

NACO Legislative Report



May 30, 2025

Early Adjournment Planned

The 2025 [session](#) will adjourn on Monday, June 2, one legislative day early, according to Speaker John Arch. The 90-day session was scheduled to adjourn on June 9, but debate will conclude on the 89th day. The Legislature typically schedules a window between the 89th and 90th days to allow time for vetoes to be returned and provide an opportunity for override efforts. Governor Jim Pillen has given assurances that all vetoes will be returned prior to adjournment on June 2. The Legislature will [reconvene](#) for the final day at 10 a.m, and is expected to adjourn sine die mid- to late-afternoon.

On Tuesday, Governor Pillen withdrew \$14.5 million in line-item vetoes of two budget bills, [LB261](#) and [LB264](#), after a filing mix-up last week raised questions about their constitutionality. The final budget for FY2025-26 and FY2026-27 provides for more than \$11 billion in spending.

Also on Tuesday, efforts were unsuccessful to override the veto of a bill ([LB287](#)) to require the Omaha Housing Authority to treat bedbug infestations and allow sanitary and improvement districts (SIDs) to levy special assessments on property outside of their boundaries for special benefits received by those properties. Although there had been limited debate on the SID portion prior to the bill's passage last week, it became the focus of the override discussion and was part of the veto message. The concept had been introduced as [LB321](#). Last week, an effort to override the veto of a bill ([LB319](#)) to allow persons with felony drug convictions to receive supplemental nutrition benefits was unsuccessful.

A Legislative Report will not be published next week. A summary of bills passed during the session will be available in June.

Technical Revisions to Special Session Caps Passed

Technical revisions and clarifications of property tax caps adopted during the special session were passed on Friday as part of [LB647](#). The revisions, which were introduced as [LB242](#), would provide for the conversion of unused restricted funds authority 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. 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.

Several other bills were amended into LB647. 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 allowed a property tax exemption based upon the portion of the property

which has been encumbered. A county, city, land trust, or nonprofit would have to hold the easement for the property owner.

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

An [amendment](#) was offered on Final Reading to strike sections from the bill that would allow money in college savings plans to be used for private grade school and high school tuition. These provisions, which were introduced as [LB131](#), had been amended into the bill on the first round of debate as part of a Revenue Committee [amendment](#). A cloture vote was needed to end debate and LB647 advanced with these provisions intact.

Election, Publication Bill Passed

[LB521](#), the Secretary of State's annual election cleanup bill, was passed by the Legislature on Wednesday, 49-0. The bill would address the timing of special elections, signature requirements, and other issues. It would clarify ways to distinguish between candidates with identical first and last names who have filed for the same office and require a zero report to indicate that vote counting devices are clear of any previous results before new ballots are counted. When a voter has asked in writing to cancel their registration, election commissioners and county clerks would be required to notify the voter in writing of the cancellation. The bill clarifies that if a special election day falls on a legal holiday, the election must be held on the first Tuesday following the first Monday of the selected month. It sets out a process for a candidate to decline to be a write-in candidate. When the number of verified signatures on a petition exceeds 110 percent of the number necessary to place the candidate on the ballot, the filing officer may stop verifying signatures. Watchers could be appointed by each political party to observe the testing of vote counting machines prior to elections ([LB659](#)).

Public bodies would be given flexibility to post meeting notices on a statewide repository of notices if the website is not available ([LB243](#)). The bill would reinstate requirements to record the methods and dates of notices in their minutes and maintain an updated agenda. These sections were inadvertently repealed last year.

Inspector General for Political Subdivisions Proposed

An inspector general for Nebraska political subdivisions was proposed during second-round debate of a bill to create a new Division of Legislative Oversight. The proposed political subdivision position would provide a process to investigate and review complaints against counties, cities, schools, state colleges, power districts and other governmental entities. Senator Eliot Bostar, who offered the [amendment](#), argued that senators should not learn from the media about alleged inappropriate actions by political subdivisions, but that a state entity should be in place to investigate and provide information to the Legislature. The amendment was not adopted but legislation is likely to be introduced in 2026 to create more legislative oversight over local governments and a central point to report complaints.

[LB298](#), the underlying bill, was introduced after the constitutionality of the inspector general positions and their ability to access information for investigations had been called into question by the Attorney General last year. It would create the Division of Legislative Oversight within the Legislature. The Legislative Audit Office and inspectors general for child welfare and correction would be under the new division. The bill passed and was presented to the Governor on Friday.

Bills Signed Into Law

The Legislature advanced and passed numerous bills this week. Some of them include:

County Office Space for DHHS

Under [LB376](#), after June 30, 2028, counties would no longer have to provide office space for the Department of Health and Human Services. LB376, which was introduced to clean up reporting requirements for the Department of Health and Human Services, also includes provisions to eliminate the requirement for counties to provide “office and service facilities used for the administration of the public assistance programs as such facilities existed on April 1, 1983.” Neb. Rev. Stat. § [68-130](#). The requirement was enacted more than 40 years ago when the administration of Medicaid was transferred from counties to the state.

Nameplate Capacity Taxes

[LB50](#) would change the distribution of nameplate capacity taxes to reflect reduced community college levy authority. Nameplate capacity taxes replace personal property taxes on renewable energy systems and are based upon a statutory rate per kilowatt hour. They are collected by the state and sent to counties for distribution to taxing entities based on their proportion of levy to the total levied in the county. When community college funding was transferred to the state in 2023, their levy authority was reduced from 11.25 cents to up to 2 cents and their share of nameplate capacity taxes was shifted to other taxing entities. LB50 would distribute 5 percent of nameplate capacity taxes to the community college area where the renewable energy facility is located. The change would generate about \$500,000 for community colleges and a corresponding loss for other taxing entities.

Roads and Motor Vehicles

[LB398](#) would harmonize specialty and organizational license plate laws and fees. It would create license plates to recognize Arbor Day ([LB568](#)), Space Force servicemembers, and Inherent Resolve Campaign Medal recipients ([LB134](#)). Fees for specialty and organizational license plates would be harmonized ([LB343](#)) and fees for organizational plates would be reduced from \$70 to \$40. Commercial fertilizer trailers would be issued permanent plates ([LB563](#)) and driver record abstract fees would be increased until 2029 to help fund modernization of the drivers’ records computer system ([LB114](#)).

[LB490](#) would exempt feed trucks and other self-propelled agricultural vehicles from titling requirements if they are used exclusively to carry and apply fertilizer, till the soil, harvest crops, or feed livestock. The bill contains procedures to transition security interests from a Uniform Commercial Code filing to a notation on the certificate of title.

[LB558](#) would create an Infrastructure Review Task Force to examine the state’s transportation infrastructure network and make recommendations. The group would consider future needs, safety, economic impact, federal funding, and other issues. The Governor, Speaker of the Legislature, chairs of the Revenue and Transportation Committees, other senators and state officials would make up the committee.

Mental Health Pilot Program

[LB150](#) would create a regional mental health pilot program. The program would provide funding to a county law enforcement agency to expand mental health beds at a jail or elsewhere. The Crime Commission would create the program with a goal of addressing the shortage of mental health beds and long travel distances for persons suffering from mental health issues and the law enforcement agencies that service the region. It would allow videoconferencing for emergency protective custody hearings if the parties agree.

Other bills included in LB150 would remove minimum sentencing requirements for certain post-release supervision ([LB219](#)), make it unlawful to place an obstruction on a railroad track ([LB271](#)), and eliminate outdated language regarding handgun purchase requirements ([LB539](#)). Provisions were adopted to prohibit discrimination based upon military or veteran status ([LB694](#)) and harmonize commonly accepted practices in criminal discovery ([LB93](#)).

Law Enforcement

[LB608](#) would extend tuition waivers that are currently available to law enforcement officers, professional firefighters, and their legal dependents to correctional and youth detention officers. The program is intended to

encourage recruitment and retention of first responders. Qualifying children who receive scholarships must agree to reside in Nebraska for five years after receiving the waiver.

[LB644](#) would create the Foreign Adversary and Terrorist Agent Registration Act and the Crush Transnational Repression Act. Agents of foreign principals from adversary nations or terrorist organizations would be required to register with the Attorney General. Persons who commit certain offenses on behalf of foreign principals could be punished by the next higher penalty classification. The Nebraska State Patrol would be authorized to develop a transnational repression recognition and response training that could include best practices for state and local law enforcement prevention, reporting, and response tactics. Governor Pillen has announced that he plans to sign the bill.

Crimes and Courts

[LB48](#) would establish a pilot program in metropolitan class cities for family resources to youth and families involved in, or at risk of, entering the juvenile justice system. Two centers would be selected for the pilot by the Department of Health and Human Services.

[LB513](#) would increase salaries for the Chief Justice and judges of the Supreme Court. Because salaries for other judges are based on the Supreme Court's rate, they would see corresponding increases.

[LB371](#) adds computer-generated or digitally manipulated images to the types of images protected under the Uniform Civil Remedies or Unauthorized Disclosure of Intimate Images Act. The Act creates a cause of action for persons who are harmed by the intentional or threatened disclosure of a private intimate image.

[LB504](#) would prohibit online services from accessing minor's user information and allow parents to manage children's online activity. The new provisions, called the Age-Appropriate Online Design Code Act, do not apply to local, federal, state or tribal governments in their ordinary course of operations. The Act would become operative on January 1, 2026. The bill was signed by Governor Pillen at a ceremony on Friday but it has not yet been officially reported in the Legislature's records.

Other Bills

[LB346](#) was introduced by Speaker Arch at the request of Governor Pillen to terminate or reassign more than 40 state boards, commissions, committees and councils. The changes 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.

[LB382](#) would appropriate \$2 million in each of the next two fiscal years to Area Agencies on Aging for Meals on Wheels and other services that help promote self-sufficiency for older adults. The funding would alleviate a deficit within the agencies that provide services.

[LB422](#) would make insurance coverage available to persons who receive real property through a transfer on death deed for 30 days after the death of the transferor. Transfer on death deeds would be required to contain a warning that insurance coverage may expire.

[LB288](#) would add grid resiliency to the types of improvements that can be funded through Property Assessed Clean Energy (PACE) projects in clean energy assessment districts created by cities and counties. Grid resiliency could be provided through backup power generators, solar panels with battery storage, smart grid technology, and other mechanisms. The bill would add the lack of affordable housing as a consideration for eligibility for tax increment financing (TIF) projects and revise the distribution of Affordable Housing Trust fund grants.

[LB649](#) would create tax incentive program to encourage defense contractors to locate in Nebraska. The program would begin on July 1, 2027.

[LR19CA](#) would extend term limits for members of the Legislature from two years to three years. The measure does not need to be signed by the Governor and will be presented to voters at the November 2026 general election.

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