

April 26, 2019

Lawmakers finished the week with a light agenda of bills on Final Reading after having rejected efforts to repeal the death penalty (LB 44) on Thursday. Budget recommendations of the Appropriations Committee will be advanced to the floor early next week and late-night sessions begin on Monday.

PROPERTY TAX RELIEF BILL RECEIVES PUSHBACK

The legislature's Revenue, Education and Retirement Committees conducted a joint hearing on an amendment to LB 289 designed to provide property tax relief to Nebraska taxpayers. The Committees received almost seven hours of testimony, with four witnesses testifying in support, 12 witnesses in a "neutral" capacity and almost 50 individuals and organizations expressing opposition to the proposed amendment to LB 289.

Opposition to the proposal came from a diverse group of entities, including cities, counties, urban schools, the Nebraska State Education Association, Chambers of Commerce and other business organizations and policy think tanks.

The proposed amendment to LB 289 would provide property tax relief by raising state aid to K-12 schools by an estimated \$575 million after two years. Increased revenues would be derived from a .75 cent hike in the state sales tax rate, new sales taxes on pop, candy and bottled water and increases in taxes on cigarettes and the documentary stamp tax associated with real estate transfers. In addition, a sales tax would be imposed on services provided by plumbers, movers, self-service storage facilities and veterinarians.

The Revenue Committee met in Executive Session on Thursday and was expected to reconvene after adjournment on Friday to consider the pending amendment, as well as other alternatives, in an effort to advance property tax relief legislation to the floor of the legislature.

FORECASTING BOARD MORE OPTIMISTIC

The Nebraska Economic Forecasting Advisory Board met on Thursday and predicted the state will collect an additional \$45 million in revenues in the current fiscal year. State law requires the additional funds to go into the state's cash reserve, frequently referred to as the "rainy-day fund."

The Forecasting Board action came on the heels of an Appropriations Committee vote to lower the proposed addition to the Property Tax Credit Cash Fund by half in order to enhance the state's "rainy-day fund." The Committee voted to limit the \$51 million annual increase in the

Property Tax Credit Cash Fund recommended by Governor Pete Ricketts to \$26 million in each of the next 2 years.

Based on revenue projections issued by the Forecasting Board, Governor Ricketts has called on lawmakers to reinstate full funding for the additional \$51 million for the Property Tax Credit Cash Fund. The Appropriations Committee will submit its recommended budget for consideration by the full legislature on or before May 2.

EDUCATIONAL SAVINGS PLAN MEASURE ADVANCES

LB 470 – Education Savings Plan Trust: Lawmakers have given first-round approval to a measure (LB 470), introduced by Senator Andrew La Grone (Gretna) and designated as his individual priority bill. As amended, LB 470 would provide a tax deduction for nonparticipant contributions eliminating the requirement that every contributor must open their own Nebraska Education Savings Plan Trust (NEST) account for the same beneficiary in order to claim a deduction. The bill would further authorize employers to make contributions to NEST accounts owned by an employee and allow the employee/owner of the NEST account to deduct contributions made by the employer. An employer making such a contribution would not be eligible to claim a deduction as a “nonparticipant.”