

January 28, 2022

With 16 days of the 2022 Legislative Session having been completed, the body continues to engage in floor debate primarily on bills that have been designated as priority bills during the 2022 Legislative Session. Committee hearings are in full swing and will continue for approximately the next 30 days.

APPROPRIATIONS COMMITTEE HEARS GOVERNOR'S ARPA FUNDING PRIORITIES

The Appropriations Committee met on Tuesday for approximately eight hours and received testimony from over 80 witnesses in connection with Governor Ricketts' American Rescue Plan Act (ARPA) proposals/priorities. The Governor has designated 29 separate areas for expenditure of ARPA funds, including \$50 million to the Department of Economic Development in the next two fiscal years for workforce housing grants eligible under the Rural Workforce Housing Investment Act and \$25 million for fiscal year 2022-23 for workforce housing grants eligible under the Middle-Income Workforce Housing Investment Act. The NBA expressed support for the Governor's proposed funding of the two Workforce Housing Investment Acts.

Nearly 90 bills introduced by individual senators for the expenditure of ARPA funds have been referred to the Appropriations Committee, which will continue to conduct hearings on each of these bills during the next month. The Appropriations Committee is then expected to prioritize bills which will receive further consideration by the full legislature.

NBA BILLS RECEIVE HEARINGS

NBA General Counsel Bob Hallstrom appeared before the Banking, Commerce and Insurance Committee earlier this week to present testimony in support of the following bills on the NBA Affirmative Legislative agenda:

LB 826 - PUBLIC FUNDS DEPOSIT SECURITY ACT: Introduced by Senator Brett Lindstrom (Omaha), LB 826 would authorize the use of bonds or obligations of another state, or a political subdivision of another state, which are rated within the two highest classifications by at least one of the standard credit rating services to be used as collateral for public funds, with such classifications to include the underlying credit rating or enhanced credit rating, whichever is higher, with respect to bonds or obligations of a political subdivision of another state.

LB 846 - BANK DIRECTORS ANNUAL AUDIT: Introduced by Senator Julie Slama (Auburn), LB 846 would allow a bank's board of directors to submit its annual audit to the Department of Banking within 120 days (currently 90 days) after the end of the calendar year.

The Nebraska Department of Banking and Finance also provided testimony in support of both LB 826 and LB 846.

COMMITTEE HEARING ACTIVITY

The NBA also weighed in on the following bills of interest to the banking industry which were heard before various committees during the past week:

Banking, Commerce and Insurance:

LB 706 - REAL PROPERTY APPRAISER ACT: Introduced by Senator Matt Williams (Gothenburg), LB 706 would make “technical corrections” to the existing Real Property Appraiser Act to remain in compliance with the Appraiser Qualification Board’s Real Property Appraiser Qualification Criteria and to maintain compliance with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. **(NBA Position-Support)**

Revenue Committee:

LB 701 - NEBRASKA JOB CREATION AND MAINSTREET REVITALIZATION ACT/NEBRASKA ADVANTAGE RESEARCH AND DEVELOPMENT ACT: Also introduced by Senator Matt Williams, LB 701 would extend the sunset for the Nebraska Job Creation and MainStreet Revitalization Act from December 31, 2022, to December 31, 2027 and would extend the sunset under the Nebraska Advantage Research and Development Act from December 31, 2022, to December 31, 2023. **(NBA Position-Support)**

LB 832 - INDIVIDUAL INCOME TAXES: LB 832, sponsored by Senator Machaela Cavanaugh (Omaha), LB 832 would reduce the individual income tax rates for incomes at or below \$6,659 from 2.46% to 0%. The bill would also increase the tax bracket for income subject to taxation at a rate of 3.51% for income from \$35,999-\$64,429; assess an individual income tax rate of 6.84% for income up to \$199,999; an individual income tax rate of 7.75% for income up to \$1,999,999; and a top income tax individual income tax rate of 8.25% on income of \$2 million or more. **(NBA Position-Oppose)**

LB 938 - CORPORATE INCOME TAX RATES: Introduced by Senator Lou Ann Linehan (Omaha), LB 938 would reduce the maximum corporate income tax rate, from 7.5% to 7% in 2023; to 6.5% in January 2024; to 6.14% in January 2025; and to 5.84% in January 2026. **(NBA Position-Support)**

LB 939 - INDIVIDUAL INCOME TAX RATES: Also introduced by Senator Linehan, LB 939 would reduce the maximum individual income tax rate on incomes over \$58,000 for joint returns from 6.84% to 6.34% in 2023; to 6.14% in 2024; and to 5.84% in 2025. **(NBA Position-Support)**

LB 891 - STATE AID TO EDUCATION FUNDING: Introduced by Senator Brett Lindstrom (Omaha), LB 891 would provide the funding source for state aid to education by dedicating a half-cent of the state sales tax toward funding education; repurposing Nebraska Property Tax Incentive Act funds to provide property tax relief through the state aid to education formula; it also would provide for a maximum General Fund levy of \$.95 and would cap the School District Special Building Fund at a maximum levy of \$.10 with authority to exceed the Special Building Fund maximum levy with a super majority vote of the school board and authority to exceed a combined General Fund in Special Building Fund levy of \$1.05 with a vote of the people.

While the NBA has not taken a position on LB 891, testimony was provided by the NBA in a “neutral” capacity to express concerns over provisions of the bill which would reduce from \$.14 to \$.10 the maximum levy for special school building projects. The NBA noted that banks provide lease-purchase financing for special school building projects which are reliant upon the school district’s ability to levy a tax of \$.14 and that the bill should be amended to allow the school district to impose a \$.14 levy for the life of the project. **(NBA Position-Watch)**

GOVERNMENT RELATIONS FORUM A SUCCESS

Over 60 bankers were in attendance at the NBA Government Relations Forum on Thursday, January 27. Bankers enjoyed lunch with 25 state senators and presentations by Kelly Lammers, Director of the Department of Banking and Finance. Presentations by State Senators John Stinner, Matt Williams and Rob Clements were also featured on the program.

NBA General Counsel Bob Hallstrom provided an overview of the legislative session activities and a review of the bills of interest to the NBA.