

NACO Legislative Report



February 20, 2026

Two Percent Property Tax Cap Bill Prioritized

Thursday marked the deadline for senators and committees to designate their priority bills. Senator Ben Hansen selected [LB1219](#), a bill to cap local property tax askings at two percent plus real growth over the prior year. The Revenue Committee has voted to advance the bill but it has not officially reported out of committee. A committee amendment is expected but it isn't clear what it will contain.

At this point, county officials are asked to begin gathering information to tell the story of the impact of a two percent cap on counties. Data points could include costs of mandated services, increased costs for wages, fuel, insurance and other expenses over the past several years, emergency response costs, and unmet needs resulting from budget limits. If possible, meet with leaders of other local governments to help develop common themes and so political subdivisions can speak with a consistent voice statewide.

NACO will provide updates on the status of LB1219 and counties' responses through email, social media, and newsletters. Join our regular [Friday Action Call](#) for a weekly discussion.

Senator Rob Clements selected [LB468](#), last year's bill to reduce inheritance tax collections and provide replacement revenue to counties, as his personal priority bill. Last spring a Select File vote to invoke cloture fell two votes short and debate ceased. An amendment reallocate motor vehicle taxes is likely to be introduced before the bill is debated.

Speaker John Arch designated 25 Speaker priority bills, including [LB826](#) that would allow veterans to submit late applications for homestead exemptions when their certification of disability status is delayed by the U.S. Department of Veterans Affairs.

A full list of priority bills is [here](#). Priority bills will take precedence on the agenda until debate on the [budget](#) begins in early March. February 20 marked the mid-point of the 60-day session.

Committees continue to send a bills to the floor, including [LB1253](#) on tax sales and [LB786](#) to update Military Honor license plates.

A number of bills were debated on General File and advanced including [LB834](#), which was introduced by Senator Kathleen Kauth at NACO's request. It would streamline and modernize county statutes by eliminating a \$5 mobile home park permit fee, harmonizing population references, eliminating an unnecessary column on tax lists, and other issues.

On Friday, the Legislature passed [LB663](#) to create shot clocks for county zoning decisions, as well as [LB441](#) that would allow virtual inspections of certain building permits.

Governor Pillen signed four bills, including [LB203](#) that would require preapproval of certain directed health measures with ratification at a regular or emergency meeting of the board.

When the Legislature convenes on Monday, first round debate will continue on [LB1237](#), a bill to prohibit bringing weapons or prohibited substances into the Capitol.

Committee Hearings Next Week

Public hearings on introduced bills will conclude on February 27. Full days of floor debate will begin on [March 3](#).

Government, Military and Veterans Affairs Committee

The Government, Military and Veterans Affairs Committee will hear two bills introduced on behalf of NACO on Wednesday, February 25. [LB1019](#) would exempt county assessors who enter onto property in the performance of their duties from liability for trespass. An [Attorney General's opinion](#) last summer invalidated a 1977 opinion which said that assessors could enter property, but not homes, without being liable for trespass. The new opinion concluded that assessors who enter private property without consent or a warrant could be liable for criminal trespass. Entry without a proper search warrant could also be an unconstitutional search and seizure. The opinion suggested alternatives such as using drones to complete statutorily-required property inspections. Senator Myron Dorn introduced LB1019.

[LB1203](#) would create new procedures for small checks issued by counties that remain uncashed for three years. Currently, these checks are remitted to the state's Unclaimed Property Division. Under LB1203, these checks would be declared void and cease to be an obligation of the county, allowing them to be charged off the county's books. The money, including any interest, would be credited to the county general fund. If the check is later presented to the county board for payment, the board could approve the claim. Senator Stan Clouse introduced LB1203.

On February 26, the committee will hear [LB1215](#), the Political Subdivision Contracting Transparency Act. The bill would require political subdivisions that are purchasing services or goods or engaged in construction to make full payments no later than 30 days after receipt of a proper invoice. Unsuccessful bidders could request a written or virtual post-award briefing about the evaluation criteria, scoring information and other information about the bid. The Department of Administrative Services would establish an online procurement calendar and political subdivisions would be required to post solicitations of \$50,000 or more.

Two other bills will be heard that afternoon: LB1081 and LB1256. [LB1081](#) would prohibit state agencies and political subdivisions from using public funds to purchase U.S. or State of Nebraska flags that are not manufactured in the United States. [LB1256](#) would add snow and ice removal and flood management to the definition of emergency management so that workers in these areas would be recognized as emergency management workers.

Judiciary Committee

Petitions to place an individual in emergency protective custody could be filed by interested parties, including immediate relatives, friends, and other persons acting in the best interest of the individual, under [LB1040](#). Currently, these petitions can only be filed by county attorneys. The Judiciary Committee will hear LB1040 on February 25, along with [LB1084](#), a technical correction of the Nebraska Mental Health Commitment Act.

On February 26, the committee will hear [LB952](#), a bill to create the Supreme Court Operations Cash Fund. The fund would be used for court and probation programs. It would terminate the Court Appointed Special Advocate (CASA) Fund that provides grants to recruit and train CASA volunteers.

Other bills heard on Thursday would prohibit sexual contact between law enforcement officers and minors ([LB909](#)) and require defendants convicted of sexual offenses to pay \$100 for the forensic analysis of each electronic device seized in connection with the offense ([LB910](#)).

Law enforcement officers would be prohibited from wearing facial coverings that obscure their identity by [LB854](#) and [LB906](#) that will be heard on February 27. Exceptions would be made for respirators, facial coverings intended to protect against toxins or bodily fluids, officers serving undercover, and other limited situations. The bills would require officers to wear identification showing their name and agency. LB906 would also create an exception from the Political Subdivisions Tort Claims for violations of the facial covering prohibitions. The hearings on LB854 and LB906 will be combined.

Two bills would limit the authority of law enforcement agencies to enter into agreements to enforce federal immigration laws. [LB963](#) would require legislative approval before the state could enter into such agreements. [LB881](#) would apply to political subdivisions and the Nebraska State Patrol. Law enforcement agencies and jails would need approval of their respective governing bodies before signing such agreements. These bills will be heard together.

Another bill, [LB907](#), would prohibit law enforcement officers from entering into community safe spaces, such as hospitals, courthouses, and churches, to enforce immigration laws without a warrant.

Revenue Committee

The Revenue Committee will hear bills on tax incentives on February 25 and wrap up its hearings with shell bills on property ([LB803](#)), income ([LB802](#)) and sales taxes ([LB901](#)). The bills do not propose substantive changes and are not intended to be passed as introduced. Instead, they are intended to serve as vehicles for other issues, should the committee need them. The committee prioritized LB803 and LB901.

Urban Affairs Committee

Two bills that would restrict electrical and other codes adopted by counties will be heard by the Urban Affairs Committee on February 24. Under [LB1134](#) and [LB1227](#), counties and cities would be prohibited from adopting local building or electrical codes that are more stringent than state codes. LB1134 would extend this requirement until 2031. It is intended to address the housing crisis by slowing the costs that come with more advanced and restrictive codes. LB1227 would require new codes to be cost efficient to the property owner based upon energy impact studies.

The committee will also hear two bills on tax increment financing (TIF). [LB1129](#) would allow TIF to be used on land that lies within a city's extraterritorial zoning jurisdiction. [LB1168](#) would allow community redevelopment authorities to issue conduit revenue bonds on behalf of private investors. The authority could pledge up to one hundred percent of the annual excess taxes toward the bonds. The authority could enter into agreements with taxpayers to limit their right to challenge property taxes within the project area.

Business and Labor Committee

Two bills to appropriate funds to pay claims against the state will be heard on February 23. [LB1133](#) is the annual bill to pay Workers' Compensation and other claims. [LB1170](#) would allow counties to file more than one claim for the prosecution costs of an incident at a state correctional institution. The bill would also revise the presumptions of injury that result in a public safety officer's death under the Line of Duty Compensation Act. The bills will be heard together.

Committee Hearings Held This Week

Revenue Committee

The Revenue Committee heard [LB1021](#) which would give the Department of Revenue a three percent commission for their role in administering nameplate capacity taxes. Counties, which have traditionally kept a one percent commission when distributing these taxes, would explicitly be prohibited from doing so. A separate bill, [LB770](#), was introduced this year on NACO's behalf to codify the commission for counties.

Under [LB1021](#), the funds generated by the Department's commission, which would total nearly \$400,000, would be used for agency operations. At the Department's budget hearing, NACO testified that the Department should be fully funded by the state without needing a commission. NACO testified in opposition at the hearing on LB1021.

The committee also heard [LB1186](#), a bill intended to incentivize counties that adopt a list of affordable American energy best practices by giving them a greater portion of nameplate capacity taxes generated on battery storage systems. The formula as written in the bill does not match the stated intent and county revenues would actually be reduced.

The committee was asked not to advance [LB990](#), a bill that would limit eligibility for school property tax credits to property owners who are residents of Nebraska. Senator Rob Dover, the introducer, said he plans to introduce a revised version of the bill next year.

Appropriations Committee

Veterans service officers, a county board member, representatives of veterans groups, and NACO testified in opposition to transfers of the principal from a fund used to provide temporary assistance to veterans. There is currently about \$60 million in the fund, which typically generates nearly \$1.5 million in interest annually. The fund was established in 1921 as a temporary emergency assistance program to support veterans and their families when other resources are not immediately available.

The testimony came at an Appropriations Committee's hearing on the Department of Veterans' Affairs budget. Agency director John Hilgert said that rapid growth of the fund would offset reductions but testifiers said that using the funds for a state budget shortfall sets a bad precedent. Many counties have seen a 50 percent increase in requests for assistance from veterans and reductions to the state fund now could weaken the long-term stability of the fund.

The committee also heard testimony on the budget for the Department of Water, Energy and Environment. County weed superintendents and NACO spoke in support of shifting control of riparian weed control grants to the agency as proposed by [LB807](#), which advanced from the second round of debate on Thursday.

In addition to agency hearings, the committee heard testimony on [LB968](#), a bill to appropriate \$4 million to the Military Department for a grant for equipment for emergency rescue events. To be eligible for the grant, a political subdivision would have to show that it is capable of assisting in statewide rescue events.

Government, Military and Veterans Affairs Committee

Three bills introduced on behalf of NACO were heard by the Government, Military and Veterans Affairs Committee this week. [LB919](#), introduced by Senator Rita Sanders, would modernize records preservation laws by allowing the use of accessible durable mediums in addition to microfilm.

[LB923](#) would give counties specific authority to combine warrants from multiple funds into one document, allow dated military discharge records to be transferred to the State Historical Society, eliminate a requirement for county clerks in counties over 150,000 to prepare an annual estimate of supplies, and repeal farm name registrations. The bill is intended to streamline and modernize procedures. Senator Stan Clouse introduced the bill.

[LB896](#) would increase marriage license fees from \$25 to \$50 to cover the cost of issuance. Fees for certified copies would be increased from \$9 to \$16 to mirror the cost of certified copies issued by the state's Office of Vital Records. Senator Dan Lonowski introduced the bill.

Information on county and city revenues, expenses and balance sheets would be placed in a searchable database under [LB969](#). Similar requirements were adopted last year for schools ([LB306](#)). The information, which would be taken from audits, is currently available for each entity in a PDF format on the State Auditor's website. As introduced, counties and cities would be required to provide 10 years of historical financial information. NACO

and the League of Municipalities suggested reducing this requirement to 5 years to align more closely to records retention schedules.

Judiciary Committee

The Judiciary Committee heard bills this week that would address county exposure to liability. [LB993](#) would allow persons who believe they have been deprived of any constitutional right by a law enforcement officer to seek punitive damages. Historically, Nebraska law has treated punitive damages against governmental entities with caution, recognizing that public funds should be used to provide services, not pay punitive awards. NACO testified that the bill would dismantle the fiscal guardrails of the Political Subdivisions Tort Claims Act and federal constitutional law.

[LB1136](#) would require political subdivisions to identify the official responsible for receiving tort claim filings and their address on the home page of the subdivision's website. Failure to maintain up-to-date information would suspend the deadline for making a claim until the information is corrected. Committee members discussed the differences between strict compliance and substantial compliance with filing requirements and whether a reasonable time frame for website updates would resolve proponents' concerns.

[LB935](#) is intended to deter frivolous lawsuits against political subdivisions by allowing the subdivisions to request attorney fees and court costs in lawsuits primarily intended to harass the subdivision or its officials. A proponent of the bill testified that in one city of 3,000, five lawsuits filed by the same person were pending at once, taking city legal staff away from pressing matters and wasting taxpayer dollars. Adding more guardrails about what constitutes a frivolous suit would discourage misuse of the legal system without diminishing access for suits with merit to proceed.

Another bill would prohibit political subdivisions from adopting policies to permit unregulated street camping. [LB925](#) would make it illegal to camp on public property or rights of way that aren't designated as camp sites. First time offenders would be directed by law enforcement to the nearest appropriate homeless shelter. Subsequent offenses would be Class V misdemeanors. Proponents and opponents testified that addressing mental health and housing affordability would significantly reduce homelessness.

[LB995](#) would require the appointment of counsel for juveniles in certain situations. Counsel is currently required in counties over 150,000. The bill would require written information about the juvenile's right to counsel to be provided to them at a level which developmentally appropriate. Opponents testified about the lack of attorneys in many areas of the state. Because no appropriation or reimbursement mechanism is provided, the bill is an unfunded mandate.

[LB996](#) would prohibit the routine use of shackling or restraints on juveniles.

Urban Affairs Committee

The Urban Affairs Committee heard measures on tax increment financing (TIF) changes on Tuesday. [LB988](#) would prohibit agricultural and horticultural land from being eligible for TIF by requiring no less than one uninhabitable structure on the property as determined by an inspector or at least one recently demolished structure. Funds from one redevelopment project could not be used to fund another project and a vote would be needed before TIF could be used for transportation projects. Opponents said proposed changes to the beginning date of projects would effectively reduce the duration from 20 years to 14 years. A testifier for municipalities noted that many TIF projects are in second class cities and villages that do not have inspectors to determine if structures are permanently inhabitable.

[LR312CA](#) is a proposed constitutional amendment that would strike references to blighted and substandard areas, instead focusing on development and related public improvements in residential areas.

[LB1113](#) is a shell bill that could be used by the committee if needed later in the session. As introduced, it would change the date of notice to the Property Tax Administrator when dividing ad valorem taxes from July 1 to July 2.

[LB976](#) would change the balance of resident and non-resident property owners on sanitary and improvement district (SID) boards of trustees. Because most SIDs are developed in phases, allowing more nonresident members on the board during the first years of the project would help ensure that projects are fully completed. Elections for SID boards are conducted by county clerks and election commissioners but are not subject to the Election Act.

One more inland port authority could be created in the state under [LB915](#). Currently five inland port authorities exist – in Lincoln County, Fremont/Dodge County, Omaha, Bellevue, and South Sioux City. The bill would add authority for a sixth inland port, likely in Grand Island. Proponents of the bill suggested increasing the number of inland ports to as many as ten because of the interest in the program. Opponents cautioned that adding too many inland ports that are too close together could dilute the effectiveness of the approved locations. Inland ports are multi-modal transportation hubs that support economic development, industrial development, and distribution of goods.

Agriculture Committee

The Agriculture Committee heard two bills on branding on Tuesday. [LB1258](#) would transfer the Brand Committee's duties to a new division within the Department of Agriculture. Participation in the new program would be voluntary and funded through fees. Sheriffs would be tasked with additional responsibilities in handling estray cases. [LB1187](#) would increase per head livestock inspection fees charged under the existing Brand Committee structure.

Selected Committee Hearings

Following are selected hearings that are of interest to counties during the final week of hearings. The full list of hearings is available [here](#).

Monday February 23, 2026

Business and Labor Committee

Room 1200 - 1:30 PM

[LB1133](#) (Kauth) Provide for payment of claims against the state

[LB1170](#) (Wordekemper) Change provisions relating to filing and appealing claims against the state

Note: The hearings on LB1133 and LB1170 will be combined

Tuesday February 24, 2026

Urban Affairs Committee

Room 1200 - 1:30 PM

[LB1134](#) (Kauth) Change and provide limitations on updates to state and local building codes, electrical codes, and energy codes

[LB1227](#) (Andersen) Change provisions relating to local energy codes and local electrical codes

[LB1168](#) (Wordekemper) Authorize the issuance of conduit revenue bonds under the Community Development Law

[LB1250](#) (Guereca) Authorize certain cities and villages to sell waterworks, sewer systems, and water systems

[LB1129](#) (Dover) Change provisions of the Community Development Law

Wednesday February 25, 2026

Government, Military and Veterans Affairs Committee

Room 1507 - 1:30 PM

[LB1019](#) (Dorn) Provide immunity from prosecution for trespass for county assessors

[LB1203](#) (Clouse) Provide for the treatment of uncashed checks issued by counties

Judiciary Committee

Room 1525 - 1:30 PM

[LB1084](#) (Storer) Change provisions relating to persons taken into emergency protective custody

[LB1040](#) (Kauth) Change provisions of the Nebraska Mental Health Commitment Act relating to grounds for civil commitment and inpatient treatment and allow for interested parties to file petitions

Revenue Committee

Room 1524 - 1:30 PM

[LB803](#) (Revenue Committee) Change provisions relating to the listing of taxable tangible personal property

Thursday February 26, 2026

Government, Military and Veterans Affairs Committee

Room 1507 - 1:30 PM

[LB1081](#) (Meyer, G.) Require state agencies and political subdivisions to purchase flags made in the United States

[LB1215](#) (McKinney) Adopt the Political Subdivision Contracting Transparency Act

[LB1256](#) (Cavanaugh, J.) Redefine a term under the Emergency Management Act

Judiciary Committee

Room 1525 - 1:30 PM

[LB952](#) (Dorn) Create the Supreme Court Operations Cash Fund and terminate the Supreme Court Reports Cash Fund and the Court Appointed Special Advocate Fund

[LB909](#) (Hardin) Prohibit sexual abuse by a law enforcement officer

[LB910](#) (Hardin) Require defendants convicted of sexual offenses against children to pay a fee for electronic devices seized during prosecution

Friday February 27, 2026

Judiciary Committee – these hearings will operate under annotated committee guidelines

Room 1525 - 1:30 PM

[LB854](#) (Hunt) Prohibit law enforcement officers from wearing facial coverings or disguises and require them to wear appropriate identification

[LB906](#) (Juarez) Prohibit law enforcement officers from wearing facial coverings or disguises and require officers to wear appropriate identification

Note: The hearings on LB854 and LB906 will be combined

[LB881](#) (Guereca) Require law enforcement agencies, jails, and the Nebraska State Patrol to receive approval prior to entering into agreements to enforce immigration law

[LB963](#) (McKinney) Prohibit agreements by state agencies relating to immigration enforcement without legislative approval and change provisions relating to the use of state prisons

Note: The hearings on LB881 and LB963 will be combined

[LB907](#) (Juarez) Prohibit law enforcement officers from entering community safe spaces to enforce immigration law

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