

LEGISLATIVE UPDATE

108th Legislature, 2nd Session



January 26, 2024

FLOOR DEBATE/COMMITTEE HEARINGS COMMENCE

Lawmakers returned to business on Monday to begin floor debate on priority bills and legislation carried over from the 2023 legislative session. Floor debate will be conducted during the morning sessions, with committee hearings being held in the afternoons through the end of February, at which time full-day legislative debate will begin. While the deadline for designating priority bills has been set for February 14, the body has already advanced six individual senator priority bills, one committee priority bill and three Speaker priority bills to Select File.

The Legislature, prior to adjourning last Friday, adopted an additional amendment to the Legislature's rules, limiting the number of bills that a Senator may introduce each session. Under the amended rule, Senators will only be allowed to introduce 20 bills, and committees will be limited to introducing 10 bills each session. Lawmakers ran out of time to take up other more controversial rule changes, including a measure to lower the 33-vote threshold for a motion to invoke cloture and cease debate and a proposed rule change that would've barred the news media from observing and reporting on executive sessions of legislative committees.

NBA BILLS ADVANCE

The following NBA Affirmative Legislative bills were debated on the floor of the Legislature late Friday morning and advanced from Select File to Final Reading:

LB 94 - UCC ARTICLE 12: Introduced by Senator Julie Slama (Dunbar), LB 94 would adopt Uniform Commercial Code, Article 12, relating to controllable electronic records. **(NBA Position: Support)**

LB 279 - EXECUTIVE OFFICER REPORTING REQUIREMENTS: Senator Kathleen Kauth (Omaha) introduced LB 279, which would eliminate the requirement for executive officers to make annual reports regarding the amount of loans or indebtedness on which he or she is a borrower, cosigner, or guarantor, the security therefor, and the purpose for which the proceeds have been or are to be used. The bill retains flexibility for the Board of Directors to obtain a credit report for its executive officers on an annual basis. **(NBA Position: Support)**

COMMITTEE HEARING ACTIVITY

The NBA presented testimony before various Committees during the past week on the following bills:

Banking, Commerce & Insurance Committee

LB 989 - APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT/REAL PROPERTY APPRAISER ACT: A measure introduced by Senator George Dungan (Lincoln), LB 989 would make a series of technical changes to the Real Property Appraiser Act and Nebraska Appraisal Management Company Registration Act and provide civil and criminal immunity for members of the Real Property Appraiser Board. **(NBA POSITION: SUPPORT)**

LB 992 - REAL PROPERTY APPRAISER ACT: Also introduced by Senator Dungan, LB 992 would make “technical corrections” to the existing Real Property Appraiser Act to remain in compliance with the Appraiser Qualification Board’s Real Property Appraiser Qualification Criteria. **(NBA POSITION: SUPPORT)**

Natural Resources Committee

LB 868 - PETROLEUM RELEASE REMEDIAL ACTION CASH FUND: Introduced by Senator Bruce Bostelman (Brainard), LB 868 would extend the sunset date for the fund from June 30, 2024 to June 30, 2028. **(NBA POSITION: SUPPORT)**

Revenue Committee

LB 1059 - PASS-THROUGH ENTITY SALT WORKAROUND: Senator Lou Ann Linehan (Elkhorn) has introduced LB 1059, which would clarify that the income tax credit available for members of pass-through entities is allowed for the same taxable year for which the election is made, without regard to the year in which the taxes paid to Nebraska are deducted on the Federal income tax return. The bill would also allow the pass-through entity tax election to be made on the applicable income tax return. **(NBA POSITION: SUPPORT)**

UPCOMING COMMITTEE HEARINGS

The NBA will be active next week in presenting testimony before various committees on the following legislative bills:

January 30, 2024

Banking, Commerce and Insurance Committee

LB 1074 - OMNIBUS DEPARTMENT OF BANKING BILL: Senator Slama, Chair of the Banking, Commerce and Insurance Committee, has introduced LB 1074 which would renew the annual bank and savings and loan “wild-card” provisions. **(NBA POSITION: SUPPORT)**

LB 1294 - DATA PRIVACY ACT: Senator Eliot Bostar has introduced a measure which would grant data privacy protections to any individual or business a) conducting business in Nebraska or producing a product or service consumed by residents of Nebraska; b) processing or engaging in the sale of personal data; or c) not a small business as defined by the United States Small Business Administration. The bill would exclude any financial institution or data subject to Title V of the Gramm-Leach-Bliley Act. **(NBA POSITION: SUPPORT)**

Appropriations Committee:

LB 1413 - APPROPRIATIONS-CASH TRANSFERS: Introduced by Speaker John Arch (La Vista) LB 1413 would provide for a series of transfers from various state agency Cash Funds to the General Fund, including \$2 million in fiscal year 2024 and 2025 from the Financial Institution Assessment Cash Fund to the General Fund. The bill would also transfer \$25 million from the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund in fiscal year 2025. **(NBA POSITION: SUPPORT ADDITIONAL RWH FUNDING AND OPPOSE FINANCIAL INSTITUTION ASSESSMENT CASH FUND TRANSFER)**

January 31, 2024

Appropriations Committee:

LB 1077 - WORKFORCE DEVELOPMENT AND CAREER READINESS PROGRAMS: Introduced by Senator Mike McDonnell (Omaha), LB 1077 would appropriate \$2 million from the General Fund for fiscal year 2024-25 to the Department of Labor to provide grants for workforce development and career readiness, to be used for facility expansion. The bill would also require a one-to-one match of private funding for the facility expansion with grant funds to be evenly distributed between the Nebraska congressional districts. (NBA POSITION: SUPPORT)

February 1, 2024

Government, Military & Veterans Affairs Committee

LB 925 - FIREARM INDUSTRY NONDISCRIMINATION ACT: Senator Ray Aguilar (Grand Island) is the sponsor of this legislation which would prohibit governmental entities from entering into a contract with any company engaged in discriminating against firearm entities for contracts worth at least \$100,000 that are to be paid, in whole or in part, by a governmental entity.

A “Background Paper” setting forth additional information and talking points accompanies this *NBA Legislative Update* for your assistance in contacting members of the Government, Military and Veterans Affairs Committee to encourage **opposition** to the measure.

Revenue Committee:

LB 1308 - SALES TAX ON SERVICES: Introduced by Senator Brad von Gillern (Elkorn) LB 1308 would impose the sales and use tax upon accounting services and repair and replacement parts for agricultural machinery. (NBA POSITION: OPPOSE)

LB 1310 - ADVERTISING SERVICES TAX ACT: Introduced by Senator Joni Albrecht (Thurston) LB 1310 would impose a 7.5% sales tax on companies that derive more than \$1 billion in gross advertising revenue and would also eliminate the sales and use tax exemption for sales of lottery tickets. (NBA POSITION: OPPOSE)

LB 1311 - SALES TAX ON SERVICES: Introduced by Senator Fred Meyer (St. Paul) LB 1311 would impose the sales and use tax on motor vehicle cleaning services, pet-related services, and storage and moving services. (NBA POSITION: OPPOSE)

LB 1319 - SALES TAX/DATA CENTERS: Also Introduced by Senator Lou Ann Linehan (Elkhorn) LB 1319 would eliminate the existing sales tax exemption for data centers. (NBA POSITION: OPPOSE)

LB 1345 - SALES TAX ON SERVICES: Introduced by Justin Wayne (Omaha) LB 1345 would impose the sales and use tax on legal services performed in the furtherance of a business enterprise. (NBA POSITION: OPPOSE)

LB 1349 - SALES TAX ON SERVICES: Introduced by Senator Dave Murman (Glenvil) LB 1349 would impose the sales and use tax on dry cleaning and laundry services, as well as single ticket zoo and aquarium admissions. (NBA POSITION: OPPOSE)

LB 1354 - ADVERTISING SERVICES TAX ACT: Also introduced by Senator Joni Albrecht (Thurston) LB 1354 would impose a 7.5% sales tax on companies that derive more than \$1 billion in gross advertising revenue. **(NBA POSITION: OPPOSE)**

February 2, 2024

Revenue Committee

LB 1400 - RELOCATION INCENTIVE ACT: Introduced by Senator Beau Ballard (Lincoln) LB 1400 would authorize a refundable income tax credit equal to 50% of the relocation expenses paid by an employer for a qualifying employee (individual moving to Nebraska to accept a position of employment) not to exceed a maximum credit of \$5,000 per qualifying employee. The bill would require a qualifying employee to receive an annual salary of at least \$70,000 and not more than \$250,000 per year and would subject the tax credit to recapture if the employee moves out-of-state within two years after the credit is claimed. **(NBA POSITION: SUPPORT)**

LB 1415 - PROPERTY TAX RELIEF: Introduced by Senator Robert Dover (Norfolk) LB 1415 would provide state funding directly to school districts, counties, cities, and villages in exchange for direct property tax relief. **(NBA POSITION: SUPPORT)**

SIGN UP FOR VIRTUAL LEGISLATIVE REVIEWS DURING THE LEGISLATIVE SESSION

The next NBA Government Relations team virtual Legislative Update is Monday, January 29 at 9:00 a.m. CT. **Register** for the overview of legislation introduced this legislative session that may affect the banking industry.

GOVERNMENT RELATIONS FORUM A SUCCESS

Over 60 bankers were in attendance at the NBA Government Relations Forum on Thursday, January 25. Bankers enjoyed lunch with 28 state senators and presentations by Kelly Lammers, Director of the Department of Banking and Finance, State Senators Julie Slama, Mike Jacobson and Rob Clements and Governor Jim Pillen. NBA General Counsel Bob Hallstrom provided an overview of the legislative session activities and a review of the bills of interest to the NBA.

LEGISLATIVE UPDATE

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BACKGROUND PAPER - FIREARM INDUSTRY NONDISCRIMINATION ACT

ISSUE: FIREARM INDUSTRY NONDISCRIMINATION ACT - LB 925

NBA POSITION OPPOSED

BACKGROUND:

LB 925, introduced Senator Ray Aguilar, Grand Island would prohibit governmental entities from entering into a contract (except for contracts relating to investment services) with any company engaged in discriminating against firearm entities for contracts worth at least \$100,000 that are to be paid, in whole or in part, by a governmental entity. In order to be eligible to contract with governmental agencies, a company, the contract would need to contain written verification from the company that it does not have a practice, policy, guidance document, or directive that discriminates against a firearm entity or firearm trade association.

ARGUMENTS IN OPPOSITION TO LB 925

1. LB 925 is a solution in search of a problem with respect to banking relationships with firearms industry-related customers.
2. Banks should be free to lend to, invest in, and generally do business with any entity or activity that is legal, without government interference.
3. Banks should be free not to lend, invest, or otherwise engage so long as they do not violate statutory, regulatory, fair lending or other anti-discrimination laws.
4. The free-market approach to banking industry regulation has produced the strongest and most resilient financial system in the world. Efforts by policymakers from all sides of the political spectrum to intervene in the intermediation of capital risks undermine that system.
5. Nebraska banks make decisions every day based on their business interests. These business decisions are made with the primary goal of return on investment. Environmental, social and governance risks should not be considered separate categories of risk, as they are already embedded in the risks banks currently assess, monitor, and mitigate.
6. When policymakers use banks to impose unrelated policy goals, bank customers and communities get caught in the middle, and end up the losers.

Please contact the members of the Government, Military and Veterans Affairs Committee set forth below to encourage them to **OPPOSE LB 925**.

GOVERNMENT, MILITARY AND VETERANS AFFAIRS COMMITTEE

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