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Nebraska Association of County Officials

Legislative Report

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Legislature Debates Tax and Spending Bills

This week the Legislature focused on tax and spending bills. Property taxes were a part of the general discussion but the lengthiest debate came on bills affecting state tax collections. Senators advanced bills from the first round of debate that would exempt social security benefits from income taxes ([LB64](#)), cut corporate income tax rates ([LB432](#)), and revise to the Imagine Act ([LB84](#)) and other incentive bills ([LB366](#), [LB682](#), and [LB396](#)).

Further debate on tax and spending bills will be scheduled for next week. On Wednesday morning, senators will take up [LR11CA](#), a constitutional amendment to replace other forms of taxation with a consumption tax. Beginning on January 1, 2024, the state and all political subdivisions would be prohibited from imposing a tax on personal income, corporate income, personal property, real property, inheritances, estates, and sales. Instead, the Legislature would enact a consumption tax that would be applied to purchases of services and new goods, except for fuel. The Legislature could authorize political subdivisions to enact their own consumption taxes. A related bill, [LB133](#), would adopt the EPIC Consumption Tax Act. LB133 remains in committee.

Thursday, April 29 marks the 70th day of the 90-day [session](#). Adjournment sine die is tentatively scheduled for June 10.

Redistricting Hearing Scheduled for May 5

Because 2020 U.S. Census data has been delayed by the pandemic, Senator Tom Brewer has introduced an [amendment](#) to [LB285](#) to accommodate county redistricting under the Election Act. Typically, counties have five months to complete redistricting after the Legislature finishes redrawing new boundaries for itself and for Nebraska's seats in the U.S. House of Representatives, Public Service Commission, State Board of Education, Board of Regents, and Supreme Court. The amendment provides that after the release of the 2020 Census data, election commissioners and

county clerks must update precinct boundaries between November 1 and December 31, 2021. The Secretary of State could grant up to seven additional days to complete the process under extraordinary circumstance.

Because this concept has not already had a public hearing, the Government, Military and Veterans Affairs Committee will hold a hearing on AM1133 on Wednesday, May 5 at 12:00 p.m. in Room 1113 of the State Capitol.

A special legislative session is expected in the early fall for the Legislature to complete their redistricting.

Postcard Notice of Tax Askings Advances from Select File

[LB644](#), the “postcard bill”, was amended and advanced from Select File on Wednesday. The bill is intended to increase accountability and transparency by requiring political subdivisions seeking to set their property tax request in an amount higher than the prior year to participate in a joint public hearing with other taxing entities. Counties would be responsible for sending a personalized postcard to each property owner outlining the tax changes and giving contact information for each taxing entity.

As [amended](#) on General File, the postcard and hearing process would only apply to counties, cities, school districts, and community colleges. The hearing would be held by September 27, which would become the new date for adopting budgets. Other dates in the budget process would be moved back to correspond with this proposed change.

NACO and representatives from the League of Municipalities, school districts, and community colleges worked with Senator Ben Hansen, the introducer, on amendments that were adopted on Select File. As advanced, LB644 would contain exceptions for growth arising from improvements, construction, annexation, and tax increment financing. The hearing would be held between September 17 and 29 and before the participating subdivisions adopt their budgets.

The postcard would be sent to all affected property taxpayers, with notice posted on the home page of the county’s website in counties over 25,000 and published in a newspaper in or of general circulation in the county. Costs of creating and mailing the postcards would be divided among the participating entities.

After the joint hearing, the governing body of each participating entity would have to pass a resolution or ordinance setting the political subdivision’s property tax request. The resolution would be forwarded to the county clerk on or before October 15. The county clerk would prepare a report listing the political subdivision representatives and other speakers at the hearing. Other dates would be adjusted as well.

LB644 was amended on General File to eliminate taxing entities' ability to extend the payment of property tax refunds over five years in the case of hardship. Currently, if funds aren't available to make a refund, a political subdivision can certify to the county treasurer that a hardship would create a serious interference with governmental functions and spread out the payments. Under the amendment, the amount of the refund would have to be accounted for in the political subdivision’s next budget. Interest would accrue on the unpaid balance at the rate of 9 percent. The amendment mirrors [LB189](#).

State Budget Signed by Governor

Governor Ricketts signed the state’s FY21-22 and FY22-23 biennial [budget](#) on Monday. The \$9.7 billion budget includes property tax relief, funding for riparian weed control, law enforcement training grants, local public health departments, juvenile services, and mental health courts. The budget

leaves slightly over \$200 million for spending by the Legislature. This amount may vary depending upon projections from the Nebraska Economic Forecasting Advisory Board meets on Thursday.

Broadband Funding Bills Advanced

[LB388](#), a bill to appropriate \$20 million annually for grants to increase broadband availability in unserved and underserved areas, was advanced from the first round of debate on Tuesday. The Broadband Bridge Program in LB388 would be administered by the Public Service Commission.

A separate bill, [LB338](#), passed on Friday. The rural-based plan would redirect money in the Universal Service Fund to telecommunications carriers that provide broadband. When federal broadband funds are received by the state, cities, or counties, the bill would require specified upload and download speeds. Because it has an emergency clause, it would take effect when signed by Governor Ricketts.

Bills Advanced from General File

The following bills were advanced from General File by a consent calendar process on Monday.

[LB313](#) would extend the homestead exemption filing deadline for persons whose spouse has died. A similar extended application deadline is available to persons with a documented medical condition that impairs their ability to file the application in a timely manner. A committee [amendment](#) was adopted that clarifies the late application date and processes for counties to remove approved applications from the tax rolls if they have become delinquent. The bill was introduced by Senator Rita Sanders at Sarpy County's request.

[LB521](#) would require requests for tax exemptions on real or personal property to include an estimated value of the property on the Form 451. Applications without the estimated value or any other required information would be denied. During the allotted 15 minutes of debate, some senators questioned how a nonprofit entity would determine the value of the property to be exempted. Senator Curt Friesen, the introducer, said the Department of Revenue could provide guidance, for example, using purchase costs or a percentage of insurance replacement costs to identify the value.

[LB209](#), as amended, would clarify that counties and other political subdivisions may provide for deferred compensation on either a pre-tax basis or on an after-tax Roth contribution.

[LB504](#) would modernize phrasing in statutes referencing disabilities.

[LB296](#) would allow medical records for patients at state institutions to be released upon the order of a mental health board or to treatment providers for coordination of care related to transfer or discharge. Currently records may be released to law enforcement, upon the order of a judge, after the patient has been deceased for 50 years, and other limited situations.

Assistance for County Judgments

On Thursday, senators took the first steps to appropriate \$2 million per year for the next two years to help counties pay for federal judgments in excess of \$25 million rendered against them for violations of federal law. The judgment would have to be equal to 20 percent or more of the county's annual budget and the county would have to set their property tax levy at the maximum for the year in which the aid is received. Senator Myron Dorn introduced LB103 to help Gage County pay a \$28.1 million federal judgment to six persons wrongfully convicted of murder.

The Legislature also advanced [LB595](#), a bill introduced to remove the collection of sales and use taxes on inputs in the production of ethyl alcohol. A Revenue Committee [amendment](#) turned the bill into a "Christmas tree" by including provisions from four other bills.

Bills Advanced from Select File

Several bills that would affect counties were advanced from Select File, the second round of debate, this week.

[LB2](#) would set the value of agricultural and horticultural lands at 50 percent of their actual value for taxes levied to pay the principal and interest on school bonds approved by a vote of the people.

[LB291](#) would require the requested valuation of the property to be included on property tax protests and use a form prescribed by the Tax Commissioner. Counties could create their own protest forms, including electronic forms, as long as the form captures the required information. Counties would be given authority to make reasonable efforts to contact protesters who have timely filed a protest but did not include complete information or did not use the required form. The bill would take effect on January 1, 2022.

[LB261](#) would expand the number of veterans eligible for a metal grave marker signifying their service was also advanced. The markers are provided by counties.

[LB271](#) would allow counties to implement a twice-daily testing program as an alternative to incarceration for offenses involving operating a motor vehicle under the influence of alcohol or drugs.

[LB307](#), a bill on the waiver of counsel for juveniles, was amended before being advanced from Select File. As introduced, the bill prohibited out-of-home placement for juveniles who waive counsel in juvenile court hearings. Amendments adopted on [General File](#) were replaced by a [Select File](#) compromise requiring appointment of counsel for juveniles charged with a felony and court advisement of the juvenile's right to retain counsel other instances. The Nebraska Supreme Court would develop a process to ensure that juveniles are provided the opportunity to consult with counsel in making the decision to waive the right to counsel.

Bills Passed by the Legislature

The Legislature passed a number of bills on Thursday, including the following bills of interest to counties.

[LB63](#) would change the deadline for assessors to process tax exemption applications from February 1 to March 1. The extension would help provide additional time before the exemptions are presented to the county board for approval or denial.

[LB466](#), as introduced, would require county assessors to prorate the property taxes due for the year when real property is sold unless the buyer and seller have agreed to a different proration. After amendments, the bill as passed states that whenever real property is sold, the property taxes due for the year in which the sale occurred are prorated based on the number of days the buyer and seller owned the property unless they have agreed to another proration.

[LB343](#) would expand an existing process for county sheriffs to inspect motor vehicles sold by franchisees. Legislation enacted in 2019 allows sheriffs to enter into agreements with franchisees to submit the information needed for the inspection, including photos of the vehicle, its identification number, and odometer reading. LB343 would expand this authority to all motor vehicle dealers with an established place of business.

[LB616](#) would require law enforcement agencies that keep abandoned vehicles in their custody to give notice to lienholders.

[LB17](#) would increase court fees earmarked for the judges retirement plan.

