

March 8, 2019

Lawmakers adjourned for a long, four-day weekend on Thursday. The pace of floor debate slowed considerably this week, as the body encountered some contentious bills involving prolonged debate, including a bill (LB 627), to prohibit discrimination based on sexual orientation and gender identity.

PUBLIC FUNDS BILL SENT TO GOVERNOR

The legislature gave final approval to LB 622 on Thursday morning, on a vote of 45-0. Introduced by Senator Matt Williams (Gothenburg), LB 622 would authorize the use of a single bank pooled collateral method to collateralize public funds in excess of the FDIC insured amounts. Under current law, banks holding public funds in excess of the amount insured by the FDIC are required to furnish securities for each political subdivision and state agency placing deposits in the bank. Under LB 622, a bank would be allowed to furnish securities based upon the aggregate amount of public deposits of all political subdivisions and state agencies with deposits in the bank.

Banks indicate that they tend to significantly “over-collateralize” public deposits under the current pledging system and that being able to pledge to the aggregate amount of all public deposits should result in a bank being more efficient in pledging for public funds, freeing up assets for more productive uses in its community.

The bill has a delayed operative date of July 1, 2020, to allow sufficient time for the adoption of implementing rules and regulations and for the appointment of an Administrator by the Director of the Department of Banking and Finance.

EXTENDED HEARING ON BUSINESS INCENTIVES BILL

NBA President and CEO Richard Baier presented testimony before the Revenue Committee on Wednesday afternoon in support of legislation (LB 720), designed to streamline and modernize Nebraska’s business incentives law. The hearing which involved nearly 15 supporters and a handful of opponents, lasted almost five hours.

Senator Mark Kolterman (Seward) is the sponsor of LB 720, which would establish the ImagiNE Nebraska Act, to revise and improve Nebraska’s business incentives. The bill is designed to attract more high-paying jobs and investments from businesses located in Nebraska, as well as out-of-state companies. The bill would replace the Nebraska Advantage Act, which is set to expire at the end of 2020. LB 720, which is co-sponsored by 22 senators, would: a) encourage better investments, better jobs, enhanced reporting and greater transparency; b) accelerate the

distribution of incentives by simplifying the application process; c) increase the “new present value” of tax credits helping Nebraska to win more projects and career opportunities for residents; and d) allow the state to build stronger relationships with businesses to encourage greater levels of investments.

ONLINE SALES TAX COLLECTION BILL ADVANCES

The legislature has given second-round approval to a bill (LB 284) providing for collection of already-owed state sales taxes for online purchases beginning April 1, 2019. Nebraska sales taxes are already being collected by some online settlers, including Amazon.

In order to accelerate collection of revenue from other online sellers, the operative date contained within the bill was moved up from July 1, 2019, to April 1, 2019. Estimates of online sales tax revenue to be derived from LB 284 have ranged from \$30-\$40 million annually or more. **(NBA Position – Watch)**