

# LEGISLATIVE UPDATE

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



April 12, 2024

The Nebraska Legislature completed day 59 of the 60-day session on Thursday. The week ended with just over 100 bills on Final Reading being considered and approved by the Legislature. This capped off three weeks of late-night sessions often mired in filibusters. Senators will reconvene on Thursday, April 18, for the final day of the session. Senators will take up a handful of bills still left on Final Reading. Governor Pillen will have until Wednesday, April 17, to veto any bill that passed on Thursday. This will allow the Legislature to take up any motions to override any veto issued by Governor Pillen.

Much of the most significant legislation taken up this session still awaits Final Reading consideration next week. This includes part of the Governor's tax package (LB 388), updates to the Nebraska Good Life Transformational Projects Act (LB 1317), and a bill that would provide direct appropriations for scholarships (LB 1402), which would also nullify the ballot initiative recall of the Opportunity Scholarships Act passed during the 2023 session.

## LEGISLATURE ADVANCES TAX PACKAGE

After significant debate and paring down from the previous package, senators advanced LB 388 on a vote of 28 to 14, with five senators present not voting. Following several attempts to strip out various provisions, the bill limped forward to Final Reading. The bill, as advanced, includes the following measures:

- “Front-loading” of existing property tax credits, rather than having to claim the credits on income tax returns
- Increase in cigarette tax by 36 cents to \$1 per pack
- 25% tax on edible hemp products
- 20% tax on vaping products
- 20% tax on skill games
- Elimination of sales tax exemptions for soda, candy, and veterinary and pet services
- 7.5% tax on certain advertising

Also included is a 3% cap on revenue growth for cities, villages and counties. An amendment was adopted to include exceptions to increase salaries to address shortages for law enforcement and first responders.

## NBA-SUPPORTED BILLS PASSED ON FINAL READING

### **LB 1023 - Adopt the Relocation Incentive Act**

Introduced by Senator Brad von Gillern (Omaha), LB 1023 includes the Relocation Incentive Act initially introduced by Senator Beau Ballard (Lincoln). The bill provides a tax credit for employers who pay relocation expenses for an employee who relocates to the State of Nebraska. The original bill would allow entities to claim the credit on their corporate income tax returns. Senator Ballard and Senator von Gillern worked with the NBA to ensure banks and insurance companies could also claim the tax credit.

### **LB 1073 - Third-Party Administrators of Insurers On-Site Audits**

Introduced by Senator Julie Slama (Dunbar), LB 1073 was amended to include the following bills which are supported by the NBA.

The bills that were incorporated into LB 1073 are as follows:

**LB 873 - Real Estate Closing/Good Funds**

LB 873, 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.

**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.

**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.

**LB 1074 - Omnibus Department of Banking Bill**

Also introduced by Senator Slama, LB 1074 would, among other things, renew the annual bank and savings and loan "wild-card" provisions.

The bills that were incorporated into LB 1074 are as follows:

**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 Ballard 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 George Dungan (Lincoln), 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 Position: Affirmative Legislation)**

## **NBA BILLS OF INTEREST**

### **LB 1301 - Foreign-Owned Real Estate National Security Act**

Introduced by Senator Barry DeKay (Niobrara), LB 1301 updates the Foreign-Owned Real Estate National Security Act. The bill strengthens protections for ownership of land with close proximity to military installations. Senator DeKay worked closely with the NBA to ensure financial institutions holding mortgages or deeds of trust are protected if foreign entities are required to divest their ownership.

## **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.