

May 10, 2019

First-round debate on the state budget bills went much smoother than expected and lawmakers continued to process priority bills, other than the property tax relief measure (LB 289), in rapid-fire fashion. Action was taken on Friday morning on approximately 30 “consent calendar” bills (measures advancing from Committee with no dissenting votes) for which debate is limited to 15 minutes, after which a vote is taken.

PROPERTY TAX RELIEF BILL ADVANCES, THEN STALLS

The Revenue Committee advanced a bill (LB 289) designed to provide property tax relief for Nebraska taxpayers to General File late last week.

The proposal would raise the state sales tax rate from 5.5 percent to 6 percent; increase the tax on cigarettes by \$.36 a pack; increase the earned-income tax credit for low-income individuals from 10 percent to 13 percent; repeal the exemption for the first \$10,000 in valuation of property for personal property tax purposes; and repeal sales tax exemptions for approximately 25 services, including the following: pet-related services, moving services, storage, hair care and hair removal services, nail care, skin care, tattoo, home services and repair (including plumbing, HVAC and electrical), interior design, taxi, limo, ride-share, lawn care, parking, swimming pool cleaning, dating services, telefloral, wedding planning, weight loss, personal training, clothing alteration, car repair (including brakes, scheduled maintenance and body repair) and candy, pop, bottled water and ice.

However, when the legislature returned to action on Tuesday, three hours of debate on LB 289 resulted in no action. At the conclusion of the day, the bill was removed from the agenda and will not reappear until evidence of sufficient support (33 votes) to break the ongoing filibuster is provided to the Speaker of the Legislature.

BUDGET BILLS BREEZE THOROUGH FIRST ROUND OF DEBATE

The Legislature has advanced the state's \$9.3 billion budget for 2019–21 to Select File, with only one significant amendment to the package of seven bills advanced by the Appropriations Committee.

The Appropriations Committee had diverted \$50 million over the next two years to the state's rainy day fund that had been proposed to be added to the Property Tax Credit Cash Fund by Governor Ricketts. In action taken on Wednesday, the \$50 million in funding was returned to the

Property Tax Credit Cash Fund, which will bring the credit fund to approximately \$275 million per year.

The proposed increase in the fund would provide agricultural property owners with about \$128 in credit per \$100,000 in valuation, with the credit for commercial and residential landowners being about \$106 per \$100,000 in valuation.

ECONOMIC INCENTIVE BILL TO BE DEBATED

The Legislature's Revenue Committee advanced the ImagiNE Nebraska Act (LB 720) to General File late last week. Introduced and designated as a priority bill by Senator Mark Kolterman (Seward), LB 720 would 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.

In advancing the bill, the Revenue Committee proposed an amendment that would (a) create a committee to conduct an annual review of the incentive program; (b) establish a requirement to provide health insurance for full-time employees; (c) modified the Growth and Expansion category of the benefits for businesses investing \$1 million and hiring five full-time employees; (d) provide for a multiplier incentive for projects located in "extremely blighted areas;" and (e) create a biochemical tax credit.