

January 17, 2020

NEW BILL INTRODUCTIONS – HEARINGS TO COMMENCE

As of Thursday, January 16, the seventh day of the 2020 Legislative Session, a total of 312 bills and seven proposed constitutional amendments have been introduced. Committee hearings will begin Tuesday, January 21, and continue through the latter part of February. Floor debate on bills “carried over” from last session began on January 13 and will continue during morning sessions of floor debate by the Legislature.

Other key dates in the 2020 Legislative Session, include:

- Jan. 23 – Last day to introduce bills
- Feb. 19 – Deadline for requests on Speaker priorities
- Feb. 21 – Deadline for designation of Committee and Senator priorities
- Feb. 24 – Speaker announces his priority bills
- March 3 – Full-day floor debate begins
- April 23 – Sine die adjournment (tentative)

GOVERNOR’S “STATE OF THE STATE” ADDRESS Spending Restraint and Property Tax Relief

Governor Pete Ricketts presented the annual “State of the State” address on Wednesday, January 15, outlining his priorities for the session as “property tax reform, flood relief, retention of veterans in the state and workforce and business expansion.”

The Governor has proposed to increase property tax relief by over \$500 million during the next three years. The Governor has also provided funding in his proposed budget for flood relief and increased pay for corrections officers, as well as funding over the next three years for scholarships for students studying in high-need, better paying fields, such as math, engineering, healthcare and information technology. The Governor’s proposed budget would restrict growth in state government to 2.9 percent and he has also encouraged restraint in spending by local governments.

NBA AFFIRMATIVE LEGISLATION

All of the bills on the NBA affirmative legislative agenda have been “dropped into the hopper,” as follows:

LB 853 – Elder Abuse – Transaction Holds: Senator Matt Williams (Gothenburg) has introduced LB 853, which would authorize financial institutions to place a hold, for up to 30 business days, on certain customer transactions in cases of suspected financial exploitation of vulnerable adults or senior adults. The legislation would expressly authorize a financial institution to notify a third party reasonably associated with a vulnerable adult or senior adult in the case of suspected financial exploitation.

A financial institution and its employees, officers, and directors would be immune from any civil, criminal or administrative liability that might otherwise exist for delaying or refusing to execute a transaction or disbursement, or for not delaying or refusing to execute such transaction or disbursement, if based upon a good faith belief that financial exploitation may have occurred, may have been attempted, or was being attempted.

LB 854 – Public Funds Single Bank Pooled Collateral: Also introduced by Senator Williams, LB 854 would change provisions relating to the pledging requirements for public deposits under the Public Funds Deposit Security Act. The bill makes “technical corrections” to the single bank pooled collateral legislation adopted last session (LB 622).

LB 870 – Direct Borrowing by Cities and Villages: Introduced by Senator Sue Crawford (Bellevue), LB 870 would expand the purposes for which cities and villages may borrow directly from a financial institution to include (a) repair or reconstruction of real or personal property, improvements, or infrastructure damaged as a result of a “calamity” and (b) provision of public services temporarily disrupted or suspended as a result of a “calamity.” The bill is designed to address the direct borrowing needs of cities and villages resulting from a natural disaster.

LB 938 – Uniform Power of Attorney Act: Legislation (LB 938) introduced by Senator Andrew La Grone (Gretna) would provide immunity for actions taken by a financial institution or other third-party in good faith reliance upon a certification, translation, or opinion of counsel presented in connection with an acknowledged power of attorney.

REVENUE COMMITTEE PROPERTY TAX RELIEF BILL

The Revenue Committee has introduced LB 974 to change taxation and school funding provisions. The legislation would use excess state tax revenue to increase state aid to K–12 schools, and gradually lower the tax valuation of property for paying school taxes.

For tax years prior to tax year 2020, agricultural land would be valued at 75 percent of its actual value; for tax year 2020, 65 percent of its actual value for purposes of taxes levied by school districts and 75 percent of its actual value for purposes of taxes levied by any other political subdivision; and for tax year 2021 and each year thereafter, 55 percent of its actual value for purposes of taxes levied by school districts and 75 percent of its actual value for purposes of taxes levied by any other political subdivision.

All other real property (commercial and residential), for tax year 2020, would be valued at 95 percent of its actual value for purposes of taxes levied by school districts and at its actual value for purposes of taxes levied by any other political subdivision; for tax year 2021, 90 percent of its actual value for purposes of taxes levied by school districts. The legislation would provide “foundation aid” to each school district in the state, beginning with \$695 per student in the first year and increasing to \$2,265 per student by the third year.

LB 974 has been scheduled for hearing before the Revenue Committee on January 22.

PAID SICK LEAVE BILL DEBATED ON FLOOR

The Legislature began first-round debate on LB 305, a bill introduced by Senator Sue Crawford (Bellevue), that would allow employees to accrue a minimum of one hour of paid sick time for every 30 hours worked, with a maximum of 40 hours of paid sick time accrued in a calendar year. Under the measure, employees would be entitled to use accrued paid sick time beginning on the 60th calendar day following commencement of employment. Paid sick leave would be authorized for: (a) an employee's mental or physical illness, injury, or health condition; (b) an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; (c) an employee's need for preventative medical care; (d) care of a family member with a mental or physical illness, injury, or health condition; (e) care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; (f) care of a family member who needs preventative medical care; or (g) absence necessary due to domestic abuse, sexual assault, or stalking. Debate on LB 305 will continue when the Legislature convenes on Tuesday, January 21.

MILITARY RETIREMENT TAX BILL ADVANCES

Lawmakers have given first-round approval to a bill (LB 153), granting a 50 percent state income tax break for military retirees. The legislation, introduced by Senator Tom Brewer (Gordon) and designated as a priority bill last session by Senator John Lowe (Kearney) would apply to veterans who are receiving a pension, by providing a 50 percent state income tax exemption for military retirement benefits. The bill is expected to have a \$12 million fiscal impact.

OTHER BILLS OF INTEREST

LB 746 – Nebraska Consumer Data Privacy Act: Senator Carol Blood (Bellevue) has introduced “data privacy” legislation, patterned after the California Consumer Privacy Act. The legislation contains an exemption for financial institutions or affiliates of financial institutions that are subject to the Gramm–Leach–Bliley Act or to any law, rule, or regulation adopted or promulgated pursuant thereto.

LB 844 – Construction Liens: Introduced by Senator Robert Clements (Elmwood), LB 844 would eliminate the publication notice required in connection with the recording of the termination of a notice of commencement under the Nebraska Construction Lien Act.

LB 946 – Taxation – Sales Tax on Services: Senator Tom Briese (Albion) has introduced legislation that would reduce the state sales tax rate from five point five cents to four cents and subject all services, including those used by businesses, to the state sales tax.

LB 1006 – Garnishment Summonses: Introduced by Senator Matt Hansen (Lincoln), LB 1006 would increase from 10 days to 30 days the time period for returning a garnishment summons and for answering garnishment interrogatories.

LB 773 – Rural Workforce Housing Investment Fund: Senator Williams is the sponsor of legislation (LB 773), which would appropriate \$10 million in fiscal year 2020–21 to the Department of

Economic Development for purposes of the Rural Workforce Housing Investment Fund.

LB 852 – Effective Financing Statements: Senator Williams has introduced legislation (LB 852), which would, in part, add goats and hemp to the farm products covered under effective financing statements.

LB 892 – Taxation – Income Tax: Senator Mike Hilgers (Lincoln) has introduced LB 892, which would increase individual income tax brackets so that the top rate of 6.84 percent would not apply until income for a single individual reaches \$50,000 (married file jointly \$100,000 - was \$29,000 and \$58,000) for tax years beginning on or after January 1, 2021, with the tax brackets to be adjusted for inflation each year thereafter.

LB 909 – Omnibus Department of Banking Bill: Senator Williams is also the sponsor of legislation (LB 909), which would (a) authorize employees (other than the director or deputy director, counsel, attorney, or financial institution examiner) of the Department of Banking to borrow money from any financial institution chartered by the Department; (b) revise the definition of unimpaired capital and unimpaired surplus for purposes of state bank loan limits for banks that have elected to use the community bank leverage ratio framework pursuant to the Capital Adequacy Standards of the appropriate federal banking agency; (c) eliminate the publication requirement under **Neb.Rev.Stat.** §8-167 (call reports); and (d) adopt the annual state-chartered bank and state-chartered savings and loan “wildcard” legislation.

2020 STATE GOVERNMENT RELATIONS FORUM

You are encouraged to sign up for the annual NBA State Government Relations Forum which will be held on January 30, at the Cornhusker Marriott Hotel in Lincoln. Headlining the program will be Governor Pete Ricketts. In addition, a legislative briefing will be provided by NBA General Counsel Bob Hallstrom and Nebraska Department of Banking Director Mark Quandahl will discuss Department initiatives. Walter “Ted” Carter, Jr., UNL President and Tony Goins, Director of the Department of Economic Development will also be featured on the program.

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 and to your institution and community. We look forward to seeing you on January 30.