

January 7, 2022

## 2022 SESSION COMMENCES

The gavel fell at 10:00 a.m. on Wednesday, Jan. 5, marking the beginning of the second session of the 107th Legislature. The first two days of the short, 60-day session, consisted primarily of bill introductions, with 175 new bills dropped into the hopper. Combined with nearly 475 bills carried over from the 2021 Legislative Session, lawmakers will face a healthy slate of issues once again this session.

Bill introductions will continue during the first 10 legislative days, with General File debate of bills carried over from the 2021 Session to commence on Jan. 10. Committee hearings will begin on Jan. 18 and run through March 3. The Governor will present his State of the State Address on Jan. 13.

The 2022 Legislative Session will be the last for Senators Curt Friesen (Henderson), Mike Groene (North Platte), Matt Hansen (Lincoln), Robert Hilkemann (Omaha), Dan Hughes (Venango), Mark Kolterman (Seward), Brett Lindstrom (Omaha), John McCollister (Omaha), Adam Morfeld (Lincoln), Patty Pansing Brooks (Lincoln), John Stinner (Gering) and Matt Williams (Gothenburg) due to term limits, the constitutional provision limiting senators to serving two consecutive four-year terms in office.

Major issues expected to be addressed this session include: tax reform, property tax relief, workforce development and expenditure of federal pandemic relief funds.

This session, the NBA will be promoting a legislative agenda consisting of five bills to be introduced on behalf of the Association. These bills cover the following subjects:

1. Rural Workforce Housing Funding
2. Annual Bank Audit Reports
3. Public Funds-Permissible Collateral
4. LIBOR Transition
5. Delayed Operative Date for UCC Article 12 (Security Interest in Controllable Electronic Records)

## CARRYOVER LEGISLATION

Set forth below is a brief description of the sole carryover bill on the NBA Affirmative Legislative agenda:

**LB 535 – Notice of Lapse or Termination of Life Insurance Policy:** LB 535, introduced by Senator Mark Kolterman (Seward), on behalf of the NBA, would prohibit a policy of life insurance subject to an assignment to be terminated or lapsed by reason of default in payment of any premium unless a notice of pending lapse and termination of the policy has been provided by the insurer to any known assignee at least 30 days prior to the effective date of the lapse and termination. The bill would allow the notice of lapse and termination to be provided electronically by the insurer to any assignee who has requested notice.

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The following bills, which are **opposed by NBA**, are on General File or are stalled in committee, but could receive further consideration this session:

**LB 133 – The Nebraska Consumption Tax Act**: Senator Steve Erdman (Bayard) is the sponsor of LB 133, which would eliminate all property, income and corporate taxes and replace it with a tax on the use or consumption in the state of Nebraska of taxable property or services (excludes intangible property and services, including financial intermediation services) at a rate of 10.64 percent. The legislation would impose the consumption tax on financial intermediation services, including explicitly and implicitly charged fees for financial intermediation services to be collected with the same frequency that statements are rendered by the financial institution, but not less frequently than quarterly. The principal and interest component of financing leases would also be subject to the consumption tax.

**LB 258 – The Healthy and Safe Families and Workplaces Act**: Introduced by Senator Tony Vargas (Omaha), LB 258 would allow employees to accrue a minimum of one hour of paid sick time for every 30 hours worked, with a minimum of 40 hours of paid sick time accrued in a calendar year.

Under the measure, employees would be entitled to use accrued paid sick time beginning on the 60th calendar day following commencement of employment. Paid sick leave would be authorized for (a) an employee's mental or physical illness, injury, or health condition; (b) an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; (c) an employee's need for preventative medical care; (d) care of a family member with a mental or physical illness, injury, or health condition; (e) care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; (f) care of a family member who needs preventative medical care; or (g) absence necessary due to domestic abuse, domestic assault, sexual assault, or stalking.

**LB 290 – Paid Family and Medical Leave Insurance Act**: Senator Machaela Cavanaugh (Omaha) introduced legislation (LB 290) that would establish a statewide paid family medical leave insurance program similar to Nebraska's unemployment insurance system, managed by the state Department of Labor. The legislation would apply to all employers subject to the Employment Security Act (one or more employees), with self-employed individuals eligible to participate funding would be provided for the program through a payroll tax of up to 1 percent of payroll as determined by the Commissioner of Labor.

The bill would allow 12 weeks, or 60 workdays, of paid leave if taken intermittently, and would base the paid leave upon 90 percent of an individual's average weekly wage that is at or below 50 percent of the state average weekly wage and 50 percent of the individual's average weekly wage that is above 50 percent of the state average weekly wage, not to exceed 66 percent of the state average weekly wage.

The bill would also require employers to pay all other benefits that are due to the employee that would have been paid in the absence of leave, as well as all other benefits offered to the employee (vacation, sick leave, etc.) and would require employers to allow employees to return to their jobs after exercising their right to family medical leave.

**LB 394 – Eviction/Foreclosure Moratorium**: Senator Adam Morfeld (Lincoln), has introduced a measure (LB 394) that would authorize municipalities to impose moratoriums on evictions and mortgage foreclosures during "public health emergencies."

**LB 422 – Sales Tax on Services**: Senator Tom Briese (Albion) has introduced a measure (LB 442), which would, commencing October 1, 2022, reduce the state sales tax rate from 5.5 percent to 5 percent with adjustments in each of the next four calendar quarters to provide approximately the same amount of sales and use tax revenue for the state as would have been generated without the expansion of sales tax on services provided under the bill. The measure would apply the state sales tax to all services (all activities engaged in for other persons for a consideration and that involve predominantly the performance of a service as distinguished

from selling or leasing tangible personal property, excluding services rendered by an employee to his or her employer) which shall be presumed taxable unless a specific sales tax exemption applies.

**LB 654 – Public Entities Investment Trust Act**: Senator Justin Wayne (Omaha) is the sponsor of legislation (LB 654) that would authorize the creation of trusts to provide an investment pool into which all public entities (excluding the state of Nebraska and any agency thereof) may deposit funds. The measure would authorize investments in (a) obligations, including letters of credit, of any agency or instrumentality of the United States government, including bonds, debentures, or notes issued by the Federal Home Loan Bank system; (b) direct obligations of the United States government or its agencies including collateralized mortgage obligations and obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation; (c) certain direct obligations of the state, its agencies, and instrumentalities; (d) certain obligations of other states, agencies, counties, cities, and political subdivisions; (e) certain commercial paper; (f) money market mutual funds whose shares are sold without fees, commissions, or other sales charges, that have a fixed net asset value of \$1, and are comprised of obligations of the United States, its agencies, or instrumentalities; (g) certain fully collateralized repurchase agreements; (h) certain overnight and time deposits made in state or national banks, capital stock financial institutions, or qualifying mutual financial institutions doing business in the state; or (i) any other allowable investments permitted under state law.

The bill would require an established percentage of trust assets to be deposited with banks, capital stock financial institutions and qualifying mutual funds as defined in *Neb.Rev.Stat.* Section 77-2387, including deposits with banks, capital stock financial institutions and qualifying mutual funds whose total assets do not exceed \$1 billion.

## **2022 STATE GOVERNMENT RELATIONS FORUM**

You are encouraged to sign up for the annual NBA State Government Relations Forum which will be held on January 27, at the Cornhusker Marriott Hotel in Lincoln. Headlining the program will be presentations from a panel of state senators and NBA General Counsel Bob Hallstrom. Nebraska Department of Banking Director Kelly Lammers will discuss Department initiatives.

The State Government Relations Forum presents an opportunity to meet personally with your state senator during lunch to discuss issues of importance to the banking industry and to your institution and community. We look forward to seeing you on January 27.