

# LEGISLATIVE UPDATE

108<sup>th</sup> Legislature, 2<sup>nd</sup> Session



March 22, 2024

The Legislature adjourned on Thursday having completed 48 days of the short 60-day 2024 Legislative Session. Lawmakers must give final approval and send the mid-biennium budget adjustments to the Governor by the close of business next Tuesday. The Legislature continues to make steady progress in processing individual, Committee and Speaker priority bills; however, much work remains to be done in the closing days of the session, and the body will be working well into the evenings for the balance of the session.

## OMNIBUS BANKING BILL ADVANCES TO SELECT FILE

The Legislature has given first-round approval to LB 1074, one of the two Banking, Commerce and Insurance Committee Priority Bills which, as advanced, now contains the following provisions:

**LB 1074 - OMNIBUS DEPARTMENT OF BANKING BILL:** Introduced by Senator Julie Slama (Dunbar), LB 1074 would, among other things, renew the annual bank and savings and loan “wild-card” provisions. Prior to advancing the bill, the Committee adopted amendments incorporating the provisions of LB 710 (Credit Union Act), LB 872 (Central-Bank Digital Currency) and LB 1122 (Misleading Advertisements/ Solicitations). **(NBA POSITION: SUPPORT)**

**LB 710 - CREDIT UNION ACT:** Introduced by Senator George Dungan (Lincoln), LB 710 would: a) authorize a credit union to provide written notice of any change in its principal place of business within the state to be delivered to the Department in person or sent by regular or electronic mail; b) authorize a credit union to conduct annual or special meetings by virtual conferencing platform; c) authorize the board of directors of a credit union to conduct regular meetings not less frequently than six meetings annually, with at least one meeting in each calendar quarter; d) authorize a credit union board of directors to appoint one or more associate directors to serve in an advisory capacity; and e) authorize a credit union to invest in insurance policies and other investment products to fund employee benefit plans for its employees not to exceed 15% of the net worth of a credit union from a single issuer or 25% of the net worth of a credit union in aggregate.

Provisions of the original bill – which were opposed by the NBA and which have been removed in the Committee amendment to LB 1074 – would have: a) eliminated requirements for the Director of the Nebraska Department of Banking and Finance (Department) to provide notices of an application for establishment of a branch of a credit union and remove discretion from the Director to hold a public hearing on amendments to a credit union association’s bylaws which are brought before the Department; b) allowed a credit union with a main chartered office or approved branch in the state, upon notification to the Department, to establish savings account programs in any elementary or secondary school, whether public or private, that has students who reside in the same city or village as the main chartered office or branch of the credit union; c) expanded the field of membership of a credit union to include persons or organizations within a geographically defined community, neighborhood or rural district; d) authorized credit unions to invest in shares, stocks or member units of financial technology companies in a total amount not exceeding 5% of the net worth of the credit union; and e) repealed the 18% usury rate on credit union loans.

**LB 872 - CENTRAL-BANK DIGITAL CURRENCY:** Introduced by Senator Rob Clements (Elmwood), LB 872 would prohibit political subdivisions or state agencies from accepting a central-bank digital currency as a method of cash payment of any tax, levy, excise, duty, custom, toll, interest, penalty, fine, license, fee or assessment of whatever kind or nature.

**LB 1122 - MISLEADING ADVERTISEMENTS/SOLICITATIONS:** Senator Beau Ballard (Lincoln) is the sponsor of LB 1122, which would increase the maximum fine that the Department of Banking can impose for violations involving misleading advertisements or solicitation of bank customers from \$1,000 to \$5,000. Current law places restrictions on the ability of any person to include the name, trade name, logo or symbol of a financial institution in a written solicitation for financial products or services directed to a consumer who has obtained a loan from the financial institution without the consent of the financial institution, unless the solicitation clearly and conspicuously states that the person is not sponsored or affiliated with a financial institution and that the solicitation is not authorized by the financial institution.

Another pending amendment to LB 1074 would incorporate the following provisions of LB 1176, a bill on the NBA Affirmative Legislative agenda:

**LB 1176 - PUBLIC ENTITIES POOLED INVESTMENT ACT:** Introduced by Senator Dungan, LB 1176 would establish investment priorities, customer disclosures and restrictions on investments for political subdivision investment pools. As amended by the Committee prior to advancing, the bill would specifically limit investments by a political subdivision investment pool in commercial paper to commercial paper a) issued by a United States corporation; b) with a stated maturity of 270 days or fewer from its date of issuance; and c) which is rated in the highest quality category by at least two nationally recognized rating agencies at the time of purchase. In addition, the bill would limit investments in commercial paper by a political subdivision investment pool to no more than 50% of the total funds eligible for investment at the time of purchase and to no more than 5% of the total funds available for investment in commercial paper of a single issuer.

## **PROPERTY TAX RELIEF MEASURE ADVANCES**

The Legislature's Revenue Committee has advanced a bill (LB 388) designed to address Governor Jim Pillen's goal of reducing property taxes by 40%. Under the measure, advanced on a vote of 7-0, the state sales tax rate would be increased by up to one cent and a series of sales tax exemptions would be eliminated.

While the measure calls for a one cent increase in the state sales tax rate, if state tax receipts at the end of the 2023-24 fiscal year exceed a 3.5% increase, a lower state sales tax rate would be triggered. If excess receipts are \$133 million above the 3.5% threshold, the increase in state sales tax would be limited to three quarters of a cent increase to fund the plan, and the increase would be limited to half a cent if tax receipts exceeded the 3.5% threshold by \$266 million.

Other components of the measure would convert the income tax credit for school district and community college property taxes paid to a direct payment to school districts to lower their tax rates. A cap on revenue growth adopted by the Legislature last year is designed to ensure that the tax decrease results. New spending caps are proposed for cities and counties as well.

The balance of funding for property tax relief would come from the elimination of a series of existing sales tax exemptions, including exemptions on pop and candy, pet grooming, advertising revenues and state lottery tickets, and raising some taxes on gambling (skill games), cigarettes, vaping products and synthetic marijuana and CBD products. Floor debate on LB 388 is expected to commence early next week.

## BUDGET PACKAGE MOVES ON TO FINAL READING

Lawmakers gave second-round approval to two bills (LB 1412 and LB 1413) comprising the state's mid-biennium adjustment package.

### *Housing Funding Adjusted*

An amendment proposed by Senator Terrell McKinney (Omaha) revised the amount of funding to be allocated for rural workforce housing and middle-income workforce housing. Prior to adopting the amendment, LB 1413 would have transferred \$20 million from the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund and \$5 million to the Middle-Income Workforce Housing Fund. Under the amendment the combined \$25 million in transfers would instead be split evenly between the two funds in the amount of \$12.5 million each.

The amendment initially failed on a vote of 23-22 with 25 votes needed for the adoption. A motion to reconsider the vote was ultimately successful and the amendment was adopted on the following vote of 25-23.

**Yes:** Arch, Ballard, Blood, Bostar, J. Cavanaugh, M. Cavanaugh, Conrad, Day, DeBoer, Dungan, Fredrickson, Hansen, Holdcroft, Hunt, Linehan, McDonnell, McKinney, Raybould, Riepe, Sanders, Vargas, von Gillern, Walz, Wayne and Wishart

**No:** Aguilar, Albrecht, Armendariz, Bostelman, Brandt, Brewer, Clements, DeKay, Dorn, Dover, Erdman, Halloran, Hardin, Huges, Ibach, Jacobson, Kauth, Lippincott, Lowe, Meyer, Moser, Murman and Slama

**Excused and Not Voting:** Bosn

## OTHER NBA-SUPPORTED BILLS ADVANCE

The following bill, supported by the NBA, has advanced to Select File:

**LB 1023 - TAXATION - INDIVIDUAL INCOME TAXES:** LB 1023, introduced by Senator Brad von Gillern (Elkhorn), would allow deductions from federal adjusted gross income for business assets covered under Section 168 of the Internal Revenue Code.

Another bill supported by the NBA that has been incorporated into LB 1023 is the following:

**LB 1400 - RELOCATION INCENTIVE ACT:** Introduced by Senator Ballard, LB 1135 would authorize a refundable income tax credit equal to 50% of the relocation expenses paid by an employer for a qualifying employee (individual moving to Nebraska to accept a position of employment) not to exceed a maximum credit of \$5,000 per qualifying employee. The bill would require a qualifying employee to receive an annual salary of at least \$70,000 and not more than \$250,000 per year and would subject the tax credit to recapture if the employee moves out-of-state within two years after the credit is claimed. The tax credits for this program will be capped at \$5 million.

## **SIGN UP FOR VIRTUAL LEGISLATIVE REVIEWS DURING THE LEGISLATIVE SESSION**

The next NBA Government Relations team virtual Legislative Update is Monday, March 25, at 9:00 a.m. CT. [Register](#) for the overview of legislation introduced this legislative session that may affect the banking industry.