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Legislative Report

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Budget Adjustments and ARPA Bills Advanced

Debate this week focused on adjustments to the state's biennial budget and expenditures of federal ARPA (American Rescue Plan Act) funds. Some proposals sought funding from both sources and much of the discussion overlapped. Final Reading on the budget bills is expected on Tuesday and the ARPA bills on Wednesday. Following passage of those bills, the rest of the session will focus on the 61 priority bills remaining on General File and Select File.

Although it was not on the agenda, much of the discussion during the filibusters this week focused on the criminal justice reforms proposed in [LB920](#). LB920 contains recommendations made by the Crime and Justice Institute (CJI) to reduce prison overcrowding. The CJI [study](#) found that the growth in Nebraska's prison population has been driven by increases in the length of stay due to longer sentences and a decreasing percentage of parole grants. Some of the recommendations included sentencing changes, increased use of problem-solving courts, and geriatric parole options. LB920 is a Judiciary Committee priority bill on General File.

Among the appropriations in the budget bills, [LB1013](#) would set aside \$175 million from the state's cash reserves for a new prison at some point in the future. Some other transfers from the state's cash reserves would provide for updates to the Youth Rehabilitation and Treatment Center in Kearney ([LB792](#)), rural workforce housing development ([LB1071](#)), and improvements at Offutt Air Force Base ([LB1233](#)).

The Appropriations Committee's recommendations for the \$1.04 billion in ARPA funds were presented in [LB1014](#). Over \$4 billion in funding requests were submitted. The Appropriations Committee's proposal, which was offered as [AM2330](#), can be found [here](#). As amended and advanced from General File, the bill contains funding for improvements to the Law Enforcement Training Academy, public health department infrastructure, workforce housing, developmental disability provider rates and other provisions.

A separate bill, [LB1024](#), would provide North Omaha and South Omaha with \$250 million in ARPA funds and \$225 from the state's cash reserve for economic recovery.

Another appropriations bill, [LB805A](#), would provide \$2 million from the state's general funds for riparian noxious weed control in FY22-23. In FY23-24, the \$2 million appropriation would be provided through ARPA funds. [LB805](#), the underlying bill, was amended during General File debate to include revisions to the Black-Tailed Prairie Dog Management Act that would change the kind of notice given to landowners with a prairie dog infestation on their land ([LB712](#)).

Tax Relief Package Proposed

[LB825](#), a bill to shorten the phase-out of taxation of Social Security income, served as the basis for a comprehensive tax relief proposal that was debated on Friday. The package had been tentatively scheduled for debated as a General File amendment to [LB919](#) on Monday, but offered instead to LB825 which is on Select File. After four hours of debate, a cloture motion was unsuccessful and debate ceased. LB919 is not expected to be debated on Monday.

The package would include provisions from [LB939](#)'s individual and corporate income tax cuts. LB939 had survived a filibuster on the first round of debate during which some senators argued that the income tax cuts focused too much on higher earners. Another filibuster was planned for Select File and amendments had been offered to distribute excess cash reserves to all Nebraskans through \$200 pre-paid debit cards. Instead, introducer Senator Lou Ann Linehan asked to pass over the bill on Tuesday.

The package would also include a refundable income tax credit for community college taxes that is similar to the existing credit on school district taxes. The proposal would appropriate \$50 million for the first year of the new credit, with increases proposed each year thereafter. The school tax credit, which currently provides \$548 million in property tax relief, would be increased to \$560.7 million for tax year 2023 with increases based on growth in future years. This change, which was proposed as [LB723](#), would prevent a \$200 million decrease in the credit in 2024.

Law Enforcement Recruitment Bill Advanced from Select File

[LB1241](#), a bill to ease licensing reciprocity for law enforcement officers from other states, was amended and advanced from the second round of debate on Wednesday. The bill was one of several introductions aimed at recruitment and retention of officers, especially in rural areas. It would require applicants for law enforcement licenses from other states to meet the same admission requirements as other applicants to the Nebraska Law Enforcement Training Academy, as well as providing proof of successful completion of a training program equivalent to the Academy. Applicants would need to pass reciprocity and physical fitness tests. The reciprocity test would be offered at least once a month. Applicants could serve as noncertified conditional officers during the processing period.

In addition, the bill would allow multiple law enforcement agencies to develop their own training academy through an interlocal agreement.

The bill was amended to include provisions from [LB1270](#) to provide up to \$5 million in state funding for retention payments and hiring bonuses. The retention incentives, which range from \$750 to \$3,000, would be available in three tiers based on the size of the agency and length of service. Agencies could apply to the Crime Commission for grants for hiring bonuses. These amendments, called the Law Enforcement Attraction and Retention Act, would terminate on June 30, 2028.

An amendment was also adopted that would prohibit officers from receiving retention incentives if their license had been revoked, they were convicted of a felony or Class I misdemeanor, or if they were adjudicated to have engaged in serious misconduct.

Freeholder Petition Interim Study Proposed

Senator Lynn Walz, Chair of the Education Committee, introduced [LR359](#) at NACO's request to review the freeholder petition process. Under Neb. Rev. Stat. § [79-458](#), landowners can submit a petition to attach their property to a different school district. In some areas, freeholder petitions have created a patchwork of election precincts. In addition, residents with property that was moved to a different school district by a freeholder petition cannot vote for officials in the area where they are paying taxes. The study would seek input from the Nebraska Department of Education and the Nebraska Department of Revenue, as well as school districts and county officials, on whether the process should be eliminate or updated.

Study resolutions must be introduced by the 50th day of a 60-day session. Other studies have been introduced to examine matters relating to cemeteries ([LR339](#)) and conditional use permits ([LR276](#)).

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