

January 21, 2022

BILL INTRODUCTIONS COMPLETE – COMMITTEE HEARINGS COMMENCE

The past week saw the commencement of committee hearings and expiration of the time period for new bill introductions. Lawmakers introduced a total of 592 new bills this session. The Legislature continues to conduct floor debate on pending measures in the morning sessions, with committee hearings occupying the afternoon sessions.

UPCOMING HEARINGS - NBA BILLS

The following NBA Affirmative Legislative bills will be heard before the Banking, Commerce and Insurance Committee on Jan. 24 and 25:

LB 826 - PUBLIC FUNDS DEPOSIT SECURITY ACT: Introduced by Senator Brett Lindstrom (Omaha), LB 826 would authorize the use of bonds or obligations of another state, or a political subdivision of another state, which are rated within the two highest classifications by at least one of the standard credit rating services to be used as collateral for public funds, with such classifications to include the underlying credit rating or enhanced credit rating, whichever is higher, with respect to bonds or obligations of a political subdivision of another state.

LB 846 - BANK DIRECTORS ANNUAL AUDIT: Introduced by Senator Julie Slama (Auburn), LB 846 would allow a bank's board of directors to submit its annual audit to the Department of Banking within 120 days (currently 90 days) after the end of the calendar year.

UPCOMING HEARINGS - OTHER BILLS OF INTEREST

The NBA will present testimony on a number of issues of interest to the banking industry next week, including the following:

Banking, Commerce and Insurance Committee – Jan. 24

LB 706 - REAL PROPERTY APPRAISER ACT: Introduced by Senator Matt Williams (Gothenburg), LB 706 would make "technical corrections" to the existing Real Property Appraiser Act to remain in compliance with the Appraiser Qualification Board's Real Property Appraiser Qualification Criteria and to maintain compliance with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. **(NBA Position-Support)**

Revenue Committee – Jan. 27

LB 832 - INDIVIDUAL INCOME TAXES: LB 832, sponsored by Senator Machaela Cavanaugh (Omaha), would reduce the individual income tax rates for incomes at or below \$6,659 from 2.46% to 0%. The bill would

also increase the tax bracket for income subject to taxation at a rate of 3.51% for income from \$35,999-\$64,429; assess an individual income tax rate of 6.84% for income up to \$199,999; an individual income tax rate of 7.75% for income up to \$1,999,999 and a top income tax individual income tax rate of 8.25% on income of \$2 million or more. (NBA Position-Oppose)

LB 938 - CORPORATE INCOME TAX RATES: Introduced by Senator Lou Ann Linehan (Omaha), LB 938 would reduce the maximum corporate income tax rate, from 7.5% to 7% in 2023; to 6.5% in January 2024; to 6.14% in January 2025; and to 5.84% in January 2026. (NBA Position-Support)

LB 939 – INDIVIDUAL INCOME TAX RATES: Also introduced by Senator Linehan, LB 939 would reduce the maximum individual income tax rate on incomes over \$58,000 for joint returns from 6.84% to 6.34% in 2023; to 6.14% in 2024; and to 5.84% in 2025. (NBA Position-Support)

NEW BILLS INTRODUCED

LB 982 TAXATION EDUCATION SAVINGS ACCOUNT ACT: Introduced by Senator Robert Hilkemann (Omaha) LB 982 would authorize the parent or legal guardian of a student attending an eligible school to establish an education savings account with a financial institution for the purpose of paying qualified education expenses of the designated beneficiary of the account. The bill would allow a contribution of up to \$2,000 per calendar year to an account with contributions to be made only in the form of cash and would allow contributions to be invested at the direction of the account owner in stocks, bonds, mutual funds, or certificates of deposit offered by the financial institution where the account is established. A tax deduction would be allowed, to the extent included in federal taxable income for any income, from interest earned on an account established under the Education Savings Account Act.

LB 993-NEBRASKA FINANCIAL INNOVATION ACT: Senator Eliot Bostar (Lincoln) is the sponsor of legislation (LB 993) which would prohibit a digital asset depository from providing digital asset and cryptocurrency custody services unless the digital asset or cryptocurrency was a) initially offered for public trade more than six months prior to the date of the custody services; b) created by a bank chartered in Nebraska; or c) created by a bank chartered by the United States.

Senator Williams has introduced the following series of Rural Workforce Housing bills designed to extend the Rural Workforce Investment Act and increase funding for rural workforce housing projects.

LB 1069 - RURAL WORKFORCE HOUSING INVESTMENT ACT: LB 1069 would extend the definition of workforce housing to include owner-occupied housing units at a cost not more than \$325,000 (currently \$275,000) and rental housing units at a cost not more than \$250,000 (currently \$200,000); would replace the \$2 million cumulative grant limitation with provisions allowing for the Department, in its discretion, to determine the cumulative amount of grants for any single grantee; would reduce the matching requirement for grants from 100% to 50%; and would extend the sunset date for provisions of the Act from July 1, 2022 to July 1, 2027.

LB 1070 – RURAL WORKFORCE HOUSING FUNDING/INFRASTRUCTURE: LB 1070 would appropriate \$20 million in ARPA funds to the Department of Economic Development toward grants for infrastructure related to rural workforce housing, authorized pursuant to the Rural Workforce Housing Investment Act.

LB 1071 – RURAL WORKFORCE HOUSING FUNDING: Under LB 1071, \$30 million would be appropriated from the General Fund in fiscal year 2021/22 to the Department of Economic Development for purposes of the grant program described in the Rural Workforce Housing Investment Act.

LB 1096 – POLITICAL SUBDIVISION INVESTMENT POOL: Senator Steve Halloran (Hastings) has introduced LB 1096 which would authorize any political subdivision vested with taxing authority including

quasi-public entities, joint public agencies created pursuant to the Joint Public Agency Act and joint entities created pursuant to the Interlocal Cooperation Act located in Nebraska to participate in a trust or investment pool established within the office of the State Treasurer.

LB 1187 – UNIFORM COMMERCIAL CODE – ARTICLE 12: Senator Mike Flood (Norfolk) has introduced a measure (LB 1187) that would extend the operative date of Uniform Commercial Code, Article 12, relating to controllable electronic records, from July 1, 2022 to July 1, 2023.

LB 1225 – REPEAL BANK FRANCHISE TAX: Senator Justin Wayne (Omaha), has introduced a measure (LB 1225) which would eliminate the bank franchise tax and require financial institutions to pay the corporate income tax for taxable years beginning in 2023.

COMMITTEE HEARING ACTIVITY

The NBA presented testimony in support of the following bills:

LB 707 - OMNIBUS DEPARTMENT OF BANKING ACT: Introduced by Senator Williams, LB 707 would authorize the Department of Banking to examine bank subsidiaries and recognize that bank subsidiaries may be formed as a limited liability company. The bill would also adopt the annual state-chartered bank and savings and loan “wildcard.”

LB 825 - SOCIAL SECURITY BENEFITS: Introduced by Senator Lindstrom, LB 825 would provide for a full exemption from taxation for social security income phased-in over a four-year period beginning with tax years beginning on Jan. 1, 2022, with such income to be deducted from adjusted gross income as follows: tax year 2022 (40%); tax year 2023 (60%); tax year 2024 (80%); and tax year 2025 (100%).

2022 STATE GOVERNMENT RELATIONS FORUM

You are encouraged to sign up for the annual NBA State Government Relations Forum which will be held on Jan. 27 at the Cornhusker Marriott Hotel in Lincoln. Headlining the program will be presentations from a panel of state senators and NBA General Counsel Bob Hallstrom. Nebraska Department of Banking Director Kelly Lammers will discuss Department initiatives.

The State Government Relations Forum presents an opportunity to meet personally with your state senator during lunch to discuss issues of importance to the banking industry and to your institution and community. We look forward to seeing you on Jan. 27.