

March 17, 2023

Lawmakers adjourned on Thursday for a long, four-day weekend. After confronting filibusters on virtually every bill for the past three weeks, lawmakers ended the week with a flurry of activity by advancing three Committee Priority bills from General File. When the Legislature reconvenes on Tuesday, they will take up a contentious bill (LB 574), which would prohibit the performance of gender altering procedures for individuals under the age of 19.

With passage of the deadline for designating priority bills, the agenda for the rest of the session has been established. Any bills that have not been prioritized, amended into a priority bill, or are eligible to be considered on “consent calendar” (bills advancing from Committee with no dissenting votes and no opposition) are not likely to receive further consideration this session.

## INCOME TAX RELIEF PACKAGE ADVANCES

While not officially reported to the floor of the Legislature, media reports indicate that the Revenue Committee has advanced Governor Pillen’s income tax relief package to General File. Introduced by Senator Lou Ann Linehan (Elkhorn), 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.

Prior to advancing the bill, the provisions of LB 318 (\$35 million in tax credits for childcare expenses); LB 641 (accelerate phase-out of income taxes on social security benefits); and LB 38 (exclude federal retirement income from state income tax to the extent included in federal adjusted gross income) were added to the bill.

## UPCOMING HEARINGS

The NBA will present testimony before the Banking, Commerce and Insurance Committee next week in opposition to the following bill:

**LB 710 - CREDIT UNION ACT:** Introduced by Senator George Dungan (Lincoln), LB 710 would eliminate requirements for the Director of Banking 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 the Credit Unions Association’s bylaws which are brought before the Department. The bill would also allow a credit union with a main chartered office 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 or, if the main office of the credit union is located in an unincorporated area of the county, at any school that has students who reside in the same unincorporated area. The legislation would: expand the field of membership of a credit union to include persons or organizations within a geographically defined community, neighborhood, or rural district; authorize a credit union to conduct annual or special meetings by virtual conferencing platform; and authorize 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.  
**(NBA Position: Oppose)**

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## COMMITTEE HEARING ACTIVITY

The NBA presented testimony before various Committees this week on the following bills:

### *Business and Labor Committee:*

**LB 367 - FAIR CHANCE HIRING ACT:** Introduced by Senator Danielle Conrad (Lincoln), LB 367 would prohibit an employer from asking an applicant to disclose information concerning the applicant's criminal record or history until after the applicant has received a conditional offer of employment from the employer. The bill would only allow an employer to request information concerning the applicant's criminal record or history after making a conditional offer of employment if the applicant is applying for a position for which a) a criminal history record information check is required by federal or state law; or b) federal or state law specifically disqualifies an applicant with a criminal background even if the law allows for a waiver that would allow the applicant to be employed. **(NBA Position: Oppose)**

### *Banking, Commerce and Insurance Committee:*

**LB 446 - PEER-TO-PEER VEHICLE SHARING PROGRAM ACT:** Introduced by Senator Eliot Bostar (Lincoln), LB 446 would require a Peer-to-Peer Vehicle Sharing Program. The NBA proposed an amendment to protect vehicles that serve as collateral for a bank loan which would require if a vehicle has a lien against it, that during each sharing period the vehicle owner's risk of loss due to physical damage to the vehicle is covered through at least one of the following: a) a physical damage protection package; b) a financial protection package; and c) any policy of insurance providing comprehensive and collision coverage that recognizes that the vehicle insured under the policy is made available and used through a Peer-to-Peer vehicle sharing program.

## PRIORITY BILL DESIGNATIONS

The following bills of interest to the banking industry have been designated as priority bills, which will enhance their likelihood of being considered as the session progresses.

### SENATOR PRIORITY BILLS

**LB 77 – CONCEALED WEAPONS:** Introduced by Senator Tom Brewer (Gordon), LB 77 would authorize a county to allow the carrying of concealed weapons for all persons not otherwise prohibited from possessing or carrying such weapons under state or federal law. (Retains provisions of existing law prohibiting a person not prohibited from possession or carrying a concealed handgun to carry a concealed handgun in specified business locations, including a financial institution.) **(NBA Position: Watch) SEN. BREWER PRIORITY BILL**

**LB 79 - TAXATION - CONSUMPTION TAX ACT:** Introduced by Senator Steve Erdman (Bayard), LB 79 would eliminate all property, income and corporate taxes and replace them with a tax on the use or consumption in the state of Nebraska of taxable property or services (excludes intangible property and services) at a rate of 7.5%. 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. **(NBA Position: Oppose) SEN. ERDMAN PRIORITY BILL**

**LB 249 – RURAL WORKFORCE HOUSING INVESTMENT ACT:** Introduced by Senator Tom Briesch (Albion), LB 249 would have expanded the definition of workforce housing to include housing that receives 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 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. The bill would also provide \$20 million in additional funding for the Rural Workforce Housing Investment Act.

The NBA had initially opposed LB 249 based upon the proposed removal of “anti-stacking” provisions, which prohibited the mixing of certain low-income housing funds with rural workforce housing funds. Prior to advancing the bill, the Committee removed the objectionable provisions, and the NBA supports the bill as amended. **(NBA Position: Support) SEN. IBACH PRIORITY BILL**

### **COMMITTEE PRIORITY BILLS**

**LB 116 - BEGINNING FARMER TAX CREDIT ACT:** Introduced by Senator 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 to \$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) AGRICULTURE COMMITTEE PRIORITY BILL**

**LB 214 - OMNIBUS DEPARTMENT OF BANKING BILL:** Introduced by Senator Julie Slama (Dunbar) LB 214 would adopt changes to federal law regarding banking and finance and change provisions relating to digital asset depositories, loan brokers, mortgage loan originators, and installment loans. The bill would also renew the annual bank and savings and loan “wild-card” provisions. Amendments to incorporate the provisions of LB 669 (Department of Banking Conditional Orders) and LB 674 (Nebraska Financial Innovation Act) into the bill, both of which are supported by the NBA, have been adopted by the Committee. **(NBA Position: Support) BANKING, COMMERCE AND INSURANCE COMMITTEE PRIORITY BILL**

**LB 531 – ECONOMIC RECOVERY ACT:** LB 531, Introduced by Senator Terrell McKinney (Omaha), would address the distribution of ARPA funds to North and South Omaha under the Economic Recovery Act of 2022. **(NBA Position: Support) URBAN AFFIARS COMMITTEE PRIORITY BILL**

**LB 754 - TAXATION - INDIVIDUAL AND CORPORATE INCOME TAX REDUCTIONS:** Senator Linehan has introduced legislation that 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) REVENUE COMMITTEE PRIORITY BILL**

### **SPEAKER PRIORITY BILLS**

**LB 206 – TAXATION – PARTNERSHIP RETURNS:** LB 206, introduced by Senator Brad von Gillern (Omaha) would allow a partnership, at the partnership’s election, to file an amended Nebraska income tax return and pay all Nebraska income tax associated with the amended return after taking into consideration offsetting positive and negative adjustments of partnership items, at the top individual tax rate as if the partnership were an individual. The bill would avoid the need for partners of the electing partnership to file an amended Nebraska income tax return or pay Nebraska income tax resulting from the amended return in the year of the election, with the basis, and other tax items in the hands of the partner, arising from the partner’s interest in the partnership to be determined as if the election had not been made. **(NBA Position: Support)**

## **NBA HOLDS VIRTUAL LEGISLATIVE UPDATE**

The NBA conducted a virtual legislative update on Friday morning with over 75 members participating. NBA General Counsel, Bob Hallstrom, provided an overview of the session, including an update on the state budget and efforts to provide tax relief and also discussed a number of measures opposed by the NBA, such as ESG legislation (LB 67, LB 730, and LB 743); credit union legislation seeking access to public funds (LB 483) and expanded powers (LB 710) and political subdivision investment pools (LB 268, LB 476 and LB 594). NBA Associate General Counsel, Ryan McIntosh updated the group on the status of NBA Affirmative Legislation, including LB 69 (Life Insurance Assignment - Notice of Lapse/Termination), LB 94 (UCC Article 12 - Cross Collateralization), LB 207 (Trust Deeds - Location Of Trustee's Sale), LB 279 (Executive Officers' Reporting Requirements), and LB 330 (Small Estate Affidavit – Endorsement of Checks).