

May 17, 2019

The Speaker of the Legislature announced on Thursday that lawmakers will be “turning out the lights” on the 2019 legislative session on May 31, four working days earlier than expected. As a result, bills will need to advance from General File by Tuesday of next week in order to be approved by the legislature in time to allow for a vote to override any potential gubernatorial vetoes.

ECONOMIC DEVELOPMENT INCENTIVES BILL ON HOLD

LB 720, the ImagiNE Nebraska Act, introduced and designated as a priority bill by Senator Mark Kolterman (Seward), was debated for three hours on Wednesday morning before being pulled from the agenda. It is anticipated that the measure will return next week for further debate.

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.

Nineteen separate amendments or motions to LB 720 are pending, including an amendment proposed by Senator Mike Groene (North Platte) which would exclude financial institutions from being eligible to receive economic development incentives. The NBA issued an Action Alert to all members encouraging contacts with state senators to oppose the Groene amendment to LB 720.

PROPERTY TAX RELIEF EXPECTED TO RESURFACE

Senator Tom Bries (Albion) has filed proposed amendments to another pending tax bill (LB 183) that is awaiting second-round debate by the legislature. This action will avoid the necessity for the sponsor of the original property tax relief bill (LB 289) to show sufficient support (33 votes) to break a filibuster on that bill.

LB 183 would make adjustments to the valuation of agricultural land, with amendments to the original bill offering a slimmed down version of LB 289. The Bries amendment to LB 183 would eliminate a series of sales tax exemptions similar to those contained within the amended version of LB 289 to provide additional revenue to fund property tax relief. The amendment would provide approximately \$100 million in additional property tax relief on top of the \$51 million proposed by Governor Ricketts and contained within the budget bills. The amendment to LB 183 would set a floor of \$275 million annually for the property tax credit fund and would direct new revenues to be allocated to the property tax credit fund until state support for K-12

education increases by 120 percent year-over-year. The measure would also eliminate the half-cent increase in the state sales tax rate and any increase in the cigarette tax as proposed under LB 289.

BUDGET BILL HITS BUMP IN THE ROAD...THEN ADVANCES

Following a full day of a debate on the package of budget bills on Tuesday, the mainline \$9.3 million spending bill (LB 294) failed to garner sufficient votes to invoke cloture. The cloture motion, which requires 33 votes to be successful, failed on a vote of 31–14. Debate on LB 294 resumed Wednesday afternoon, and the bill was advanced to Final Reading. By rule, the budget must be adopted by the legislature and sent to the Governor by the 80th day of the legislative session.

INCOME TAX BILLS MOVE FORWARD

The Revenue Committee has advanced two income tax bills to General File this week. LB 153, introduced by Senator Tom Brewer (Gordon) and prioritized by Senator John Lowe (Kearney) would exempt 50 percent of military retirement pay from the Nebraska income tax. LB 288, with a Revenue Committee amendment would:

- allow taxpayers to itemize their deductions to fully deduct their property taxes on their Nebraska income tax returns;
- phase out the Nebraska personal exemption credit for taxpayers with federal adjusted gross income in excess of \$250,000;
- reinstate the Nebraska additional tax for married filing joint returns with gross income in excess of \$250,000 and for single income filers with gross income in excess of \$200,000;
- impose corporate income tax on out-of-state businesses selling intangibles or services (raises approximately \$22 million annually); and
- reduce the top corporate income tax rate of 7.81 percent over the next four years to create parity with the top individual income tax rate of 6.84 percent.