

February 3, 2023

FULL DAY COMMITTEE HEARINGS COMMENCE

The legislature began “two-a-days” (committee hearings in the morning and afternoon) this week with a total of 133 hearings conducted during the past week. With controversial issues relating to reproductive rights, voter ID, and the sheer number of bills having to be heard by a committee in their “afternoon” sessions, many hearings extended late into the evening. More of the same is expected next week, as an additional 97 bills are scheduled for public hearing. More normal routines will return starting on February 13 when the legislature returns to committee hearings in the afternoons only and begins floor debate on bills that have been advanced from committee to General File in the mornings. As of the close of business on Friday, only 16 bills are ready for General File debate.

COMMITTEE HEARING ACTIVITY

NBA presented testimony before a number of Committees during the past week, including the following:

Business and Labor Committee – January 30

LB 249 – RURAL WORKFORCE HOUSING INVESTMENT ACT: Introduced by Senator Tom Briese (Albion), LB 249 would expand the definition of workforce housing to include housing that does not receive federal or state low-income housing tax credits, community development block grants, home funds, funds from the National Housing Trust Fund, or funds from the Affordable Housing Trust Fund, thereby allowing for the use of such funds, together with Rural Workforce Housing Investment Funds. The bill would also allow a nonprofit development organization to apply for more than one grant subject to a limitation on the maximum amount of grant funds awarded to such nonprofit development organization over a two-year period to no more than \$5 million. **(NBA Position: Oppose)**

NBA General Counsel Bob Hallstrom expressed concern that removing the “anti-stacking” provisions in current law would impose income-based restrictions on Rural Workforce Housing projects and adversely impact the program.

Banking, Commerce and Insurance Committee - January 30

LB 67 – PUBLIC FUNDS: Introduced by Senator Julie Slama (Sterling), LB 67 would require the state treasurer to ensure that money deposited by the state treasurer’s office is not used by financial institutions for social or political causes or objectives. **(NBA Position: Oppose and Seek Amendments)**

LB 669 – DEPARTMENT OF BANKING CONDITIONAL ORDERS: Introduced by Senator Beau Ballard (Lincoln) LB 669 would authorize the director of the Department of Banking to prescribe conditions for banks, trust companies, credit unions, building and loan associations, savings and loan associations, digital asset depositories, and their holding companies, if any, as part of any written order, decision, or

determination required to be made pursuant to the Nebraska Banking Act, Chapter 8, Article 3, the Credit Union Act, and the Nebraska Financial Innovation Act. **(NBA Position: Support)**

LB 674 – NEBRASKA FINANCIAL INNOVATION ACT: Introduced by Senator Mike Jacobson (North Platte), LB 674 would make technical corrections to the Nebraska Financial Innovation Act regarding digital asset depositories. **(NBA Position: Support)**

Revenue Committee - February 1

LB 589 – SCHOOL DISTRICT PROPERTY TAX LIMITATION ACT: Also introduced by Senator Briese, LB 589 which would prohibit a school district from making a property tax request for any year in excess of 3% more than its property tax request in the prior year, or the percentage increase in the Consumer Price Index except with approval of the majority of its school board or by a 60% majority of the registered voters in a Primary, General or Special Election. **(NBA Position: Support)**

Revenue Committee - February 2

The following bills contained within Governor Pillen’s package of individual and corporate income tax rate reduction legislation were the subject of public hearings before the Revenue Committee on February 2.

LB 754 – TAXATION - CORPORATE INCOME TAX REDUCTIONS: Introduced by Senator Lou Ann Linehan (Elkorn) LB 754 would reduce the maximum individual income tax rate from 6.84% to 3.99% and also reduce the maximum corporate income tax rate from 7.25% to 3.99% over the next five years. **(NBA Position: Support)**

LB 804 – TAXATION - CORPORATE INCOME TAX REDUCTIONS: Senator Brad von Gillern (Omaha) is the sponsor of LB 804 which would reduce the maximum corporate income tax rate from 7.25% to 5.84% on January 1, 2023. **(NBA Position: Support)**

LB 806 – TAXATION – INDIVIDUAL INCOME TAX REDUCTION: Senator von Gillern (Omaha) has also introduced LB 806 which would reduce the maximum individual income tax rate from 6.84% to 5.84% on January 1, 2023. **(NBA Position: Support)**

Judiciary Committee- February 2

LB 330 - SMALL ESTATE AFFIDAVIT-ENDORSEMENT OF CHECKS: Senator Wendy DeBoer (Omaha) has introduced legislation (LB 330) on behalf of the NBA which would change provisions relating to small estate affidavits and the negotiation of checks made payable “to the estate of” by authorizing a financial institution to accept such a check endorsed by the successor named in a small estate affidavit. The bill would clarify in the law to avoid the need to have a new check issued by the drawer of the check under such circumstances. **(NBA Position: Support)**

LB 579 - NEBRASKA UNIFORM REAL PROPERTY TRANSFER ON DEATH ACT: Senator DeBoer is also the sponsor of LB 579 which Would require a transfer on death deed to contain a WARNING that following the death of the transferor, the transferor’s insurance policy covering the property transferred is only effective for 60 days thereafter. The legislation would also provide that upon a transfer of real estate pursuant to a recorded transfer on death deed, that the beneficiary of the transfer on death deed becomes the named insured under any policy insuring the property for a period of 60 calendar days immediately following the death of the insured. **(NBA Position: Support)**

Revenue Committee- February 3

LB 641 – TAXATION - SOCIAL SECURITY BENEFITS: Introduced by Senator Kathleen Kauth (Omaha) LB 641 would exclude 70% of Social Security benefits included in federal adjusted gross income from state taxation beginning January 1, 2023, and 100% of such benefits beginning January 1, 2024. **(NBA Position: Support)**

UPCOMING HEARINGS

A number of bills affecting the banking industry will be heard before various Committees in the upcoming week, including the following:

Government, Military & Veterans Affairs Committee - February 7

LB 116 - BEGINNING FARMER TAX CREDIT ACT: Introduced by Tom Brandt (Plymouth) LB 116 would increase the net worth requirements for individuals to be qualified as a beginning Farmer or livestock producer under the beginning Farmer Tax Credit Act from \$200,000-\$1 million (pension, retirement, or other types of deferred benefit accounts owned by the beginning farmer or livestock producer, including such accounts owned by a spouse or dependent would be excluded from the determination of a qualified beginning farmer’s or livestock producer’s net worth). **(NBA Position: Support)**

Government, Military & Veterans Affairs Committee - February 9

ACTION NEEDED – OPPOSE LB 268!

LB 268 - POLITICAL SUBDIVISION INVESTMENT POOL: Introduced by Senator Steve Halloran (Hastings), LB 268 would authorize any political subdivision vested with taxing authority including quasi-public entities, joint public agencies created pursuant to the Joint Public Agency Act and joint entities created pursuant to the Interlocal Cooperation Act located in Nebraska to participate in a trust or investment pool established within the office of the State Treasurer. **(NBA Position: Oppose)**

LB 268 will be heard by the Government, Military and Veterans Affairs Committee on Thursday February 9. A “Background Paper” setting forth additional information and “talking points” accompanies this *NBA Legislative Update* for your assistance in contacting members of the Government, Military and Veterans Affairs Committee to encourage opposition to the measure.

NBA STATE GOVERNMENT RELATIONS FORUM A SUCCESS

Over 60 bankers were in attendance at the NBA Government Relations Forum on Thursday, January 26. Bankers enjoyed lunch with state senators and presentations in the afternoon by a panel of state senators (Senator Julie Slama, Senator Mike Jacobson and Senator Rob Clements); Kelly Lammers, Director of the Department of Banking and Finance; and Mike Higers, Attorney General.

NBA general counsel Bob Hallstorm provided an overview of the legislative session activities and a review of the bills of interest to the NBA. Associate General Counsel Ryan McIntosh moderated the state senator panel. The NBA Government Relations Committee and Board of Directors met in conjunction with the State Government Relations Forum and have established formal positions of the NBA on bills of interest to the banking industry. The Bill Summary will be forwarded with next week’s NBA Legislative Update.

BACKGROUND PAPER

POLITICAL SUBDIVISION INVESTMENT POOLS (LB 268)

NBA POSITION: OPPOSED

BACKGROUND:

A series of bills, including LB 268, have been introduced this session that would allow local political subdivisions to band together to form investment pools. Introduced by Senator Steve Halloran (Hastings) LB 268 would authorize any political subdivision vested with taxing authority including quasi-public entities, joint public agencies created pursuant to the Joint Public Agency Act and joint entities created pursuant to the Interlocal Cooperation Act located in Nebraska to participate in a trust or investment pool established within the office of the State Treasurer.

In contacting members of the Government, Military and Veterans Affairs committee listed below, please consider making the following arguments in opposition to LB 268.

ARGUMENTS IN OPPOSITION TO LB 268

1. Nebraska law has long recognized that the best and safest place for public deposits is in the local bank. Public deposits are FDIC insured up to \$250,000, with additional protection provided in the form of a pledge of securities equal to at least 102% of the amount of deposits in excess of the FDIC-insured amount.
2. Local banks put public deposits to good and beneficial use in the form of loans and investments that spur, grow, and invigorate local economies.
3. LB 268, through the proposed creation of the Nebraska State Treasurer administered investment trust or pool, would provide an air of statutory credibility that will result in investments being made by the local political subdivision through the trust or pool, that it would not otherwise make directly. In other states with similar state-run investment trusts or pools, local political subdivisions are required to adopt formal investment policies regarding the investment of funds in the trust or pool and local officials are required to undertake education and training to understand the types of investments and risks associated with investments through the trust or pool. No formal investment policy or education and training is required under any of these proposals.
4. Nebraska law provides a restricted list of securities or types of collateral which may be pledged to secure public deposits, including U.S. Treasury Bonds and political subdivision bonds backed by a state government. The investments suggested by these trusts or pools go well-beyond the restricted list of securities or types of collateral that Nebraska political subdivisions accept as “safe” collateral and are a gamble with taxpayer dollars. None of the proposed types of investments are protected by FDIC insurance.

Please contact the members of the Government, Military & Veterans Affairs Committee set forth below to encourage them to OPPOSE LB 268.

Sen. Tom Brewer, Chairperson (District 43) tbrewer@leg.ne.gov	(402) 471-2711
Sen. Raymond Aguilar (District 35) raguilar@leg.ne.gov	(402) 471-2617
Sen. Danielle Conrad (District 46) dconrad@leg.ne.gov	(402) 471-2720
Sen. Steve Halloran (District 33) shalloran@leg.ne.gov	(402) 471-2712
Sen. Megan Hunt (District 8) mhunt@leg.ne.gov	(402) 471-2722
Sen. John Lowe (District 37) jlowe@leg.ne.gov	(402) 471-2726
Sen. Jane Raybould (District 28) jraybould@leg.ne.gov	(402) 471-2733
Sen. Rita Sanders (District 45) rsanders@leg.ne.gov	(402) 471-2615