

March 15, 2019

PRIORITY BILL DEADLINE APPROACHES

The balance of the legislative session will be dominated by consideration of bills designated as “priorities” by committees, individual senators and the Speaker of the Legislature, along with adoption of the new biennial budget. Each senator is allowed to designate a single bill as his or her “priority bill,” with each committee able to designate two bills heard by the committee as priorities and the Speaker to designate 25 bills as “Speaker priority bills.” The deadline for submitting bills for priority designations by the Speaker was Thursday, March 14, with individual senators and committees required to designate their priority bills by noon on Tuesday, March 19.

NBA BILLS APPROVED BY GOVERNOR

The following bills on the NBA Affirmative Legislative Agenda were signed into law by the Governor Ricketts during the past week:

LB 55 – Multi Party Accounts/Loans to Minors/Co-Fiduciaries: Containing provisions of legislation (LB 172) introduced on behalf of the NBA by Senator Patty Pansing Brooks (Lincoln), LB 55 will (a) authorize owners of multi-party accounts to designate specific percentages for account beneficiaries; (b) allow co-fiduciaries to act independently with respect to banking transactions; and (c) clarify that minors age 18 can enter into binding obligations relating to (i) promissory notes, (ii) effective financing statements, (iii) mortgages, trust deeds, security agreements, financing statements or other security instruments to grant a lien or security interest in real or personal property or fixtures, and (iv) acquiring or conveying title to real property. **The bill will take effect three months after the conclusion of the 2019 legislative session.**

LB 121 – Direct Borrowing By Cities and Villages: Introduced by Senator Sue Crawford (Bellevue), LB 121 would clarify provisions relating to direct borrowing from financial institutions by cities and villages to (a) allow installment loans to be repaid over a term not to exceed seven years; (b) extend the limitation on total amount of indebtedness from direct borrowing by a city of the second class to 20 percent of the municipal budget of the city; (c) provide that the amount of any loan attributable in any year to the limitation on the total amount of outstanding indebtedness from direct borrowing is the total amount of the outstanding loan balance divided by the number of years over which the loan is to be repaid; and (d) measure the permissible amount of the loan on the date the ordinance or resolution approving the direct borrowing is approved.

Restrictions under current law limiting the amount of direct borrowing by a city or village to a specified percentage (10 percent for cities and 20 percent for villages) of a single year's budget year has served to limit the ability of cities and villages to obtain loans that are to be repaid over a number of years. LB 121 will provide greater flexibility to allow banks to meet the direct borrowing needs of cities and villages. **The bill will take effect three months after the conclusion of the 2019 legislative session.**

LB 622 – Public Funds Pooled Collateral: 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.

TAX RELIEF DELIBERATIONS CONTINUE

The Revenue Committee met in executive session on Thursday evening to conduct further discussions on pending tax relief proposals. The committee had previously expressed its willingness to consider a one-half cent sales tax increase and according to media reports, appears to be coalescing around a modest increase in the cigarette tax, taxing pop and junk food, and repeal of sales tax exemptions for various consumer services. The Committee is also weighing options for major change in state aid for local schools.

The committee is also reportedly considering individual and corporate income tax relief which could reduce the maximum corporate income tax rate from 7.81 percent from 6.75 percent and the top individual income tax rate from 6.84 percent to 6.75 percent. Revenue Committee chair Lou Ann Linehan (Elkhorn) has expressed her desire to have a tax relief proposal ready to send to the full legislature by mid-April.

ACTION ON BILLS OF INTEREST

The legislature acted upon the following bills of interest to the NBA during the past week:

LB 145 - Nebraska Uniform Power of Attorney Act: Lawmakers have given final approval to LB 145. Introduced by Senator Matt Hansen (Lincoln), LB 145 would authorize an agent under a power of attorney granting authority with respect to banks and other financial institutions to

execute such powers of attorney as may be required and necessary for interacting with the bank or other financial institution, provided the terms and conditions in the financial institution's power of attorney are similar to those in the power of attorney granting authority, including the identification of the acting agent and the agent's successors.

LB 463 – Treasurer's Tax Deeds: Advancing to the final stage of debate was LB 463. Introduced by Senator Williams, LB 463 would revise notice requirements for the issuance of a treasurer's tax deed in connection with tax sale certificates by requiring personal or residence service for both the owner of the property and any person in actual possession or occupancy of the real property.

PAID LEAVE BILLS MOVE TO FLOOR

The Business and Labor Committee has advanced the following two "paid leave" bills to the floor of the legislature for consideration by the full body:

LB 305 – Healthy and Safe Families and Workplace Act: Introduced by Senator Sue Crawford (Bellevue), LB 305 would allow employees to accrue a minimum of one hour of paid sick time for every 30 hours worked, with a maximum of 40 hours of paid sick time accrued in a calendar year. Under the measure, employees would be entitled to use accrued paid sick time beginning on the 60th calendar day following commencement of employment. Paid sick leave would be authorized for: (a) an employee's mental or physical illness, injury, or health condition; (b) an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; (c) an employee's need for preventative medical care; (d) care of a family member with a mental or physical illness, injury, or health condition; (e) care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; (f) care of a family member who needs preventative medical care; or (g) absence necessary due to domestic abuse, sexual assault, or stalking. **(NBA Position – Oppose)**

LB 311 – Paid Family Medical Leave Insurance Act: Introduced by Senator Crawford, LB 311, beginning July 1, 2021, would establish a state-wide paid family medical leave insurance program similar to Nebraska's unemployment insurance system and managed by the state Department of Labor. Employers would be required to contribute up to one percent of gross wages paid to covered employees to pay for the family medical leave benefit, to pay all other benefits to which an employee would have been entitled in the absence of the leave, as well as all other benefits offered to the employee (vacation, sick leave, etc.) and to allow the employee to return to his or her position after exercising the right to family medical leave. Senator Machaela Cavanaugh (Omaha) has designated LB 311 as her individual senator priority bill, ensuring that it will be debated on the floor of the legislature this session. **(NBA Position – Oppose)**