](#) would provide \$5 million for a similar grant program but would require a one-to-one local match. Grant applicants could not receive more than \$3.5 million each.

[LB1378](#) would transfer an unspecified amount of funds generated from the cell phone 911 surcharge to provide portable and mobile radios and programming to volunteer agencies. Only agencies located in counties without a city of the metropolitan, primary or first class would be eligible. This diversion of fees from 911 could also have an impact on federal level.

County Bridge Match

A working group of county and Department of Transportation officials would be created to develop scoring criteria and award County Bridge Match Program grants under [LB1030](#). The bill would provide two \$4 million transfers, in 2024 and 2025, for the program. The Transportation and Telecommunications Committee will hear LB1030 on February 5. NACO supports the bill.

Address Protection for County Attorneys

County attorneys and their deputies would be given the same opportunity as law enforcement officers and judges to have their residential addresses withheld from disclosure in records in the offices of county assessors and registers of deeds. [LB1198](#), which will be heard by the Government, Military and Veterans Affairs Committee on February 8, would require county attorneys and deputies to indicate their county of service in their application. The committee will also hear [LB1302](#) that would provide grants to local governments for cybersecurity preparedness.

Grace Period on TERC Decisions

[LB1134](#) would give taxpayers a 30-day grace period to pay additional taxes due following a Tax Equalization and Review Commission (TERC) decision that results in a higher valuation. A similar grace period is available when a homestead exemption is rejected. Senator Brad von Gillern introduced the bill for NACO. It will be heard by the Revenue Committee on February 7.

Investment Pools

[LB1176](#) would create the Public Entities Pooled Investment Act to identify acceptable investments for such pools. The bill would limit the amount of commercial paper such pools can have in their portfolios. Entities administering such pools would have to be licensed. The bill was introduced at the request of the Bankers Association. The Banking, Commerce and Insurance Committee will hear LB1176 on February 5.

The committee will also hear a [bill](#) to prohibit the state and political subdivisions from selling land or land rights to natural asset companies. These companies hold the rights to ecological performance which grants them the right to control the management of natural assets such as air and water.

School Mapping for Emergencies

Grants would be available for the creation of school facilities maps for use by agencies providing emergency responses as a part of [LB1339](#). At minimum, the mapping data would need to be compatible with and able to be integrated into software platforms used by public safety agencies without the purchase of additional software or the integration of third-party software. The finished product must be a map product in a file format easily accessible using a standard or open-source file reader, depending upon the needs of the school and the public safety agency. Other sections of the bill would allow school boards to adopt written policies regarding the use of armed staff for school security. The Education Committee will hear LB1339 on February 6.

Opioid Fund Redistribution

[LB1355](#) would appropriate \$4 million annually from the Nebraska Opioid Recovery Fund for grants to local public health departments, law enforcement, and health care facilities for opioid prevention, education, and response activities. This funding is currently provided to regional boards. The Health and Human Services Committee will hear LB1355 on February 7.

A second bill on opioid prevention funding, [LB1128](#), will be heard by the Appropriations Committee on February 12.

Committee Hearings Scheduled

Every bill introduced by the Legislature is the subject of a public hearing. Following is a schedule of bills that are of interest to counties in the coming weeks. Other bills not shown here may be heard at the same hearing. A complete list of [hearings](#) is available on the Legislature's website. For tips about testifying at a hearing, click [here](#). For options for providing input, click [here](#).

Monday, February 5

Appropriations Committee

Room 1524 - 1:30 PM

[LB1090](#) (Ballard) Appropriate funds to the Department of Administrative Services for the Nebraska Public Safety Communication System

[LB1275](#) (Brewer) Appropriate funds to the Department of Administrative Services

[LB1378](#) (Dover) State legislative intent to appropriate funds to the Department of Administrative Services as prescribed and change provisions relating to certain funds

Banking, Commerce and Insurance Committee

Room 1507 - 1:30 PM

[LB1176](#) (Dungan) Adopt the Public Entities Pooled Investment Act

[LB1395](#) (Murman) Adopt the Natural Asset Company Prohibition Act

[LB872](#) (Clements) Prohibit acceptance of central bank digital currency by state and local governments

Transportation and Telecommunications Committee

Room 1113 - 1:30 PM

[LB1030](#) (Bostelman) Change provisions of the County Bridge Match Program and provide for a transfer of funds from the Roads Operations Cash Fund

[LB1163](#) (Lowe) Authorize the operation of all-terrain vehicles and utility-type vehicles between the hours of sunset and sunrise if used for snow removal as prescribed

Tuesday, February 6

Agriculture Committee

Room 2102 - 1:30 PM

[LB1301](#) (DeKay) Adopt the Foreign-owned Real Estate National Security Act

Education Committee

Room 1525 - 1:30 PM

[LB1339](#) (Brewer) Change provisions relating to possession of firearms in schools and authorize schools to provide emergency response mapping data to public safety agencies

Transportation and Telecommunications Committee

Room 1113 - 1:30 PM

[LB965](#) (Holdcroft) Change provisions relating to certain license plates issued to persons with military affiliation as prescribed

[LB1129](#) (Raybould) Provide for autism acceptance license plates and change provisions relating to license plates and the Autism Treatment Program Cash Fund

[LB1298](#) (Lippincott) Provide for the issuance of veteran, honorary, and distinctive licenses under the Motor Vehicle Operator's License Act

Wednesday February 7, 2024

Government, Military and Veterans Affairs Committee

Room 1507 - 1:30 PM

[LB1358](#) (McDonnell) Require approval of the registered voters to increase salaries of governing bodies of political subdivisions as prescribed

[LB1375](#) (Lowe) Change powers and duties of county planning commissions and county boards related to conditional use permits and special exceptions

[LB1175](#) (Holdcroft) Change provisions relating to redemption of bonds of political subdivisions

Health and Human Services Committee

Room 1510 - 1:30 PM

[LB1355](#) (Vargas) Provide for disbursement of grants from the Nebraska Opioid Recovery Fund

[LB1325](#) (Vargas) Allow pharmacists and local public health departments to distribute fentanyl strips as prescribed

Judiciary Committee

Room 1113 - 1:30 PM

[LB876](#) (Holdcroft) Adopt the Newborn Safe Haven Act

[LB1195](#) (Conrad) Change provisions relating to county attorneys, public defenders, and loan repayments for attorneys practicing in certain rural areas

[LB963](#) (Wayne) Provide for powers and duties of county attorneys and deputy county attorneys to be performed by district attorneys and deputy district attorneys appointed by the Attorney General

[LB996](#) (Wayne) Provide for the Department of Correctional Services to operate the county jails

[LB894](#) (Ibach) Change law enforcement certification requirements for candidates for county sheriff

[LB898](#) (Ibach) Adopt the National Crime Prevention and Privacy Compact

[LB918](#) (Wayne) Allow individuals with Deferred Action for Childhood Arrivals status to receive law enforcement officer training and certification

Natural Resources Committee

Room 1525 - 1:30 PM

[LB956](#) (Bostar) Provide requirements for light-mitigating technology on certain wind turbines

Revenue Committee

Room 1524 - 1:30 PM

[LB1183](#) (Bostar) Change provisions relating to county assessors and require counties to offer to purchase certain property at the assessed value

[LB1299](#) (Hughes) Change the tax on sales of electronic nicotine delivery systems

[LB1134](#) (von Gillern) Change provisions relating to the accrual of interest on taxes due after an order by the Tax Equalization and Review Commission

[LB1315](#) (Linehan) Change the sales tax rate

Thursday February 8, 2024

Government, Military and Veterans Affairs Committee

Room 1507 - 1:30 PM

[LB1300](#) (Bostar) Adopt the Pacific Conflict Stress Test Act and the Foreign Adversary Contracting Prohibition Act

[LB1198](#) (Moser) Provide for the withholding of the residential address of a county attorney or deputy county attorney from the public in county records

[LB1302](#) (Lippincott) Adopt the Cybersecurity Preparedness Act

Judiciary Committee

Room 1113 - 1:30 PM

[LB1269](#) (Hardin) Change provisions relating to the duty to retreat when using force in self-defense or defense of another and provide for criminal and civil immunity

[LB1098](#) (DeKay) Adopt the Protection Orders Act

[LB1097](#) (DeKay) Change provisions relating to commitment of mentally incompetent defendants

Revenue Committee

Room 1524 - 1:30 PM

[LB1197](#) (von Gillern) Change the Sports Arena Facility Financing Assistance Act

[LB1326](#) (Dungan) Change a tax and assessment provision under the Nebraska Housing Agency Act

[LB877](#) (Holdcroft) Change provisions relating to agricultural or horticultural land receiving special valuation

[LB1216](#) (Bostar) Change calculation of the base limitation for political subdivision budgets

[LB1309](#) (Linehan) Provide an income tax deduction for the costs of medical care

[LB1067](#) (Clements) Eliminate the inheritance tax, adopt the State Prisoner Reimbursement Act, and change the authorized uses of certain county funds

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