

May 19, 2023

Protesters filled the rotunda on Tuesday evening as lawmakers considered an amendment to revise and combine the provisions of two contentious issues (LB 574 - restrictions on transgender surgery and LB 626 - abortion restrictions) into a single bill (LB 574). The Legislature invoked cloture, approved the amendment and re-advanced LB 574 to Final Reading. A final vote on the amended measure is expected to be conducted on Friday afternoon.

BUDGET RECEIVES FINAL APPROVAL

The Legislature sent the final piece of the \$10.7 billion state budget package to Governor Pillen on Thursday. Following passage of the budget, other bills with “fiscal impact” can be considered for final passage. With the Legislature having adopted additional spending measures beyond the Governor’s initial proposed budget, the Governor may use his line-item veto authority to reduce spending. The Governor will have until Wednesday to sign or veto any bill within the package or to issue line-item vetoes on specific items.

The mainline budget bill (LB 814) will increase state spending by 2.3% over the next two years. Among other things, the measure provides funding for income and property tax relief, \$1.25 billion for the Education Future Fund to increase state aid to schools, the Perkins County canal, construction of a new prison, \$20 million for rural workforce housing, and \$20 million for middle-income workforce housing.

As finalized, the budget will leave an estimated \$892 million in the state’s General Fund for tax cuts and other uses over the next two years, and the state’s Cash Reserve fund is expected to be at \$779 million by June 30, 2025 (13% of annual state revenues).

WIDE-RANGING REVENUE BILL ADVANCES

The Legislature gave first-round approval to LB 727 on Tuesday. Introduced by Senator Lou Ann Linehan (Elkhorn) and designated as a Revenue Committee priority bill, the bill originally provided a sales tax exemption for certain purchases by the state and other public entities. The Revenue Committee amendment to LB 727 incorporated provisions of an additional 20 tax-related bills. A General File floor amendment inserted five additional bills to the tax package. As amended, LB 727 addresses, in part, the following bills, which were supported by the NBA.

1. Rural Workforce Housing - The provisions of this bill would reduce the matching funds requirement under the Nebraska Rural Workforce Housing Act from one-half to one-quarter of the amount of workforce housing grant funds awarded. (LB 213)
 2. Inheritance Tax Reporting - The provisions of this bill would require petitioners in an inheritance tax determination to report information regarding the amount of inheritance tax revenue generated and the number of persons receiving property subject to the inheritance
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tax to the County Treasurer of the county in which the inheritance tax determination was conducted. (LB 97)

ECONOMIC RECOVERY ACT ADVANCES

The Legislature has given second-round approval to LB 531, a bill supported by the NBA. Introduced by Senator Terrel McKinney (Omaha) and designated as a priority bill by the Urban Affairs Committee, LB 531 would provide funding for grants to multiple proposals seeking to revitalize parts of North and South Omaha.

Last session, the Legislature allocated approximately \$335 million to fund transformational projects in North and South Omaha. While some funds have been directed to specific projects, about \$225 million in grants remain to be allocated, which will be awarded to North and South Omaha entities to be selected by the Department of Economic Development.