

# LEGISLATIVE UPDATE

108<sup>th</sup> Legislature, 2<sup>nd</sup> Session



February 2, 2024

The Legislature has completed just over one third of the 2024 legislative session, as lawmakers adjourned on Friday. The initial filibuster of the year on a bill (LB 31) requiring train crews of at least two individuals was winding down as we went to press.

The package of bills constituting the Governor's 40% property tax relief proposal encountered rough sledding throughout the week as multiple opponents submitted online comments and lined up to testify on Tuesday against a bill that would provide for approximately 250 million in transfers from State Agency Cash Funds to the General Fund (LB 1413).

Political subdivisions railed against a proposal on Thursday that would have revised property tax levy limits (LB 1141), and school districts were out in force to oppose a bill to eliminate the ability of school districts to override levy limits with a 70% vote (LB 1318).

Representatives of the business community also voiced their objections to a series of bills heard on Thursday that would have repealed existing sales tax exemptions or impose new taxes on items such as soda and candy, advertising, accounting, and legal services, as well as repair and replacement parts for agricultural machinery and equipment.

## NBA BILLS TO BE HEARD

The following bills on the NBA affirmative legislative agenda will be heard before the Banking, Commerce and Insurance Committee on February 5.

**LB 872 - CENTRAL-BANK DIGITAL CURRENCY:** Introduced by Senator Rob Clements (Elmwood), LB 872 would prohibit political subdivisions or state agencies from accepting a central-bank digital currency as a method of cash payment of any tax, levy, excise, duty, custom, toll, interest, penalty, fine, license, fee, or assessment of whatever kind or nature.

**LB 1122 - MISLEADING ADVERTISEMENTS/SOLICITATIONS:** Senator Beau Ballard (Lincoln) is the sponsor of LB 1122, which would increase the maximum fine that the Department of Banking can impose for violations involving misleading advertisements or solicitation of bank customers from \$1,000 to \$5,000. Current law places restrictions on the ability of any person to include the name, trade name, logo or symbol of a financial institution in a written solicitation for financial products or services directed to a consumer who has obtained a loan from the financial institution without the consent of the financial institution, unless the solicitation clearly and conspicuously states that the person is not sponsored or affiliated with a financial institution and that the solicitation is not authorized by the financial institution.

**LB 1176 - PUBLIC ENTITIES POOLED INVESTMENT ACT:** Senator George Dungan (Lincoln) has introduced LB 1176, which would establish investment priorities, customer disclosures and restrictions on investments for political subdivision investment pools. The bill would specifically limit investments by a political subdivision investment pool in commercial paper to commercial paper a) issued by a United States corporation; b) with a stated maturity of 270 days or fewer from its date of issuance; and c) which is rated in the highest quality category by at least two nationally recognized rating agencies. In addition, the bill would limit investments in commercial paper by a political subdivision investment pool to no more than 40% of the total funds eligible for investment and to no more than 5% of the total funds available for investment in commercial paper of a single issuer.

A “Background Paper” setting forth additional information and talking points accompanies this *NBA Legislative Update* for your assistance in contacting members of the Banking, Commerce and Insurance Committee to encourage your support for the measure.

## COMMITTEE HEARING ACTIVITY

The NBA presented testimony before various committees on the following legislative bills:

### **January 30 - Agriculture**

**LB 1116 - GROCER REINVESTMENT ACT**: Introduced by Senator Teresa Ibach (Sumner), LB 1116 would authorize the Department of Agriculture to make loans, grants, and forgivable loans to designated grocery store businesses in low - and moderate - communities for investments to expand or improve access to perishable nutritionist foods covering expenses for capital improvements, energy efficiency measures, repair and maintenance of buildings and equipment, purchases of equipment and furnishings, and technical assistance.

The NBA proposed an amendment that would require loans of \$10,000 or more to involve bank participation. Bank participation would be determined by the contract would provide flexibility to consider a traditional loan participation, a loan guarantee or an interest rate buy down program, similar to the Nebraska Dollar and Energy Saving Loan Program administered by the Nebraska Department of Environment and Energy. **(NBA POSITION: SUPPORT)**

### ***Banking, Commerce and Insurance Committee***

**LB 955 - GIFT CERTIFICATE/GIFT CARD CUSTOMER NOTICES**: Introduced by Senator Eliot Bostar (Lincoln), LB 955 would require any business entity selling a gift certificate or gift card to a purchaser, to include a notice at the location where the sale occurs, which provides: “Protect yourself from prepaid card scams, including requests related to lotteries, taxes, employment status, or utility payments. Do not provide any prepaid card information to someone you do not know, including the PIN number or card number. If you feel that you are a victim of fraud, contact local law enforcement.” The bill would require any business entity which has an electronic payment system screen to provide notice on the screen prior to the purchaser finalizing payment or if the entity does not have an electronic payment system screen or does not wish to provide notice in this manner, notice must be posted in a conspicuous manner in the location where the sale occurs.

Senator Bostar and supporters of the bill have agreed to an amendment that would exclude bank-issued general-use prepaid cards from the provisions of LB 955. **(NBA POSITION: SUPPORT WITH AMENDMENTS)**

**LB 1074 - OMNIBUS DEPARTMENT OF BANKING BILL**: Senator Julie Slama (Dunbar), Chair of the Banking, Commerce and Insurance Committee, has introduced LB 1074 which would renew the annual bank and savings and loan “wild-card” provisions. **(NBA POSITION: SUPPORT)**

**LB 1294 - DATA PRIVACY ACT**: Senator Bostar has introduced a measure which would grant data privacy protections to any individual or business a) conducting business in Nebraska or producing a product or service consumed by residents of Nebraska; b) processing or engaging in the sale of personal data; or c) not a small business as defined by the United States Small Business Administration. The bill would exclude any financial institution, affiliate of the financial institution, or data subject to Title V of the Gramm-Leach-Bliley Act. **(NBA POSITION: SUPPORT)**

*Appropriations Committee*

**LB 1413 - APPROPRIATIONS-CASH TRANSFERS**: Introduced by Speaker John Arch (La Vista), LB 1413 would provide for a series of transfers from various state agency Cash Funds to the General Fund, including \$2 million in fiscal year 2024 and 2025 from the Financial Institution Assessment Cash Fund to the General Fund. The bill would also transfer \$25 million from the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund in fiscal year 2025.

NBA Associate General Counsel Ryan McIntosh appeared before the Appropriations Committee to express the preference of the NBA to provide additional Rural Workforce Housing funding from the General Fund, rather than through a transfer from the Affordable Housing Trust Fund and entered the NBA's opposition to the proposed transfer from the Financial Institution Assessment Cash Fund to the General Fund.

**(NBA POSITION: SUPPORT ADDITIONAL RURAL WORKFORCE HOUSING FUNDING AND OPPOSE FINANCIAL INSTITUTION ASSESSMENT CASH FUND TRANSFER)**

*Urban Affairs Committee*

**LB 948 - COMMUNITY DEVELOPMENT LAW/PREVAILING WAGE**: Introduced by Senator Mike McDonnell (Omaha), LB 948 would require a redevelopment contract for redevelopment plan or redevelopment project under the Community Development Law to include a provision requiring that any laborers and mechanics employed by the redeveloper or by any contractor or subcontractor to perform construction work for the project be paid wages at rates not less than the prevailing rates for construction of a similar character in the locality in which the redevelopment project is located.

**(NBA POSITION: OPPOSE)**

*February 1 - Government, Military & Veterans Affairs Committee*

**LB 925 - FIREARM INDUSTRY NONDISCRIMINATION ACT**: Senator Ray Aguilar (Grand Island) is the sponsor of this legislation which would prohibit governmental entities from entering into a contract with any company engaged in discriminating against firearm entities for contracts worth at least \$100,000 that are to be paid, in whole or in part, by a governmental entity.

NBA General Counsel Bob Hallstrom expressed opposition to the bill suggesting that government should not interject itself into the free-market system. Banks should be free to lend to, invest in, and generally do business with any entity or activity that is legal, without government interference. Banks should also be free not to lend, invest, or otherwise engage so long as they do not violate statutory, regulatory, fair lending or other anti-discrimination laws. **(NBA POSITION: OPPOSE)**

*Revenue Committee*

**LB 1308 - SALES TAX ON SERVICES**: Introduced by Senator Brad von Gillern (Elkorn), LB 1308 would impose the sales and use tax upon accounting services and repair and replacement parts for agricultural machinery. **(NBA POSITION: OPPOSE)**

**LB 1345 - SALES TAX ON SERVICES**: Introduced by Justin Wayne (Omaha), LB 1345 would impose the sales and use tax on legal services performed in the furtherance of a business enterprise. **(NBA POSITION: OPPOSE)**

**LB 1354 - ADVERTISING SERVICES TAX ACT**: Also introduced by Senator Joni Albrecht (Thurston), LB 1354 would impose a 7.5% sales tax on companies that derive more than \$1 billion in gross advertising revenue. **(NBA POSITION: OPPOSE)**

## February 2 - Revenue Committee

**LB 1400 - RELOCATION INCENTIVE ACT**: Introduced by Senator Beau Ballard (Lincoln), LB 1400 would authorize a refundable income tax credit equal to 50% of the relocation expenses paid by an employer for a qualifying employee (individual moving to Nebraska to accept a position of employment) not to exceed a maximum credit of \$5,000 per qualifying employee. The bill would require a qualifying employee to receive an annual salary of at least \$70,000 and not more than \$250,000 per year and would subject the tax credit to recapture if the employee moves out-of-state within two years after the credit is claimed. **(NBA POSITION: SUPPORT)**

**LB 1415 - PROPERTY TAX RELIEF**: Introduced by Senator Robert Dover (Norfolk), LB 1415 would provide state funding directly to school districts, counties, cities, and villages in exchange for direct property tax relief. **(NBA POSITION: SUPPORT)**

## UPCOMING COMMITTEE HEARINGS

The following bills will be heard before various committees next week:

### February 5 - Banking, Commerce and Insurance Committee

**LB 1332 - PREPAID CARD CONSUMER PROTECTION ACT**: LB 1332, also introduced by Senator Dungan, would prohibit the charging of any fee, including a maintenance, service, or inactivity fee on a prepaid card (record that contains a microprocessor chip, magnetic strip, or other storage medium that is prefunded and for which the value is adjusted upon each use) or the placement of an expiration date on a prepaid card or otherwise limit the time for redemption for a prepaid card. **(NBA POSITION: OPPOSE)**

### Business and Labor Committee

**LB 961 - NONCOMPETE AGREEMENTS**: Introduced by Senator George Dungan (Lincoln), LB 961 would prohibit an employer with one or more employees (other than government employers) from entering into a noncompete agreement with a lower-wage employee (employee who earns no more than \$100,000 per year). **(NBA POSITION: OPPOSE)**

**LB 1213 - PAID FAMILY LEAVE/SCHOOL RELATED ACTIVITIES LEAVE**: Introduced by Senator Lynne Walz, LB 1213 would require any employer or with 15 or more employees to provide a minimum of 20 hours of paid school activities leave (leave taken by an employee for school-related activities of a family member, including, but not limited to, parent-teacher conferences, disciplinary meetings or proceedings, extracurricular or athletic competition or events, volunteer activities, and orientation programs) in each calendar year. **(NBA POSITION: OPPOSE)**

## SIGN UP FOR VIRTUAL LEGISLATIVE REVIEWS DURING THE LEGISLATIVE SESSION

The next NBA Government Relations team virtual Legislative Update is Monday, February 26<sup>th</sup> at 9:00 a.m. CT. [Register](#) for the overview of legislation introduced this legislative session that may affect the banking industry.

# LEGISLATIVE UPDATE

108<sup>th</sup> Legislature, 2<sup>nd</sup> Session



---

## BACKGROUND PAPER - POLITICAL SUBDIVISION INVESTMENT POOLS

**ISSUE:** POLITICAL SUBDIVISION INVESTMENT POOLS  
(LB 1176)

**NBA POSITION** SUPPORT

### BACKGROUND:

LB 1176 would establish investment priorities, customer disclosures and restrictions on investments for political subdivision investment pools. The bill would specifically limit investments by a political subdivision investment pool in commercial paper to commercial paper a) issued by a United States corporation; b) with a stated maturity of 270 days or fewer from its date of issuance; and c) which is rated in the highest quality category by at least two nationally recognized rating agencies. In addition, the bill would limit investments in commercial paper by a political subdivision investment pool to no more than 40% of the total funds eligible for investment and to no more than 5% of the total funds available for investment in commercial paper of a single issuer.

### ARGUMENTS IN SUPPORT OF LB 1176

1. Political subdivision investment pools (PSIP) currently have virtually unlimited authority with respect to the manner in which they may invest political subdivision funds. LB 1176 would a) significantly restrict the permissible investments allowed for a PSIP; b) clarify that the investment priorities of a PSIP, in order of importance, are 1) safety; 2) liquidity; and 3) yield; and c) require consumer protection disclosures to ensure that political subdivisions are aware of the risks inherent in PSIP investments.
2. LB 1176 also ensures a prudent level of risk for PSIP investments in commercial paper, which is in accordance with industry standards and is limited to that issued by a United States corporation, with a stated maturity of 270 days or less, and which holds ratings in the highest category by at least two nationally recognized rating agencies.
3. The Federal Financial Industry Regulatory Authority (FINRA) requires Series 6 licensure for the solicitation, purchase or sale of municipal fund securities. While the majority of PSIPs operating in Nebraska hold appropriate licensure, other PSIPs should not be operating in a FINRA gray-area without appropriate oversight.
4. Nebraska law has long recognized that the best and safest place for public deposits is in the local bank. Public deposits are FDIC insured up to \$250,000, with additional protection provided in the form of a pledge of securities equal to at least 102% of the amount of deposits in excess of the FDIC insured amount. Local banks put public deposits to good and beneficial use in the form of loans and investments that spur, grow and invigorate local economies.

### BANKING, COMMERCE AND INSURANCE COMMITTEE

Julie Slama (District 1), Chairperson	<a href="mailto:jslama@leg.ne.gov">jslama@leg.ne.gov</a>	(402) 471-2733
Ray Aguilar (District 35)	<a href="mailto:raguilar@leg.ne.gov">raguilar@leg.ne.gov</a>	(402) 471-2617
Beau Ballard (District 21)	<a href="mailto:bballard@leg.ne.gov">bballard@leg.ne.gov</a>	(402) 471-2673
Eliot Bostar (District 29)	<a href="mailto:ebostar@leg.ne.gov">ebostar@leg.ne.gov</a>	(402) 471-2734
George Dungan (District 26)	<a href="mailto:gdungan@leg.ne.gov">gdungan@leg.ne.gov</a>	(402) 471-2610

---

Mike Jacobson (District 42) [mjacobson@leg.ne.gov](mailto:mjacobson@leg.ne.gov) (402) 471-2729  
Kathleen Kauth (District 31) [kkauth@leg.ne.gov](mailto:kkauth@leg.ne.gov) (402) 471-2327  
Brad von Gillern (District 4) [bvongillern@leg.ne.gov](mailto:bvongillern@leg.ne.gov) (402) 471-2621