

# NACO Legislative Report



April 25, 2025

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## Inheritance Tax Bill Set For Debate on April 28

Debate on [LB468](#), a bill to decrease inheritance tax rates and provide offsetting replacement revenue, is expected to begin on April 28. A committee amendment, [AM874](#), would replace the introduced bill. NACO supports AM874 as written because it contains replacement revenue.

NACO strongly opposes two proposals that would eliminate inheritance taxes without replacement revenues. [AM1069](#) to LB468 would phase out inheritance taxes over ten years. [LR13CA](#) is a proposed constitutional amendment that would put elimination of inheritance taxes on the ballot next year.

Please let your senator know that any proposal to eliminate inheritance taxes must contain sufficient replacement revenue. If any revenues from AM874 are removed, inheritance tax rates must be adjusted accordingly. AM1069 and LR13CA are not acceptable options.

### Revenue Changes in LB468

[AM874](#) would increase the exemption amount for each Class I beneficiary from \$100,000 to \$150,000. Bequests to individuals in excess of \$150,000 would be taxed at one percent. Class I beneficiaries are parents, grandparents, siblings, and children.

All other beneficiaries would be taxed at three percent on amounts in excess of \$50,000 per beneficiary. Currently Class II beneficiaries (aunts, uncles, nieces and nephews) are taxed at 11 percent on amounts in excess of \$40,000. Class III beneficiaries (more distant relatives and unrelated individuals) are taxed at 15 percent on amounts in excess of \$25,000. These changes would result in an estimated loss of county revenue of \$34.3 million.

Replacement revenue totaling an estimated \$34.8 million would come in the form of reallocations and rate increases.

Documentary stamp taxes retained by the county would be increased from 50 cents to 75 cents per thousand dollars of value on the transfer of property. The proceeds would be placed in the county general fund.

The commission counties receive for their role in collecting motor vehicle taxes would be increased from one percent to two percent.

Nameplate capacity taxes that are paid by renewable energy generation facilities would be increased, with annual rate adjustments based upon the annual percentage change in the total amount of property taxes levied statewide over the most recent ten-year period.

Carline taxes, which are currently distributed to all taxing entities, would be shifted to counties. Ninety percent would be distributed in proportion to railroad taxes levied within the county. Ten percent would be distributed to counties that do not levy railroad taxes in proportion to their valuation.

Insurance premium tax allocations would be adjusted so that counties would receive an estimated \$14.8 million from the funds currently retained by the state.

Counties would receive \$5 million annually from the Securities Act Cash Fund for distribution based on each county's share of the total taxable property in the state. These dollars are currently placed in the state's general fund.

Marriage license fees would increase from \$25 to \$50 and motor vehicle inspection fees would increase from \$10 to \$30, plus mileage. Fees for advertising delinquent real property prior to the tax sale would increase from \$5 to \$20 and fees for issuing distress warrants would increase from \$2 to \$20. The latter two fees would be reviewed at least once every five years to determine if they should be adjusted.

Other provisions of AM874 would eliminate one of the tiers in the ImagiNE Nebraska Act.

## Senators Prepare for Budget Debate

Debate on senator, committee and Speaker [priority bills](#) continued this week as the Legislature works to advance bills before beginning debate on the state budget on May 6. Although it has not been officially reported to the floor, the Appropriations Committee voted on a budget proposal on Thursday. The proposal leaves a deficit that would be filled by scaling back tax breaks in [LB650](#) and reducing funding for teachers' retirement ([LB645](#)). The deficit may increase when the Economic Forecasting Advisory Board meets on Friday afternoon to project revenues for the upcoming biennium.

The Legislature spent its first late-night debate in a filibuster of a bill to limit access to sports teams and bathrooms to those aligned with an individual's sex assigned at birth ([LB89](#)). [Late nights](#) are generally planned for three nights each week through the end of May.

## Publication Clarification Proposed

The Government, Military and Veterans Affairs Committee held a special hearing on Thursday to revise requirements for posting notices on a statewide notice website and reinstate language that was inadvertently repealed last year. Under existing law, if publication does not occur due to the refusal, neglect or inability of a newspaper to publish, the public body must post the notice on their own website, submit a post to the statewide repository of public notices, and post the notice in a conspicuous public place within the jurisdiction. Because public bodies do not have direct access to the statewide repository to post on their own and must go through their newspaper for the posting, [AM1038](#) to [LB243](#) would clarify that public bodies must "request [that] the newspaper" submits a post to the repository. The public body would need to keep a written record of the request for the newspaper to post and document their own posting.

An amendment was suggested at the hearing to address the possibility that the statewide repository website might be hacked or otherwise offline. The new language would require posting on the website "if available".

Other sections of AM1038 would reinstate repealed language requiring agendas to be available in advance and reasonably descriptive.

The special hearing was needed because these concepts were not part of a bill that was introduced during the first ten days of the session. At the close of the hearing the committee went into executive session and voted to advance the amendment. It will become part of the Government Committee's second priority package.

## Tax Sale Bill Moves from Second Round

[LB650](#), a bill that would make changes the sale of delinquent taxes, was advanced from the second round of debate on Thursday. The tax sale revisions, which were proposed by counties and introduced as part of [LB458](#), were part of a Revenue Committee amendment that was adopted during the first round of debate. Because LB650 was designated as a Revenue Committee priority bill, the committee amendment contained provisions from five other bills heard by the committee.

LB650 was introduced to lessen the state's budget shortfall by approximately \$50 million through reductions to several tax incentive and tax credit programs. The committee targeted the programs based on a "last-in, first-out" analysis, including some that haven't yet taken effect.

It would reduce the sales tax commission retained by retailers, including counties, from three percent on the first \$5,000 of collections each month to two and a half percent of the first \$3,000 collected per month. The commission had been reduced in 2002 due to budget cuts with promises to reinstate it in better fiscal times. It was finally returned to the original amount in 2022. While the reduction to individual tax collectors would be \$75 per month, the overall impact to the state's general fund would be a \$5 million increase. Counties would continue to receive an additional one-half of one percent on all amounts in excess of \$6,000 remitted each month.

The tax sale provisions of the bill would increase fees for advertising delinquent taxes from \$5 to \$20 to more accurately reflect publication costs. The rate would be revisited every five years.

Investors would automatically be entitled to a \$150 administrative fee paid by property owners who redeem their delinquent taxes. Existing law requires tax sale certificate purchasers to present proof of notice to the county treasurer by affidavit within 30 days after service before an administrative fee of the greater of \$100 or the actual cost may be charged to the property owner. Counties would not be required to give such notice on county certificates. The issuance fee for tax sale certificates would be increased from \$20 to \$25. The increase would be partially offset by the elimination of a notary fee and a \$2 redemption fee. Cleanup language would allow tax sales to be conducted by the treasurer's designee, in a location other than the treasurer's office, and other issues.

Provisions that were requested by land banks would create a new process for land banks holding tax sale certificates to seek a tax deed or pursue foreclosure of vacant and abandoned real estate after two years. Existing law provides for tax sale certificate holders to seek a tax deed or pursue foreclosure after three years, regardless of whether the real estate is vacant or abandoned.

Other sections would change the definition of disabled veteran pertaining to motor vehicle and mobile home taxes to align with the more expansive definition used in federal law. Language introduced as [LB495](#) would remove community colleges from pink postcard joint public hearing requirements. Legislation adopted last year provided state aid to community colleges and significantly reduced their ability to levy property taxes.

## Bills Advanced from General File

Bills on overweight milk trucks, purchasing drones, and combining commissions were advanced from Select File, the second round of debate, this week.

[LB561](#) would authorize the issuance of continuous overweight permits to carry raw milk from dairy farms to processing facilities. The Department of Transportation would create and annually update a map of bridges that could not be used by overweight raw-milk vehicles. Owners of these vehicles would be liable for costs of repairing any damage caused to prohibited bridges. Overweight raw-milk vehicles could not exceed 107,500 pounds and axle weights could not exceed federal limits.

[LB608](#) would amend the First Responder Recruitment and Retention Act which provides tuition waivers for first responders including law enforcement officers, professional firefighters, correctional officers, and youth detention officers.

[LB660](#) would restrict state agency purchases of drones from sources that could be a security threat. The Division of Aeronautics, in conjunction with other agencies, would create a list of secure devices and vendors that have been cleared by the U.S. Department of Defense and determined that they do not pose a security threat. To the

extent practicable, drones purchased by political subdivisions would be subject to the same purchasing requirements.

[LB346](#), as introduced, would terminate or reassign the duties of more than 40 state boards, commissions, committees and councils. This would include terminating the Board of Examiners for County Highway and City Street Superintendents and placing the duty for oversight with the Board of Public Roads Classifications and Standards. The State Emergency Response Commission would be terminated and duties transferred to the Nebraska Emergency Management Agency. The Rural Broadband Task Force would be terminated on July 1, 2026.

[LB399](#) would reduce population thresholds to allow unused funds to be distributed to more rural and suburban fire districts through the Mutual Finance Assistance Act. Currently 80 percent of the assumed population of the mutual finance organization must be located outside of cities of the first class, primary class and metropolitan class. This threshold makes funding available to fire districts in 42 counties. The bill would change the threshold to 60 percent and make funding available in three or four more counties. Funding for the program is generated through insurance premium taxes and unused funds are placed in the state’s general fund.

[LB419](#) would modernize outdated language relating to eligibility for admission to veterans’ homes.

## Bills Advanced from Select File

[LB133](#) would clarify the authority of animal control officers to perform certain law enforcement functions. A recent Sarpy County case raised questions about whether these officers could obtain search warrants for animal welfare offenses. The bill would allow animal control officers or law enforcement officers who have reason to believe that an animal has been abandoned or is being cruelly mistreated to seek a warrant authorizing entry by a law enforcement officer or an animal control officer who is accompanied by a law enforcement officer. Either officer could investigate animal violations and issue citations.

[LB36](#) would enact requirements for the collection, recycling and end-of-life management of certain batteries. The program would be paid for by battery manufacturers. It would establish a hub for information about the availability and application processes for grants, loans and other programs to fund home weatherization projects administered by federal, state, or local agencies or nonprofits. Other provisions would increase the maximum fee that the Game and Parks Commission could charge for certain permits.

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