



Bills of Interest in the 104th Legislative Session

By Dick Clark

Now that introduction of new bills for the 2014 Nebraska legislative session has come to an end, the Unicameral will soon be occupied with floor debate on layover bills and committee hearings on the newly introduced bills. Over time, we will update the progress of these bills as well as provide research to policymakers, the media, and the public on the impact to Nebraska. Here are some important bills to track in 2014:

Tax Reform:

- Senator Burke Harr's LB 1097 would reduce the number of individual income tax brackets from four to three—essentially consolidating the two lowest brackets—and lower tax rates across the board. After three years, the top marginal rate would have been reduced from 6.84 percent to 5.90 percent. The bill also proposes reducing the corporate income tax rate over three years from 5.58 percent on the \$100,000 and 7.81 percent thereafter, to 3.5 percent on the first \$100,000 and 5.9 percent thereafter.
- LB 669, from Senator Beau McCoy, proposes a one-time transfer of \$85 million from the state's cash reserve to the Property Tax Credit Cash fund to provide for property tax relief. Senator McCoy's LB 670 would modify how the taxable value is calculated for agricultural and horticultural land, stepping down the tax valuation of such land from 75 percent of actual value to 72 percent in 2015, then to 69 percent in 2016, and finally to 65 percent in 2017.
- LB 708, introduced by Senator Bill Kintner, would exempt social security benefits from the state income tax. Senator Kintner's LB 709 would do the same for military retirement benefits.
- LB 721, from Senator Charlie Janssen, is a comprehensive tax reform bill. Senator Janssen proposes reducing income tax rates for each bracket as well as adjusting the dollar threshold for each bracket upward to account for inflation. The bill would reduce agricultural land valuation from 75 percent to 65 percent and immediately increase the funding for the property tax credit program by 30 percent. The bill would exempt social security and military retirement benefits from the state income tax. Finally, the bill would also require the Department of Revenue to contract with a third party vendor for software and other services relating to the recovery of taxes owed by non-payers and fraudulent filers.
- Senator Tom Hansen's LB 812 would terminate the inheritance tax. The senator's LB 813 would lower agricultural and horticultural property tax valuations from 75 percent of actual value to 65 percent over three years

Medicaid Expansion:

- LB 887, introduced by Senator Kathy Campbell, would expand Medicaid in Nebraska, create a new special legislative committee, and implement a new "Wellness in Nebraska" program to provide premium assistance and other benefits to low-income individuals in the state. Although the bill purports to

“maximize Nebraska’s access to federal funding during the period the federal government will pay one hundred percent of the cost of the benefits provided to newly eligible individuals,” it does not end the new programs when federal funding falls below program expense levels. Instead, LB 887 provides that “if federal funding... falls below ninety percent, the Legislature... shall review [the law] to determine how to mitigate the impact” on the state budget.

Government Transparency:

- Senator Heath Mello’s LB 759 would require annual reports be filed each November with the Nebraska Retirement Systems Committee by public entities managing defined benefit retirement plans in the state. The reports would be triggered if plan contributions did not equal the actuarial requirements for funding, or if the funded ratio was less than eighty percent.

- LB 763 from Senator Charlie Janssen would require agencies submitting budget requests to the Executive Board of the Legislature the submission of a report on programs that are rarely utilized, that are a low priority, or that are otherwise inefficient.

- LB 871, introduced by Senator Burke Harr, creates specific requirements for fiscal notes prepared by analysts in Legislative Fiscal Office. In addition to setting out the elements to be included in each fiscal note, the bill would also require that analyst to request that agency fiscal notes from affected agencies be prepared within five days, and to request review of the agency fiscal notes by the Budget Division of the Department of Administrative Services. Finally, the bill would set a deadline for delivery of the fiscal note no later than ten days after the request.

School Choice:

- Senator Scott Lautenbaugh’s LB 972 would authorize the creation of independent public schools by the state board of education. These schools would have a greater degree of autonomy than schools operating under the authority of the various political subdivisions that administer public education in Nebraska currently. The bill includes detailed requirements that must be met by organizations seeking permission from the board to establish an independent public school.

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