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Legislative Report

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Property Tax Cap Debate Expected on Thursday

[LB408](#), a bill to limit annual property tax increases to 3 percent, will be scheduled for first-round debate next Thursday, April 22. As [introduced](#), LB408 would allow increases in excess of 3 percent upon a vote at a special, primary or general election. Amounts needed to pay the principal and interest on bonds would not be included within the limit. Real growth due to new construction, improvements, or annexation would be outside of the limit.

A Revenue Committee [amendment](#) would clarify that the property tax request could not exceed its prior authority by more than 103 percent. It would allow a governing body to vote to exceed this limit for no more than two consecutive years, not to exceed 9 percent over a three-year period. If a political subdivision chooses not to increase its property tax request by the full amount, one-half of the unused authority could be carried over to a future year. At the annual budget presentation, each political subdivision would have to include information showing that they are in compliance with these provisions. The new restrictions would take effect on January 1, 2022 and sunset in 2027.

Technical amendments have been offered by Senator Lou Ann [Linehan](#) and Senator Tom [Briese](#). Senator Lynne Walz has offered an [amendment](#) to exempt expenditures used for special education. Another [amendment](#) by Senator Briese would address the timing of elections to exceed the limit and additional budget factors. In even-numbered years, the question could be presented at a primary or general election. In odd-numbered years, a special election could be held in May or November. Special elections could be held in any [month](#) authorized in the Election Act due to the need to request funds as a result of a natural disaster. The 3 percent limit would not apply to property tax requests (i) budgeted for capital improvements to address fire or flood mitigation or prevention, an environmental hazard, an accessibility barrier, or a life safety code violation, (ii) pledged to retire approved bonds, (iii) budgeted to pay for repairs to infrastructure damaged by a natural disaster, or (iv) budgeted to pay for the portion of wages and benefits mandated by an order of the Commission on Industrial Relations.

LB408 was introduced by Senator Briese and prioritized by Senator Suzanne Geist. The concept is similar to [LR22CA](#), a constitutional amendment introduced by Revenue Committee Chair Linehan on behalf of Governor Ricketts. It would allow an increase over 3 percent for real growth or if approved by voters. Taxes needed to pay for the principal or interest on bonded debt would be excluded from the cap. LR22CA remains in the Revenue Committee.

A second property tax bill, [LB2](#), will also appear on the agenda for debate next week. LB2 would reduce the valuation of agricultural and horticultural lands to 30 percent of actual value when used for school district taxes levied to pay the principal and interest on bonds issued after January 1, 2022, the effective date of the bill. A committee [amendment](#) would place the value for such property under special valuation at 50 percent of its special valuation. It would incorporate provisions from [LB79](#) to set the minimum amount of property tax relief appropriated through the Property Tax Credit Act to the prior year's amount plus 3 percent.

Debate on other tax and spending bills will be held during the week of April 26.

State's Biennial Budget Package Advances from Select File

On Tuesday the Legislature advanced the state's biennial [budget](#) bills from Select File, the second round of debate. Because some issues remain, the Final Reading vote that had been tentatively scheduled for Thursday was moved to next Tuesday, April 20.

During debate on the \$9.7 billion budget, senators considered appropriating \$230 million to build a new prison. Ultimately, they placed \$100 million into a capital construction fund with additional funds for planning for a new prison and a smaller community corrections facility, prison alternatives and programs, and a classification study of inmates. [LB 380](#), the mainline budget bill, contains \$1.45 billion in property tax relief, as well as funding for riparian weed control, law enforcement training grants, local public health departments, juvenile services, and mental health courts.

Virtual Meeting Authority Passed by Legislature

Public bodies located within the area of a governor's emergency declaration could hold regular meetings by virtual conferencing under a bill passed by the Legislature on Thursday. [LB83](#) is similar to the authority granted by Governor Ricketts through executive orders during the pandemic and would ratify actions taken during that time. (See [Executive Order No. 21-02](#) which is in effect through April 30, 2021.) Because the bill has an emergency clause, it would take effect upon the governor's signature.

Reasonable advance publicized notice would have to be given with information regarding access for the public and news media through a dial-in number or link. Links would need to be provided to the agenda, all documents being considered, and the Open Meetings Act. Reasonable arrangements would need to be made to accommodate the public's right to hear, speak, and record the meeting. The nature of the meeting would need to be stated in the minutes. Speakers at all public meetings would be required to identify themselves by name, address, and name of the organization represented, if any. An exception could be made to protect the security of the individual.

Beginning July 31, 2022, counties with a population greater than 25,000 would have to post meeting agendas on their website at least 24 hours prior to the meeting. Minutes would have to be placed on the website as soon as they are available for inspection within 10 working days or prior to the next convened meeting, whichever is sooner.

LB83 is the product of collaboration among a number of public bodies. Senator Mike Flood introduced the bill and the Government, Military and Veterans Affairs Committee prioritized it.

Bills Advanced from General File

On Monday, the Legislature advanced bills from General File through a consent calendar process. Debate during the consent calendar is limited to 15 minutes per bill.

[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. Senator Brett Lindstrom introduced LB63 on behalf of NACO.

[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. A committee [amendment](#) would change the county official responsible for calculating the proration to the county treasurer. The bill is aimed at a custom in real estate transactions in Douglas and Sarpy counties where prior year taxes, which are paid in arrears, are prorated between the buyer and seller as if they were current year taxes. Senator Mike Flood offered and withdrew an [amendment](#) intended to ensure that the proposed standard is not applied to sales of agricultural and horticultural land in which the determination of taxes due upon sale can depend upon factors such as who received the crop. Further discussion is expected on Select File. NACO has been working with Senator Linehan, the introducer of the bill, to remove counties from the bill entirely.

[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. A technical amendment has been offered for debate on Select File.

Senators engaged in more extended debate before advancing [LB271](#). It 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. LB271, which was introduced by Senator Adam Morfeld on behalf of Lancaster County, is modeled after a successful program in South Dakota. Participants would be tested twice each day for evidence of alcohol or drugs and could obtain a permit that would allow them to drive to work, school, and the testing site.

Bills Advanced from Select File

Following are some of the bills advanced from the second round of debate this week.

[LB224](#) would strike a residency reference when county surveyors are appointed in counties of less than 150,000. Instead of appointing a surveyor from another county, the county board could appoint any Nebraska registered land surveyor. Senator Ray Aguilar introduced LB224 on behalf of NACO.

[LB105](#) would correct an oversight from a bill enacted last year. It would harmonize the dates for county clerks to certify unpaid claims to the county treasurer for use in preparing the semiannual statement. Senator Curt Friesen introduced LB105 on behalf of NACO.

[LB65](#) would reconcile conflicts between two provisions of the Nebraska Accountability and Disclosure Act that relate to local elected officials having an interest in a contract with their own governing body. These subsections refer to an interest of a parent, spouse or child who has a business association with a business involved in the contract or receives a "direct pecuniary fee". It was introduced by Senator Matt Williams on behalf of the Nebraska Accountability and Disclosure Commission.

[LB414](#) would allow political subdivisions to use a design-build or construction management at risk delivery system for water, wastewater, utility or sewer construction.

[LB265](#) would eliminate a reporting requirement for cities that have created a clean energy assessment district using the Property Assessed Clean Energy Act (PACE) but have not implemented any projects. Existing law requires the annual submission of a report to the Legislature's Urban Affairs Committee listing the number of districts, cost, outstanding bonds, and other data.

[LB312](#) would expand the qualifications to serve on cemetery association boards. The minutes of cemetery association meetings would have to be delivered to the county clerk of the county where the cemetery is located. Currently these can be filed in the county where the meeting was held.

[LB9](#) would allow cities in certain counties to annex noncontiguous property if the intervening property is owned by the federal government. The bill is aimed at allowing the city of Bellevue to annex property outside of Offutt Air Force base.

[LB247](#) would create the Mental Health Crisis Hotline Task Force to develop a plan to integrate existing hotlines with the new federally-approved 988 mental health crisis hotline number. An [amendment](#) was adopted on Select File to make the bill's language more consistent with federal terminology and revise the task force's membership.

[LB664](#) would revise the Mutual Finance Assistance Act that provides state aid to fire districts that participate in a countywide mutual finance organization. The bill would allocate \$10,000 to each second-class city or village and rural or suburban fire protection district. The fund is currently distributed on a \$10 per capita basis.

[LB338](#) would redirect dollars from the Nebraska Universal Service Fund from telecommunications carriers that do not provide broadband services to other carriers that provide broadband service in the same area. An [amendment](#) adopted on Select File would require the state, counties, and cities that receive federal broadband funds to ensure that the construction of any new broadband infrastructure meets 100 Mbps upload and download speeds. Federal funds could not be used to serve locations currently capable of receiving broadband at minimum download speeds of 100 Mbps and minimum upload speeds of 20 Mbps that enable users to originate and receive high-quality voice, data, graphics, and video communications using technology.

Bills Passed by the Legislature

The Legislature passed a bill that would add townships to the list of entities that automatically receive their distribution of tax dollars rather than having to make a request for distribution. Cities, schools, educational service units, county agricultural societies, and fire districts already receive distributions automatically. [LB41](#) was introduced by former Gage County Supervisor Senator Myron Dorn.

[LB78](#) would create a directory within the Department of Veterans' Affairs that would be used to determine eligibility for veteran-specific license plates.

[LB371](#) would allow gambling to take place at licensed racetracks during times when a county fair or state fair is operating. This would apply to events in Hastings, Columbus and Grand Island.

