

LEGISLATIVE REPORT

Nebraska Chamber of Commerce & Industry

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April 11, 2019
(Fourteenth Week)

Only 31 Legislative Days Remain As ‘Late Nights’ Are Scheduled

The 2019 session is slipping away from Nebraska lawmakers, who adjourned yesterday (April 11) for a three-day weekend. When senators return to the State Capitol on Monday, April 15, they will begin the 59th legislative day of the 90-day session.

Speaker Jim Scheer has released a schedule of “late night sessions,” in which floor activity is expected to run until around 9:00 p.m. or later to help ensure adequate time for lawmakers to address the state’s biennial budget and priority bills. Late night sessions have been scheduled for the following dates:

- Monday, April 29th
- Tuesday, April 30th
- Wednesday, May 1st
- Tuesday, May 7th
- Wednesday, May 8th
- Thursday, May 9th
- Monday, May 13th
- Tuesday, May 14th
- Wednesday, May 15th
- Tuesday, May 21st
- Wednesday, May 22nd
- Thursday, May 23rd
- Tuesday, May 28th
- Wednesday, May 29th
- Thursday, May 30th
- Monday, June 3rd, and
- Tuesday, June 4th

Property Tax Relief Proposal Taking Shape

The Legislature’s Revenue committee held an evening executive session this week where a slightly more detailed outline for property tax relief took shape. As proposed in a presentation to the committee by Chairman Lou Ann Linehan and Senator Mike Groene the tax relief package would:

- Reduce the valuation of ag land for property taxes from 75% to 65%,
- Reduce the valuation of commercial and residential property for property taxes paid from 100% to 90%,
- Provide foundation aid, per pupil aid, to school districts through the school funding formula (TEEOSA) and make other changes to TEEOSA,
- Increase the sales tax rate by at least ½ cent, potentially more,

- Remove the sales tax exemption on pop and candy and plumbing and moving services,
- Increase cigarette taxes,
- Fold in the current \$224 million allocated to the property tax credit fund to help offset costs, and
- Earmark new revenue from the collection of sales tax on internet purchases for the tax relief package.

Also discussed was allowing Omaha Public Schools a special exception to increase their property tax levy to help offset the funding losses in their pension program.

Senator Curt Friesen and Senator Tom Briese were not satisfied with the proposed plan. Senator Friesen stated the proposal does “not do enough for agriculture,” while Senator Briese indicated the plan needed hundreds of millions more in the package to provide meaningful relief.

Because the proposal includes concepts that have not had full public input at a committee hearing the Revenue committee, Education committee and Retirement committee have tentatively scheduled a joint public hearing on this property tax proposal for April 18th at 1:00 pm.

The Revenue committee also advanced **LB303** introduced by Senator Brett Lindstrom at the request of Governor Ricketts to add an additional \$51 million each year to the property tax credit fund, increasing the value of that fund to \$275 million each year. The Nebraska Chamber supports property tax relief, but opposes legislative initiatives that purport to deliver property tax relief by simply shifting the mix of tax collections from property to sales and income taxes.

Reallocating Economic Development Dollars Detours

LB334, introduced by Gering Senator John Stinner, was heard on the floor this week. **LB334** would eliminate the Angel Investment Tax Credit and appropriate the \$4 million cost savings to the DED to fund programs under the Business Innovation Act.

The Business Innovation Act has a documented 6 to 1 return on investment of state dollars according to a UNL Bureau of Business Research Analysis. Participating start-ups believe that the prototype grants available under the BIA are a highly effective tool in growing a new company. The Nebraska Chamber supports the concept of LB334 as originally drafted.

An amendment to **LB334** offered by Omaha Senator Lou Ann Linehan received extensive debate. **AM1220** would have eliminated the Angel Investment Tax Credit and appropriated the \$4 million cost savings to the Governor’s Emergency Fund, which is used for immediate disaster relief. Senator Stinner said that the fund did need an additional \$3.5 million to meet current demands after recent flooding in Nebraska.

Eventually, Senator Linehan and Stinner agreed on a compromise allowing a onetime appropriation of \$4 million to the Governor’s Emergency Fund. Future cost savings from elimination of the Angel Investment Tax Credit would still be directed to the Business Innovation Act. In the interest of time, **AM1220** was withdrawn with a pledge to draft the agreed compromise when the bill returns to the floor on select file. Senators then advanced **LB334** from general file on a 41-0 vote.

On Again Off Again Amendment to Unemployment Insurance Bill for Construction Workers

A bill to amend unemployment benefits in relation to construction workers advanced from general file this week. **LB428** would create an exemption for employees working in highway, street and bridge construction from the actively searching for work requirements for a period of not less than 120 days. This provision is considered a hardship because these workers are prohibited by the Department of Transportation from working during winter months.

In an interesting twist, **LB428**, was reported out of committee with an amendment to add the text of **LB306**, a bill that was debated by the Legislature and failed to advance on final reading. **LB306** by Bellevue Senator Sue Crawford would create a new class of beneficiaries under Nebraska's unemployment insurance trust fund, which is funded solely by businesses. The bill would add family caregiving as a "good cause" for quitting employment.

At the request of business interests **LB306** was amended to require that employees make all reasonable efforts to preserve employment before leaving employment for the purpose of family caregiving. The Nebraska Chamber opposed LB306 in its original form since it would draw additional resources from the U.I. trust fund to make unemployment payments to individuals who voluntarily quit their job. However, as amended the Nebraska Chamber is neutral on LB306.

During floor debate there was disagreement over the appropriateness of the **LB306** amendment to **LB428**. Senator Matt Hansen offered to strike the **LB306** amendment language from the bill and **LB428** advanced to select file on a 44 to 0 vote.

Highway Financing Change Bill Advances

LB616 introduced by Senator Mike Hilgers would have authorized the state to structure payments for certain types of highway construction projects as "build-finance" projects. A "build-finance" project is one in which payments are made as work is performed. During the committee hearing on **LB616** testimony was given that the Department of Transportation already has this authority even though it was not specified in statute.

The Transportation and Telecommunication committee advanced **LB616** out of committee with an amendment that would replace the bill, **AM442**, and provided that highway projects with a payment schedule that exceeds the date of completion the state would be exempt from paying contractor interest.

This change on how interest payments are made should speed up major construction projects such as the Lincoln South Beltway and save the state millions of dollars. **AM442** was adopted during general file debate and **LB616** was advanced to select file on a 37-0 vote. The Nebraska Chamber supports LB616.