

ONE HUNDRED EIGHTH LEGISLATURE - FIRST SESSION - 2023
COMMITTEE STATEMENT
LB243

Hearing Date: Thursday February 09, 2023
Committee On: Revenue
Introducer: Briese
One Liner: Change the minimum amount of relief granted under the Property Tax Credit Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 7 Senators Albrecht, Bostar, Briese, Kauth, Linehan, Murman, von Gillern
Nay:
Absent:
Present Not Voting: 1 Senator Dungan

Testimony:

Proponents:

Senator Tom Briese
Jacy Schafer
Jon Cannon
Bruce Rieker

John Hansen

Opponents:

Joey Adler Ruane

Neutral:

Representing:

Legislative District 41
Nebraska Cattlemen
NACO
Nebraska Farm Bureau, Nebraska Corn Growers, Nebraska Soybean Association, Nebraska Wheat Growers Association, Renewable Fuels Nebraska, Nebraska State Dairy Association, Nebraska Pork Producers
Nebraska Farmers Union

Representing:

OpenSky

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 243 amends the Property Tax Credit Act to increase, beginning in 2024, the maximum relief granted under the Act from two hundred and seventy-five million dollars to seven hundred million dollars, with an allowable increase every year after 2024 equal to the percentage increase in total assessed value of all real property in the state over the past year.

AM 940 adds the following amounts in these given years:

Tax Year 2024: \$388,000,000.00
2025: \$428,000,000.00
2026: \$468,000,000.00

2027: \$488,000,000.00

2028: \$515,000,000.00

2029: \$560,000,000.00 and then proceed to the growth rate stated above.

Explanation of amendments:

AM 977 incorporates the provisions of five other property tax related bills into the LB 243. LB 28 (As Amended by the committee modified version of AM 351), LB 242 (As Amended by AM 956), LB 309, LB 589 (As Amended by AM 933), and LB 783 (As Amended by the committee modified version of AM 949) and AM 940 into LB 243.

The Committee voted to adopt AM 977 on a 8-0-0-0 vote.

LB 28 would require the valuation of a property that currently has an appeal to the Tax Equalization and Review Commission that has not been decided, when the first half of taxes become delinquent, to revert said valuation to the value of the year prior to the appealed year; AM 351 to LB 28 and a "make it so amendment" to LB 28 adds interest determined by the post-judgment interest rate shown in Neb. Rev. Stat. Sec. 45-103 applied to the tax liability of the valuation difference if the Tax Equalization and Review Commission's decision has a higher valuation than the one reverted to.

Motion to Include LB 28 as part of AM 977

Voting Result: 8-0-0-0

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Testifiers on LB 28:

Proponents:

Senator Steve Erdman, Legislative District 47

Douglas Kagan, Nebraska Taxpayers for Freedom

Opponents:

Jon Cannon, NACO

Neutral:

Rob Hotz, TERC

LB 242 amends the Nebraska Property Tax Incentive Act to eliminate the cap on allowable growth percentage, and reset the credit percentage under the Act to allow a percentage that will allow for one billion dollars in credit under the Act in 2024. In subsequent years, the credits will be the prior year's credits plus the annual growth percentage defined under the Act as the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the Department of Revenue. AM 956 also removes the current five percent (5%) cap on the allowable growth percentage on the LB 1107 (2020) refundable income tax credit.

Motion to Include LB 242 as part of AM 977

Voting Result: 8-0-0-0

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Testifiers on LB 242:

Proponents:

Senator Tom Briese, Legislative District 41

Jacy Schafer, Nebraska Cattlemen

Jon Cannon, NACO

Bruce Rieker, Nebraska Farm Bureau, Nebraska Corn Growers, Nebraska Soybean Association, Nebraska Wheat Growers

Association, Renewable Fuels Nebraska, Nebraska State Dairy Association, Nebraska Pork Producers

Ryan McIntosh, National Federation of Independent Business

John Hansen, Nebraska Farmers Union

Opponents:

Joey Adler Ruane, OpenSky

Neutral:

Tyler Sondag, Self

LB 309 amends the Neb. Rev. Stat. Sec. 77-1736.06 regarding property tax refunds to increase the interest rate on refunds to fourteen percent (14%) from nine percent (9%).

Motion to Include LB 309 as part of AM 977

Voting Result: 8-0-0-0

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Testifiers on LB 309:

Proponents:

Senator Eliot Bostar, Legislative District 29

Opponents:

None

Neutral:

None

LB 589 creates a new mechanism to set out the percentage of annual increase that a school district can request regarding their levying authority. AM 977 replaces the original bill and replaces the original formulas with the following:

The school district's property tax request authority is calculated by taking the school district's property tax request from the prior year, adding total non-property-tax revenue from the prior year, and then increasing by the school district's base growth percentage calculated by the following:

Three percent (3%) + seven-tenths (7/10) if the school district's student enrollment has grown by an average of three percent over the previous three years or four-tenths (4/10) if the seven-tenths provision does not apply + a percentage obtained by dividing the annual increase in limited English proficiency learners by the student enrollment multiplied by fifteen-hundredths (15/100) + a percentage obtained by dividing the annual increase in poverty students by the student enrollment multiplied by fifteen-hundredths (15/100).

If a school district chooses not to increase its request by the full amount allowed, any increase not used can be carried forward.

The amendment then allows for such a request to be overridden by one of two options: a special election called to override with a sixty percent (60%) approval by the voters voting in such election. The election must be called by either the school board or a petition signed by at least five percent (5% of legal voters within the school district); and allows for a request to be overridden by a seventy percent (70%) vote of the school board, with such override being limited to:

For school districts with an enrollment of no more than four hundred and seventy-one students, seven percent (7%).

For school districts with an enrollment between four hundred and seventy-two students and three thousand forty-four students, six percent (6%).

For school districts with an enrollment between three thousand and forty-five students and ten thousand students, five

percent (5%).

For school districts with an enrollment of ten thousand and one students or over, four percent (4%).

Motion to Include LB 589 as part of AM 977

Voting Result: 7-0-0-1

Voting Aye: Senators Albrecht, Bostar, Briese, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Present and Not Voting: Senator Dungan

Testifiers on LB 589

Proponents:

Senator Tom Briese, Legislative District 41

Governor Jim Pillen, Governor of Nebraska

Katie Bohlmeier, LIBA

Bruce Kieker, Nebraska Farm Bureau, Nebraska Cattlemen, Nebraska Corn Growers, Nebraska Soybean Growers, Nebraska Pork Producers, Nebraska Dairy Association, Nebraska Wheat Growers, Renewable Fuels Nebraska

Jessica Shelburn, Americans for Prosperity

Opponents:

Connie Knoche, OpenSky

Kyle Fairbairn, GNSA

Dr. Cheryl Logan, Omaha Public Schools

Jennifer Dubas, Nebraska State Education Association

Ben Welsch, Self

Neutral:

Cory Worrell, STANCE

Doug Kagan, Nebraska Taxpayers for Freedom

Jack Moles, Nebraska Rural Community Schools Association

Dave Welsch, Milford Public Schools

Chad Meisgeier, Millard Public Schools

Liz Standish, Lincoln Public Schools

LB 783 ends the levying authority of community colleges with the fiscal year 2025-2026, and provides a state mechanism for funding community colleges through the state's budgeting system. AM 949 restores the levying authority for capital improvement funds and additional levying authority, if authorized by the community college board of governors, to allow additional funding, beyond what the State of Nebraska provides, to fully fund the community college if the State of Nebraska fails to fully fund a community college in a given year.

Motion to Include LB 783 as part of AM 977

Voting Result: 8-0-0-0

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Testifiers on LB 783

Proponents:

Senator Dave Murman, Legislative District 38

Governor Jim Pillen, Nebraska Governor

Michael Lucci, Platte Institute

John A Ross, Self

Mark McHargue, Nebraska Farm Bureau, Nebraska State Dairy Association

Jacy Schafer, Nebraska Cattlemen, Nebraska Corn Growers Association

Jessica Shelburn, Americans for Prosperity Nebraska

Opponents:

Randy Schmailzl, Metro Community College

Nicole Sedlacek, Nebraska Economic Developers Association

Neal Stenberg, Southeast Community College

Zachary West, Nebraska Economic Developers Association

Arlyn Uhrmacher, Southeast Community College

Fred Uhe, Metro Community College

Diane Keller, Central Community College, NCCA

Caroline Velder, SCC Milford

John Hansen, Nebraska Farmers Union

Jared Jackson, SCC Milford

Cullen Wood, SCC Milford

Jose Soto, SCC Milford

Willie Barney, Self

Joel Michaelis, SCC

Cindy Duncan, Mid Plains Community College, Becton Drunkenson

Brandon Gunther, SCC

Julie Robinson, Northeastern Community College

Joey Adler Ruane, OpenSky

Scott Keene, Piper Sandler

Carina McCormick, Self

Ryan Purdy, Mid-Plains Community College

Neutral: None

Lou Ann Linehan, Chairperson