

NACO Legislative Report



April 18, 2025

Inheritance Tax Changes Sent to Floor

On Tuesday the Revenue Committee reported out [LB468](#), a bill to decrease inheritance tax rates and provide offsetting replacement revenue. A committee amendment, [AM874](#), would replace the introduced bill.

AM874 would increase the exemption amount for each Class I beneficiary from \$100,000 to \$150,000. Individual heirs receiving amounts in excess of \$150,000 would be taxed at one percent on the excess. 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 by \$34.3 million.

Replacement revenue totaling an estimated \$34.8 million would come in the form of the following 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 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 future 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 that would be distributed 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. These 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.

In addition to AM874, an [amendment](#) has been offered by Senator Eliot Bostar to gradually reduce inheritance tax rates until complete elimination in 2036.

[LR13CA](#), a constitutional amendment to prohibit the state and political subdivisions from levying inheritance taxes, was reported out of the Revenue Committee last week. It does not have a priority designation Neither LB468 nor LR13CA has appeared on the agenda for floor debate.

Debate This Week

This week the Legislature used cloture votes to end debate on bills about the disposal of fetal remains ([LB632](#)) and assaults on health care professionals ([LB322](#)), and advanced measures to allow mobile sports betting ([LR20CA](#)) and provide incentives for military defense companies to operate in Nebraska ([LB649](#)). On Thursday, senators began debate on a bill to prohibit the sale of lab-grown meat ([LB246](#)). Debate on LB246 will continue when the Legislature convenes on Tuesday.

Later that afternoon, the Legislature will debate [LB89](#), the Stand with Women Act, for four hours until a cloture vote. Typically cloture votes cannot be taken until after eight hours of first-round debate but Speaker John Arch has chosen to cap debate at four hours on bills such as LB89 that are considered emotionally-charged. The Legislature will remain in session until the cloture vote is taken around 7 p.m.

Publication Requirement Hearing Scheduled

Senator Rita Sanders has filed an amendment to [LB243](#), a Government, Military and Veterans Affairs Committee shell bill, to clean up open meetings laws. [AM1038](#) would revise requirements for posting notices in the case of refusal, neglect, or inability of a newspaper to publish the notice. Under existing law, if notice is not published under these circumstances, 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 submit notices to the statewide repository and must go through their newspaper for the posting, AM1038 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.

Other sections of AM1038 would reinstate language about agendas that was unintentionally removed last year.

Because these concepts were not part of a bill that was introduced earlier in the session, the committee will hold a special hearing on April 24 at 12:00 p.m. to take testimony on AM1038. The amendment is expected to be reported out and included within a Government Committee amendment to a priority bill.

Bills Reported to General File

Committees continue to meet in executive sessions and vote to advance bills to the floor of the legislature for debate by the full body.

Property Tax Cap Cleanup

In addition to [LB468](#), the inheritance tax bill, the Revenue Committee reported out [LB647](#) with components from five other bills. LB647 was introduced as a shell bill intended to be used as the base for a Revenue Committee priority bill.

The committee amendment, [AM994](#), contains language from [LB242](#) intended to make technical and substantive revisions to [LB34](#), the main property tax bill adopted during last summer's special session. It would revise unused restricted funds authority to allow conversion from the current lid to the new cap. It would identify the specific inflationary measure and the reporting period used to calculate growth under the new cap. It would strike a requirement for special elections to increase property tax authority to be held on the first Tuesday after the second Monday in May of odd numbered years. Other provisions would harmonize growth definitions used to determine caps and requirements to appear at the pink postcard joint public hearing. It would give counties a one percent collection fee for distributing school property tax credits.

Language from [LB628](#) would create the Recreational Trail Easement Property Tax Exemption Act. Property owners who agree to encumber their property with a perpetual recreational trail easement would be eligible for an annual property tax exemption equal to 10 cents for each square foot of the encumbered property. To qualify, the easement would need to provide public access and connect to existing or planned regional trails or significant local attractions such as parks, waterways, cultural sites, or residential areas. Property owners would submit an application to the county assessor on or before December 31 of the year in which the exemption would begin. The application would need to include proof of the recorded easement and certification from the holder of the easement confirming compliance. The assessor would deny or approve the application within 30 days.

Provisions from [LB709](#) would create a refundable income tax credit equal to 10 percent of the federal adoption expense tax credit. Provisions from [LB131](#) would expand the Nebraska educational savings plan. Language from [LB401](#) would specify details that must be included with income and sales tax deficiency notices from the Tax Commissioner.

County Board Education, Permit Approval

County board members, county attorneys, and members of planning commissions in zoned counties would be required to attend two hours of education per term on topics specific to their roles under a Government, Military and Veterans Affairs Committee amendment to [LB663](#). The original bill would require county attorneys to develop and present the education to the county board and planning commission.

The amendment would prohibit county boards or planning commissions 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 or exception. There would be a presumption that the applicant will comply with federal, state and local requirements, with the burden of proof to the contrary resting upon the party challenging the presumption. Without factual evidence to the contrary, the board or commission would approve the application. The decision to grant conditional use permits or special exceptions would be based solely on zoning regulations.

County zoning administrators or planning commissions would have 30 days to determine if applications are complete and, if the application is incomplete, another 10 days to notify the applicant about what is required to make the application complete. The administrator or commission would have another 30 days after the receipt of any additional information to redetermine if the application is complete. Within 90 days after receipt of a complete application, the commission would be required to grant or deny the application.

If the commission does not have authority to grant or deny a conditional use permit or special exception, it would make a recommendation to the county board. The board would have 30 days to make its own determination that the application is complete and, if the application is incomplete, another 10 days to notify the applicant of what is needed for the application to be complete. The board would have another 30 days after the receipt of any additional information to redetermine if the application is complete. Within 90 days after receipt of a complete application, the board would grant or deny the application. If the board does not act by the end of the 90-day period, the permit or exemption would be deemed granted.

LB663 was not designated a priority bill but could be amended into another bill with similar subject matter.

Drone Purchases

A Government, Military and Veterans Affairs Committee priority bill to restrict state agency purchases of drones from sources that could be a security threat came out of committee on Tuesday. Under the committee [amendment](#) to [LB660](#), 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.

Other sections of the committee amendment would set out procedures for state design-build contracts ([LB445](#)) and address other state agency functions.

Veterans Issues

[LB694](#) would explicitly prohibit discrimination based on military or veteran status by adding it to the list of protected classes, such as race, color, sex, marital status, and disability.

[LB419](#) would remove antiquated language and update eligibility for admissions to Nebraska veterans’ homes.

Both bills were advanced by the Government, Military and Veterans Affairs Committee without amendments. Neither measure was designated as a priority bill.

Single License Plate Bill Signed Into Law

On Monday, Governor Pillen signed [LB97](#) that will require the issuance of one license plate, rather than two plates, for motor vehicles and trailers beginning on or before the new plate cycle in 2029. License plate fees would increase from \$4.25 to \$8. Plates would be printed on demand and delivered by the Department of Motor Vehicles to the county treasurer or to the owner through the mail or another secure method. Persons with proof of registration could operate their vehicle for 30 days without displaying a mailed license plate.

Other provisions of LB97 would allow vehicle owners to choose a multi-year registration period ([LB543](#)), remove notary requirements to obtain duplicate titles for transfers of totaled vehicles to insurance companies ([LB225](#)), and clean up technical issues proposed by the Department of Motor Vehicles.

Other bills that were signed would expand the authority for alcohol consumption in common areas of entertainment districts when food is being served by at least one holder of an entertainment license ([LB113](#)) and require school boards to develop policies on parental access to a catalog of books and the titles of books checked out by their children ([LB398](#)).

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