

January 19, 2024

RULES DEBATE COMPLETE, COMMITTEE HEARINGS COMMENCE

Wednesday marked the last day for new bill introductions, with a total of 596 new bills and 11 new Constitutional Amendments being introduced during the 2024 legislative session. Committee hearings will commence next Monday with floor debate on carryover bills during the morning sessions and committee hearings in the afternoons.

The legislature spent most of the week debating rules changes. Among the changes to the permanent rules which will govern the legislature for the balance of the 2024 session are: a) a requirement for separate votes to be taken to suspend the rules and to pass a subsequent motion; b) clarification of the timing for which priority motions, typically utilized during filibusters may be introduced; c) a requirement for Introducer's Statements of Intent to be posted at least three days in advance of a committee hearing; d) allowing bills on consent calendar to be removed by the filing of objections by five (was three) senators; and e) clarifying that a motion to return a bill from Final Reading to Select File for specific amendment and the amendment itself are not subject to being divided or amended.

On Thursday, a motion to replace the long-standing practice of electing leadership (Speaker and Committee Chairs) by secret ballot with an open voting process failed to garner the 30 votes required for adoption. When the Legislative Update went to press, lawmakers were debating a proposed rule to limit the number of legislative bills that could be introduced each session by an individual senator.

GOVERNOR'S STATE OF THE STATE ADDRESS

Governor Jim Pillen delivered his State of the State address on Thursday morning, calling for a lower overall tax burden and increased efforts to cut spending at both the state and local levels. Among the legislative priorities that Governor Pillen will be promoting:

- Reducing spending by .5% in the current fiscal year this effort includes transfers from multiple state agency "cash funds" totaling over \$250 million to the General Fund, including \$2 million in both fiscal year 2023-24 and fiscal year 2024-25 from the Banking Department's Financial Institutions Assessment Cash Fund.
- Allocating \$5 million to provide income tax credits to cover relocation expenses for workers moving to Nebraska from out-of-state to take jobs paying \$70,000 or more.
- Investing \$25 million in rural workforce housing and providing incentives for employers to provide childcare for employees to address the workforce shortage.

The Governor has expressed his intention to reduce the overall property tax burden by 40%, to be funded in part by fiscal restraint by both state and local governments, a 0% "hard cap" on property tax growth by local governments and a broader sales tax base.

UPCOMING COMMITTEE HEARINGS

January 23, 2024

Banking, Commerce and Insurance Committee:

LB 989 - APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT/REAL PROPERTY APPRAISER ACT: A measure introduced by Senator George Dungan (Lincoln), LB 989 would make a series of technical changes to the Real Property Appraiser Act and Nebraska Appraisal Management Company Registration Act and provide civil and criminal immunity for members of the Real Property Appraiser Board.

LB992 - REAL PROPERTY APPRAISER ACT: Also introduced by Senator Dungan, LB 992 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.

January 25, 2024

Revenue Committee

LB 1059 - PASS-THROUGH ENTITY SALT WORKAROUND: Senator Lou Ann Linehan (Elkhorn) has introduced LB 1059, which would clarify that the income tax credit available for members of pass-through entities is allowed for the same taxable year for which the election is made, without regard to the year in which the taxes paid to Nebraska are deducted on the Federal income tax return. The bill would also allow the pass-through entity tax election to be made on the applicable income tax return.

OTHER BILLS OF INTEREST

Paid Family Leave

LB 1139 - PAID FAMILY AND MEDICAL LEAVE INSURANCE ACT: Introduced by Senator Machaela Cavanaugh (Omaha), LB 1139 would allow employees, self-employed individuals and employers to elect to participate in the Paid Family and Medical Leave Insurance Act. The bill would require employees, self-employed individuals and employers wishing to participate in the Act to apply to the Commissioner of the Department of Labor and would allow the Commissioner to determine the amount of contributions which are due and payable by employees and self-employed individuals electing to be covered by the Act. The Commissioner could accept donations from any private individual or entity, including any employer for remittance to the Paid Family Medical Leave Insurance Fund. The State Treasurer would also be directed to transfer \$5,568,000 from the Nebraska Healthcare Cash Fund to the Paid Family Medical Leave Insurance Fund.

LB 1213 - PAID FAMILY LEAVE/SCHOOL-RELATED ACTIVITIES: Introduced by Senator Lynne Walz (Fremont), LB 1213 would require any employer with 15 or more employees to provide a minimum of 20 hours of paid school activities leave (leave taken by an employee for school-related activities of a family member, including, but not limited to, parent-teacher conferences, disciplinary meetings or proceedings, extracurricular or athletic competition or events, volunteer activities, and orientation programs) in each calendar year.

Housing

LB 1229 - HOUSING PROGRAM JURISDICTION: Introduced by Senator Justin Wayne (Omaha), LB 1229 would transfer existing powers, duties, functions, responsibilities and jurisdiction relating to various housing programs (Middle Income Workforce Housing Investment Act, Municipal Density and Missing Middle Housing Act, Nebraska Affordable Housing Act and Rural Workforce Housing Investment Act) from the Department of Economic Development to the Nebraska Investment Finance Authority and then after housing programs.

LB 1379 - AFFORDABLE HOUSING DOWN-PAYMENT ASSISTANCE: Introduced by Senator Robert Dover (Norfolk), LB 1379 would increase the documentary stamp tax from \$2.25 to \$2.50 and use the additional funds for affordable housing down-payment assistance.

Income Taxes

LB 1279 - INCOME TAXATION/UNREALIZED CAPITAL GAINS: Introduced by Senator Steve Halloran (Hastings), LB 1279 would, for tax years beginning on or after January 1, 2024, increase the federal taxable income for individuals and corporations and fiduciaries by an amount equal to 12% of unrealized capital gains.

LB 1372 - CORPORATE AND INDIVIDUAL INCOME TAX RATE DELAY: Introduced by Senator Tom Brandt (Plymouth), LB 1372 would delay the reductions in maximum individual and corporate income tax rates for a three-year period and utilize the funds from the increased income tax revenues for the Property Tax Credit Act.

Sales Tax/Sales Tax on Services

LB 1310/LB 1354 - ADVERTISING SERVICES TAX ACT: Introduced by Senator Joni Albrecht (Thurston), LB 1310 and LB 1354 would impose a 7.5% sales tax on companies that derive more than \$1 billion in gross advertising revenue.

LB 1315 - SALES TAX: Introduced by Senator Lou Ann Linehan (Elkhorn), LB 1315 would increase the state sales tax and use rate from 5.5% to 6.5%, commencing October 1, 2024.

LB 1319 - SALES TAX/DATA CENTERS: Senator Linehan has also introduced LB 1319 which would eliminate the existing sales tax exemption for data centers.

LB 1345 - SALES TAX ON SERVICES: Introduced by Senator Justin Wayne (Omaha), LB 1345 would impose the sales and use tax on legal services performed in the furtherance of a business enterprise.

LB 1349 - SALES TAX ON SERVICES: Introduced by Senator Dave Murman (Glenvil), LB 1349 would impose the sales and use tax on clothes cleaning services.

Miscellaneous

LB 1268 - BANKRUPTCY-HOMESTEAD EXEMPTION: Introduced by Senator Danielle Conrad (Lincoln), LB 1268 would allow each natural person residing in Nebraska to have exempt from judgment liens and from execution or for sale, a homestead not exceeding \$120,000 (was \$60,000) in value in the dwelling house in which the claimant resides.

LB 1295 - FINANCIAL INSTITUTION DATA MATCH: Introduced by Senator von Gillern (Omaha), LB 1295 would authorize the Department of Revenue to establish a data match system to provide financial institutions with a list of delinquent taxpayers to match against the accountholders of the financial institution.

LB 1301 - FOREIGN-OWNED REAL ESTATE NATIONAL SECURITY ACT: Introduced by Senator Barry DeKay (Niobrara), LB 1301 would prohibit a non-resident alien from purchasing or acquiring title to real estate. The bill would authorize the Attorney General to bring an action for divestment of ownership of real estate by a non-resident alien and would provide for distribution of proceeds from sale of divested property a) to cover the cost of sale; b) to pay for legal fees incurred by the Attorney General; and c) to pay lienholders, in order of lien priority.

LB 1409 - CONDOMINIUM ASSOCIATION DECLARATION AMENDMENT: Introduced by Senator Eliot Bostar (Lincoln), LB 1409 would limit the requirement to obtain lienholder approval of amendments to a condominium association declaration to a) time-share arrangements; b) unit subdivisions; and c) issues affecting lien priorities and lienholder foreclosure rights. The bill would deem a lienholder which fails to respond to a request for approval of amendment to declarations within 60 days of the request to have given approval.

2024 STATE GOVERNMENT RELATIONS FORUM

You are encouraged to sign up for the annual NBA State Government Relations Forum which will be held on Jan. 25 at the Cornhusker Marriott Hotel in Lincoln. Headlining the program will be presentations by Governor Pillen, a panel of state senators, and NBA General Counsel Bob Hallstrom and Ryan McIntosh. 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, your institution and your community. We look forward to seeing you on Jan. 25!

[Register Here](#)