

April 2, 2021

Lawmakers adjourned for the long, four-day Easter holiday weekend on Thursday, having processed a good number of priority bills over the course of the week. When the legislature reconvenes next Tuesday, the Agenda will include a small number of “consent calendar” bills and bills designated as Speaker priorities.

TAX RELIEF/REFORM BILLS ADVANCE

The Revenue Committee advanced the following bills to General File during the past week that provide some measure of tax relief or tax reform:

LB 432 – Income Tax – “Shell Bill”: As introduced by the Revenue Committee, LB 432 would sunset the current individual and corporate income tax rates for years beginning on or deemed to begin on or after January 1, 2022. Designed to serve as a “placeholder” bill by the Revenue Committee, the bill was amended prior to being advanced, with the provisions of LB 680. The amendment would create parity between the highest marginal individual income tax rate of 6.84% and the top marginal corporate income tax rate of 7.81% by reducing the tax rate on corporate income in excess of \$100,000 from 7.81 percent to 6.84 percent beginning January 1, 2022.

Nebraska's corporate income tax currently has two brackets. The first \$100,000 of taxable income is taxed at 5.58%, with all taxable income in excess of \$100,000 taxed at a marginal rate of 7.81%.
(NBA Position – Support) *(Revenue Committee Priority)*

LR 11CA – Consumption Tax: Introduced and designated as a priority bill by Senator Steve Erdman (Bayard), LR 11CA is a proposed Constitutional Amendment that would overhaul the state system of taxation by repealing the state's corporate, income and property taxes, and replacing them with a new consumption tax levied on the purchase of services and new goods. **(NBA Position – Oppose)**

PRIORITY BILLS OF INTEREST

LB 644 – Property Tax Request Act: Debate on LB 644 is anticipated sometime next week, as the bill has surfaced on the Agenda of priority bills to be considered. Under LB 644, introduced by Senator Ben Hansen (Blair), designated political subdivisions would be required to explain how much a property taxpayer's bill would increase if the proposed tax increase were approved and hold a hearing on these tax increases after 6:00 p.m. to allow citizens to better participate in the process. As amended by the Revenue Committee, the measure would require counties, cities, school districts, and community colleges to comply with certain notice and hearing requirements prior to setting the property tax request in an amount that exceeds the property tax request for the prior year,

accounting for allowable growth (growth and assessed value of property from the prior assessment year to the current assessment year) resulting from (1) annexation of property; or (2) development of property. **(NBA Position – Support)**

LB 403 – Medicaid Estate Recovery: Senator Julie Slama (Peru) is the sponsor of legislation (LB 403), designated as a priority bill by the Speaker, that would establish a five-year statute of limitations for recovery of Medicaid benefits by the Department of Health and Human Services with respect to a retained life estate by the recipient of medical assistance. The provisions of LB 403, along with a series of other bills, have been amended into LB 501, which was advanced to Select File earlier this week. **(NBA Position – Support)**

ECONOMIC DEVELOPMENT MEASURE ADVANCES

LB 18 – ImagiNE Nebraska Act: The Revenue Committee has advanced LB 18 to General File. Introduced by Senator Mark Kolterman (Seward), LB 18 would provide that equivalent employees include hours paid to employees who were employed in Nebraska and subject to the Nebraska income tax on compensation received from the employer (previously limited to employees who were residents of the state). **(NBA Position – Support)**

SPEAKER CHARTS SHORT-TERM AGENDA

Speaker Mike Hilgers (Lincoln) closed the week by announcing the “big picture” schedule for the legislative agenda over the next few weeks. Debate on the package of budget bills advanced to the floor of the legislature by the Appropriations Committee will commence next Thursday. It is anticipated that the budget bills will be given final approval by April 16. Upon adoption of the budget, taxation and spending bills will be scheduled for debate the following two weeks.

TAX REFORM – THE ROAD AHEAD

Seven members of the Revenue Committee held a news conference on Thursday to announce that the advancement of a series of bills proposing broad reduction of taxes have “set us up for real tax reform” next year. The Revenue Committee is expected to craft a comprehensive tax reform plan and conduct a statewide tour to obtain citizen input prior to the start of the 2022 legislative session.