

# **LEGISLATIVE UPDATE**

108<sup>th</sup> Legislature



March 31, 2023

The Legislature continues to endure filibusters on every bill debated on the floor of the Legislature. Under current rules, this requires eight hours of debate on bills during General File and four hours of debate for bills on Select File before a motion to invoke cloture, cease debate and vote on advancement of the bill can be entertained. On Thursday and Friday, over 650 amendments and procedural motions were filed to bills that have advanced from Committee with priority bill status, as well as other priority bills that remain in Committee. Speaker of the Legislature John Arch (La Vista) announced that, given the number of hours for debate remaining in the session and in the absence of a change in circumstances, the Legislature will only be able to process approximately 20 of the 100+ priority bills, including the package of budget bills which must be approved this session.

## **RULES CHANGE**

The Legislature adopted revisions to its rules, effectively limiting the number of motions that can be introduced at each stage of debate. Introduced in response to a tactic employed last week during debate on LB 574 (transgender surgery) in which opponents filed various procedural motions, talked for 10 minutes, and then withdrew the motions, the rules change will limit motions to postpone debate, recommit a bill to Committee, or indefinitely postpone to one-per-day on each of the three rounds of debate. While the rules change will not inhibit filibusters, it will require more time to be spent debating amendments to measures, rather than discussing procedural motions and enhance the ability to adopt substantive amendments.

## **INCOME TAX RELIEF PACKAGE ADVANCES**

Following eight hours of debate on Wednesday and Thursday, the Legislature approved a motion to invoke cloture and advanced LB 754 to select file on a vote of 41-0. Introduced on behalf of Governor Pillen and designated as a priority bill 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, amendments incorporating the provisions of LB 38 (exclude federal retirement income from state income tax to the extent included in federal adjusted gross income); LB 206 (allow partnerships to pay taxes owed on an amended return on behalf of the partners rather than requiring each partner to file an amended return and allow pass-through entities (LLCs and S-Corps) to pay state and local taxes on behalf of members/shareholders); LB 318 (\$35 million in tax credits for childcare expenses); LB 497 (would allow individual taxpayers to deduct all itemized deductions on the state income tax return); and LB 641 (accelerate phase-out of income taxes on social security benefits), were added to the bill.

## **PROPERTY TAX RELIEF PACKAGE ON DECK**

The Legislature commenced debate on LB 243 late Friday morning prior to adjourning for the weekend. Introduced by Senator Tom Briese (Albion), LB 243 would provide for the minimum amount of relief under the Property Tax Credit Act for 2024 and each year thereafter, in the amount of \$700 million, plus a percentage increase equal to the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year.

With proposed committee amendments, the bill would increase annual property tax credits provided to taxpayers from the current level of \$315 million in 2023 to \$388 million in 2024 and, ultimately, rising to \$560 million by 2029.

Other property tax relief measures to be incorporated into LB 243 include:

**LB 589 – SCHOOL DISTRICT PROPERTY TAX LIMITATION ACT:** Introduced by Senator Briese, LB 589 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**)

**LB 242 - NEBRASKA PROPERTY TAX INCENTIVE ACT:** Also introduced by Senator Briese, LB 242 would eliminate the 5% cap on the amount of income tax credits provided for property taxes paid and replace it with limitations based on the total increase in statewide property tax valuations. (**NBA Position: Support**)

**LB 783 - ELIMINATE THE LEVY AUTHORITY OF COMMUNITY COLLEGE AREAS:** Introduced by Senator Dave Murman (Glenvil), LB 783 would remove property taxes as a source of funding for the state community colleges, shifting approximately \$200 million in property taxes annually to state sales and income taxes. (**NBA Position: Watch**)