

February 25, 2022

With just over half of the 2022 Legislative Session completed, the issues to be addressed during the balance of the session have crystallized with the deadline for designating priority bills having arrived on February 23. Of the 107 individual Senator, Committee and Speaker Priority bills, resolutions and proposed constitutional amendments, only four measures have received final approval to date. Forty-one of the issues prioritized have yet to emerge from Committee, leaving the Legislature with many significant issues to address in a very limited time frame, with budgetary issues and ARPA funding priority decisions yet to be made. The week ended on a positive note as the body advanced five bills from General File to Select File in a flurry of activity late Friday morning.

CORPORATE/INDIVIDUAL INCOME TAX RATE REDUCTION BILL ADVANCES

LB 939 - INDIVIDUAL INCOME TAX RATES/CORPORATE INCOME TAX RATES: LB 939

overcame a filibuster late Thursday morning and was advanced to Select File after a motion to invoke cloture was approved on a 41-1 vote. While the measure has advanced for the moment, it appears that significant discussions are yet to take place, and additional modifications to the bill are likely to be considered. Concerns over the ability to sustain the revenues needed to support the tax cuts may be eased going forward as the Economic Forecasting Advisory Board, which meets next week, is expected to provide another positive outlook for revenue projections. The bill is expected to be “parked” on Select File until the Forecasting Board issues its revenue projections and the Appropriations Committee submits its budget recommendations.

Introduced by Senator Lou Ann Linehan (Omaha), LB 939 would reduce the maximum individual income tax rate on incomes over \$66,360 for joint returns from 6.84% to 6.34% in 2023; to 6.14% in 2024; and to 5.84% in 2025. Pursuant to a proposed Committee amendment, the provisions of LB 938 (Corporate Income Tax Rates) would be integrated into the bill. The amendment 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)**

PRIORITY BILL DESIGNATIONS

The following bills of interest to the banking industry have been designated as priority bills, which will enhance their likelihood of being considered as the session progresses.

SENATOR PRIORITY BILLS

LR 264CA **Senator Erdman** **(NBA Position: Oppose)**
Constitutional amendment to prohibit the imposition of taxes other than retail consumption taxes and excise taxes

LB 1069 **Senator Williams** **(NBA Position: Support)**
Change provisions of the Rural Workforce Housing Investment Act

COMMITTEE PRIORITY BILLS

LB 707 Banking, Commerce and Insurance Committee (NBA Position: Support)
Change provisions relating to banks, financial institutions, bank subsidiaries, and residential mortgage loans and adopt certain updates to federal law

LB 730 Revenue Committee (NBA Position: Support)
Adopt the Growing Our Workforce Investment Now Act and provide tax credits

LB 939 Revenue Committee (NBA Position: Support)
Change individual income tax rates

LB 1014 Appropriations Committee (NBA Position: Support)
Appropriate Federal Funds allocated to the State of Nebraska pursuant to the federal American Rescue Plan Act of 2021

LB 1024 Urban Affairs Committee (NBA Position: Support)
Adopt the North Omaha Recovery Act and state intent regarding appropriation of federal funds

LB 1150 Legislative Performance Audit Committee (NBA Position: Watch as Amended)
Change provisions relating to the contents of applications and agreements under the ImagiNE Nebraska Act

SPEAKER PRIORITY BILLS

LB 729 Speaker Hilgers (NBA Position: Support)
Adopt the Quick Action Closing Fund Act

LB 902 Speaker Hilgers (NBA Position: Support)
Adopt the Nebraska Career Scholarship Act

UPCOMING HEARINGS

The NBA will be presenting testimony on each of the following bills in the upcoming week:

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. **(NBA Position: Support)**

LB 1029 - NEBRASKA FAIR EMPLOYMENT PRACTICES ACT: Introduced by Senator Megan Hunt (Omaha), LB 1029 would extend provisions of the Nebraska Fair Employment Practices Act to include employers engaged in an industry who have one or more employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year. Would expand the definition of “harass,” when used in relation to race, color, religion, disability, marital status, or national origin, to include conduct which has the purpose or effect of unreasonably interfering with an employee’s work performance or creating an intimidating, hostile, or offensive working environment and would make it an unlawful employment practice for a Class II employer (one or more employees) to harass any employee because of such employee’s race, color, religion,

sex, disability, marital status, or national origin. LB 1029 would also make it an unlawful employment practice for a Class I employer to discriminate against any of his or her employees or applicants for employment because he or she has opposed any practice or refused to carry out any action unlawful under federal law or the laws of this state or because he or she has inquired about, discussed, or disclosed information regarding employee wages, benefits, or other compensation. **(NBA Position: Oppose)**

LB 1188 – UNIFORM PERSONAL DATA PROTECTION ACT: LB 1188, introduced by Senator Mike Flood (Norfolk), would govern how business entities collect, control, and process the personal and sensitive personal data of individuals. The bill would apply to the activities of a controller (a person that, alone or with others, determines the purpose and means of processing personal data), or processor (a person that processes personal data on behalf of a controller) that conducts business in the state or produces products or provides services directed to residents of the state and: 1) during the calendar year maintains personal data about more than \$50,000 data subjects who are residents of the state, excluding data subjects whose data is collected or maintained solely to complete a payment transaction; 2) earns more than 50% of its gross annual revenue during a calendar year for maintaining personal data from data subjects as a controller or processor; 3) is a processor acting on behalf of a controller, the processor knows or has reason to know satisfies the personal data or gross annual revenue requirements; or 4) maintains personal data, unless it processes the personal data solely using compatible data practices. **(NBA Position: Oppose)**

COMMITTEE HEARING TESTIMONY

The NBA presented testimony during the past week:

LB 1187 - UNIFORM COMMERCIAL CODE - ARTICLE 12: Senator Flood has also introduced a measure (LB 1187) that would extend the operative date of the provisions of Uniform Commercial Code Article 12 (Controllable Electronic Records) from July 1, 2022, to July 1, 2023. **(NBA Position: Support)**

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. **(NBA Position: Oppose)**