

April 16, 2021

The Legislature will reconvene next Tuesday, poised to give final approval to the \$9.7 billion biennium budget. The body has advanced approximately half of the 104 priority bills beyond the first round of debate, leaving a great deal of work to be completed in the final 28 days of the session. The first of the “late-night” (working until at least 7:00 p.m.) sessions is slated for the upcoming week.

THE ROAD AHEAD!

Speaker Mike Hilgers (Lincoln) has outlined the legislative agenda for the next few weeks with the Property Tax Request Act (LB 408) up for debate next week. The following two weeks will focus primarily on consideration of approximately 20 tax and spending bills.

NBA SUPPORTED BILLS MOVE FORWARD

The Legislature took action on a series of bills supported by the NBA during the past week.

LB 501 – Medicaid Estate Recovery: LB 501, as amended, was advanced to Final Reading on Wednesday. The bill contains the provisions of LB 403, introduced by Senator Julie Slama (Peru), 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.

LB 503 – Trust Deeds/Trustee Interpleader Action: The Legislature has given final approval to LB 503. Introduced by Senator Mike Flood (Norfolk), LB 503 would authorize a junior lienholder, in an interpleader action relating to the payment of proceeds of a trustee’s sale, to recover attorney fees from any party objecting, without a good faith reason, to the proposed distribution of funds by the trustee.

LB 194 – Nebraska Job Creation and Main Street Revitalization Act: The Revenue Committee has advanced LB 194 to General File. Introduced by Senator Tony Vargas (Omaha), the bill would expand the eligibility for applications to Nebraska’s Historic Building Tax Credit Program and increase the tax credit for historically significant real property located in a county that includes a city of the metropolitan class or a city of the primary class from 20 percent to 25 percent and for historically significant real property located in any other county increases the credit from 20 percent to 30 percent, with the maximum credit allocated to any one project in the amount of \$2 million. Committee amendments would reduce the annual limit on the program from \$15 million to \$12 million, of which \$4 million is to be allocated to projects of less than \$100,000.

OTHER BILLS OF INTEREST

The Legislature also took action during the past week on a number of bills of interest to the banking industry:

The Revenue Committee has indefinitely postponed the following two bills:

LB 625 – Income Tax Surcharge: Senator Tony Vargas (Omaha) introduced LB 625, which would have imposed a surtax, for taxable years beginning on or after January 1, 2022, on high-income individuals for the purpose of providing funds for early childhood education in Nebraska. The bill would have imposed a surtax of 4 percent of the amount of taxable income in excess of \$1 million for individuals filing jointly or head of household and 4 percent of the amount of taxable income in excess of \$500,000 for all other individuals. **(NBA Position – Oppose)**

LB 69 – Student Loan Repayment Tax Credit Act: Introduced by Senator Jen Day (Omaha), LB 69 would have allowed a tax credit, beginning January 1, 2022, for any employer that plans to repay student loan principal and interest directly to the relevant lender or servicer of the loan on behalf of the qualified employee. The tax credit would have been equal to 50 percent of the employer's student loan repayment, up to a maximum credit of \$1,800 for each qualified employee for whom student loan repayments are made in any taxable year for up to 20 qualified employees per taxable year. **(NBA Position – Support)**

The Business and Labor Committee, on a vote of 4-2, has advanced LB 290 to General File.

LB 290 – Paid Family and Medical Leave Insurance Act: Senator Machaela Cavanaugh (Omaha) introduced legislation that would establish a statewide paid family medical leave insurance program similar to Nebraska's unemployment insurance system, managed by the state Department of Labor. The legislation would apply to all employers' subject to the Employment Security Act (one or more employees), with self-employed individuals eligible to participate funding would be provided for the program through a payroll tax of up to 1 percent of payroll as determined by the Commissioner of Labor.

The bill would allow 12 weeks, or 60 workdays of paid leave if taken intermittently, and would base the paid leave upon 90 percent of an individual's average weekly wage that is at or below 50 percent of the state average weekly wage and 50 percent of the individual's average weekly wage that is above 50 percent of the state average weekly wage, not to exceed 66 percent of the state average weekly wage.

The bill would also require employers to pay all other benefits that are due to the employee that would have been paid in the absence of leave, as well as all other benefits offered to the employee (vacation, sick leave, etc.) and would require employers to allow employees to return to their jobs after exercising their right to family medical leave. **(NBA Position – Oppose)**

PROPERTY TAX REQUEST BILL ON TAP

LB 408 – Property Tax Request Act: The Legislature is expected to give first round consideration to LB 408 in the upcoming week. Introduced by Senator Tom Briese (Albion), LB 408 would prohibit a political subdivision from making a property tax request for any year in excess of 3

percent more than its property tax request in the prior year, except that the political subdivision, by a majority vote by its board, would be allowed to exceed the 3 percent limit for no more than two consecutive years. The bill would exclude that portion of a political subdivisions property tax request that is needed to pay the principal and interest on approved bonds, or which is derived from the real growth value for the political subdivision and the 3 percent limit would cease to apply to property tax requests after 2027.