

LEGISLATIVE UPDATE

108th Legislature, 2nd Session



March 29, 2024

Nebraska lawmakers ended a contentious week on a positive note, advancing 22 bills on final reading. Time is winding down as Thursday marked Day 52 of the 60-day session. Senators will return from the long weekend on Tuesday to take back up LB 388, described below. The Legislature adjourned Thursday afternoon with debate on LB 1073, introduced by Senator Julie Slama (Dunbar). LB 1073 is one of the Banking, Commerce and Insurance Committee priority bills and contains provisions supported by the NBA.

SENATORS CLASH OVER SALES TAX PACKAGE

The Revenue Committee advanced LB 388 to the floor of the Legislature to begin the week on a 7-1 vote. The bill was promptly taken up for debate on Wednesday, March 27. However, debate was cut short after it appeared the supporters did not have the 33 votes necessary to invoke cloture to end debate and get to a vote on the bill. Senator Lou Ann Linehan (Elkhorn), LB 388's sponsor, ended the evening debate by letting colleagues know she planned to work on the bill over the weekend to work on drafting errors.

LB 388 contains a package of bills that were heard in committee and represents Governor Jim Pillen's revenue package. Included in LB 388 is an increase in the state sales tax rate from 5.5% to 6.5%. However, there is a mechanism for the rate to be lowered in quarter-percent increments dependent on state revenue collected. Additionally, a series of sales tax exemptions are eliminated, and new taxes are added on other products and services. The elimination of exemptions includes animal grooming, veterinary services, drycleaning, soft drinks and candy. Also, taxes on hemp products, cigarettes and vaping would face sharp increases.

LB 388 would also add a tax on revenues from advertising for large advertisers, such as Google and Meta. Opponents argue that this will be passed along to businesses using these services. Also contained in the package are caps on spending for counties, cities and villages, with exceptions for first responders, and methods for exceeding the caps.

BUDGET BILLS ADVANCED

The Legislature advanced LB 1412 and LB 1413 on Tuesday of this week. LB 1412 was the biennial budget adjustment bill to make updates to the biennial budget passed last year. LB 1413, which proposed a series of sweeps of the State's various cash funds, included an amendment to compromise with opponents who took issue with the proposed sweep of \$70 million from the State Unemployment Insurance Trust Fund. Initially, the bill would have directed \$10 million to the Workforce Development Program, and \$60 million to the general fund. Under the compromise, only \$30 million will go to the General Fund, with \$40 million to the Workforce Development Program. Additionally, an amendment brought by Senator Ben Hansen (Blair) would lower the minimum amount the Department of Labor can collect each year from businesses paying the tax. The NBA supports the compromise and amendment from Senator Hansen. LB 1413 also directs \$12.5 million each to the Rural Workforce Housing and Middle-Income Housing Funds.

SIGN UP FOR VIRTUAL LEGISLATIVE REVIEWS DURING THE LEGISLATIVE SESSION

The next NBA Government Relations team virtual Legislative Update is Monday, April 22, at 9:00 a.m. CT. [**Register**](#) for the [**final**](#) overview of legislation introduced this legislative session that may affect the banking industry. Additionally, the NBA government relations team will provide information regarding the EPIC tax ballot initiative.