

LEGISLATIVE UPDATE

108th Legislature, 2nd Session



April 5, 2024

The Legislature faced another contentious week as debate occurred on property tax and spending measures. The week ended with debate on LB 575, introduced by Senator Kathleen Kauth (Omaha), which would define school bathrooms and sports competitions as male or female based on sex at birth in Nebraska schools. The Legislature adjourned on Friday afternoon amid an emotional filibuster on the bill. Little time is left to push legislation across the finish line, with only a handful of working days remaining. Senators will finish up work on Thursday, April 18.

BANKING COMMITTEE PRIORITY BILLS ADVANCE TO FINAL READING

To complete Friday morning's activities, before moving on to LB 575 discussed above, two priority bills designated by the Banking, Commerce and Insurance Committee (LB 1074 – Banking Priority Bill and LB 1073 – Insurance Priority Bill) advanced to Final Reading. The bills, as amended and advanced from Committee – along with other pending amendments – contain the following:

LB 1074 - OMNIBUS DEPARTMENT OF BANKING BILL

Introduced by Senator Julie Slama (Dunbar), LB 1074 would, among other things, renew the annual bank and savings and loan “wild-card” provisions. Prior to advancing the bill, the Committee adopted amendments incorporating the provisions of LB 710 (Credit Union Act), LB 872 (Central-Bank Digital Currency), LB 1122 (Misleading Advertisements/Solicitations) and LB 1176 (Public Entities Pooled Investment Act).

The bills to be incorporated into LB 1074 are as follows:

LB 710 - CREDIT UNION ACT

Introduced by Senator George Dungan (Lincoln), LB 710 would: a) authorize a credit union to provide written notice of any change in its principal place of business within the state to be delivered to the Department in person or sent by regular or electronic mail; b) authorize a credit union to conduct annual or special meetings by virtual conferencing platform; c) authorize the board of directors of a credit union to conduct regular meetings not less frequently than six meetings annually, with at least one meeting in each calendar quarter; d) authorize a credit union's board of directors to appoint one or more associate directors to serve in an advisory capacity; and e) authorize a credit union to invest in insurance policies and other investment products to fund employee benefit plans for its employees not to exceed 15% of the net worth of a credit union from a single issuer or 25% of the net worth of a credit union in aggregate.

Provisions of the original bill – which were opposed by the NBA and which have been removed in the Committee amendment to LB 1074 – would have: a) eliminated requirements for the Director of the Nebraska Department of Banking and Finance (Department) to provide notices of an application for establishment of a branch of a credit union and remove discretion from the Director to hold a public hearing on amendments to a credit union association's bylaws which are brought before the Department; b) allowed a credit union with a main chartered office or approved branch in the state, upon notification to the Department, to establish savings account programs in any elementary or secondary school, whether public or private, that has students who reside in the same city or village as the main chartered office or branch of the

credit union; c) expanded the field of membership of a credit union to include persons or organizations within a geographically defined community, neighborhood or rural district; d) authorized credit unions to invest in shares, stocks or member units of financial technology companies in a total amount not exceeding 5% of the net worth of the credit union; and e) repealed the 18% usury rate on credit union loans. **(NBA POSITION: OBJECTIONS FAVORABLY RESOLVED)**

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. **(NBA POSITION: AFFIRMATIVE LEGISLATION)**

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. **(NBA POSITION: AFFIRMATIVE LEGISLATION)**

LB 1176 - PUBLIC ENTITIES POOLED INVESTMENT ACT

Introduced by Senator Dungan, LB 1176 would establish investment priorities, customer disclosures and restrictions on investments for political subdivision investment pools. As amended by the Committee prior to advancing, 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 at the time of purchase. In addition, the bill would limit investments in commercial paper by a political subdivision investment pool to no more than 50% of the total funds eligible for investment at the time of purchase and to no more than 5% of the total funds available for investment in commercial paper of a single issuer. **(NBA: AFFIRMATIVE LEGISLATION)**

LB 1073 - THIRD-PARTY ADMINISTRATORS OF INSURERS ON-SITE AUDITS: Introduced by Senator Slama, LB 1073 was amended to include the following bills which are supported by the NBA.

The bills to be incorporated into LB 1073 are as follows:

LB 873 - REAL ESTATE CLOSING/GOOD FUNDS

LB 873, also introduced by Senator Ballard, would authorize use of real-time or instant payments through the FedNow service of the United States Federal Reserve system, or through the RTP network of the Clearinghouse Payments Company LLC for purposes of the good funds requirement associated with real estate closings and would increase from \$500 to \$1,500 of the amount of funds that need not be available for disbursement from good funds. **(NBA POSITION: SUPPORT)**

LB 1135 - RIGHT-TO-LIST HOME SALE AGREEMENTS

Introduced by Senator Robert Dover (Norfolk), LB 1135 would make void and unenforceable any right-to-list home sale agreement (an agreement by the owner of residential real estate providing another person with the exclusive right to list real estate for sale at a future date in exchange for monetary consideration which purports to be a lien, encumbrance or other real property security interest) or lien or encumbrance resulting

from such an agreement which is presented for recording, or recorded in the office of the register of deeds or county clerk. (NBA POSITION: SUPPORT)

LB 1409 - CONDOMINIUM ASSOCIATION DECLARATION AMENDMENT

Introduced by Senator Eliot Bostar (Lincoln), LB 1409 would limit the requirement to obtain lienholder approval of amendments to a condominium association declaration to a) time-share arrangements; b) unit subdivisions; and c) issues affecting lien priorities and lienholder foreclosure rights. The bill would deem a lienholder which fails to respond to a request for approval of amendment to declarations within 60 days of the request to have given approval. Prior to advancing, amendments proposed by the NBA providing greater protection to lienholders were adopted by the Committee. (NBA POSITION: SUPPORT)

GOVERNOR PILLEN SIGNS BUDGET PACKAGE - NO VETOES

Governor Jim Pillen announced that he signed both state budget bill packages without a single veto. In his praise for the Appropriations Committee, he indicated they provided him with a “fiscally sound” budget that added additional funding to the school aid formula and makes few changes to the current state budget, providing for an average increase in spending of 2.7% (up from 2.3%) and provided \$230 million in transfers to support Governor Pillen’s plan to cut property tax payments.

PROPERTY TAX DEBATE CONTINUES

LB 388, introduced by Senator Lou Ann Linehan (Elkhorn) advanced to Select File after securing exactly 33 votes to invoke cloture. Senator Steve Erdman (Bayard) changed his vote at the last minute so that the bill could have more time for negotiations. The bill is designed to shift \$650 million off local property taxes and onto new and increased sales taxes, resulting in a 30% reduction in property taxes. LB 388 would also impose new and more restrictive caps on local spending by counties, cities and villages. The package was opposed by a wide array of business groups and advocates for low-income individuals due to the increase in sales taxes. Enough support was gained after Senator Linehan pledged to work with Governor Pillen and opponents to find a compromise. Senator Linehan indicated that she would not ask the bill to be placed back on the agenda if a compromise is not reached.

The Education Committee advanced the property tax proposal on Tuesday afternoon which is the second part of Governor Pillen’s property tax reduction plan. LB 1331 was advanced from the Committee on an 8-0 vote. The bill was immediately scheduled for debate on Wednesday and moved to Select File on a 45-0 vote. LB 1331 would result in \$1.17 billion increase in school aid by doubling the amount of per-pupil “foundation aid” sent to schools from \$1,500 to \$3,000, funding the hike by a combination of existing state tax credits, increases in sales taxes and elimination of some sales tax exemptions. Governor Pillen’s office estimates the measure would reduce school property taxes by 45% statewide.

Although it advanced, the fate of LB 1331 hinges on the outcome of LB 388.

SIGN UP FOR THE FINAL LEGISLATIVE REVIEW

The final NBA Government Relations team legislative review is Monday, April 22, at 9:00 a.m. CT.

Register for the final review of legislation processed this session and how the bills may affect the banking industry. Additionally, the NBA government relations team will provide information and facts regarding the EPIC tax ballot initiative.