

Nebraska Association of County Officials Legislative Report



January 23, 2009

Inheritance Tax Bill Heard by Revenue Committee

After hearing opposition from several county officials, the Revenue Committee took no action on **LB 119**, a bill that would decrease inheritance taxes paid by certain beneficiaries. Under the bill, the tax rate for Class 2 beneficiaries, including uncles, aunts, nieces, nephews and their spouses, would decrease from 13 percent to 10 percent. The tax is imposed on bequests in excess of \$15,000.

Prior to an overhaul of inheritance tax rates in 2007, counties collected \$30 million annually in inheritance taxes. The impact of that change is still being calculated.

The committee also heard testimony on **LB 120**, which provides that no penalty is applied if a petition or application for probate is filed within 12 months of the decedent's death.

State Aid Public Hearing Set for Jan. 28

Three types of state aid to counties would be combined into a single formula with a specified minimum amount of funding for each county under a bill proposed by NACO. **LB 218** will be the subject of a public hearing by the Revenue Committee on Jan. 28 at 1:30 p.m. in Room 1524 of the State Capitol.

Funding under state aid to counties, jail reimbursement and the County Property Tax Relief Program would be replaced with a formula based upon the valuation of all real and personal

property in the state and each county. The Legislature would appropriate funds in an amount equal to a percentage of the total valuation of all counties. The percentage would be capped at .0125 percent and could not be less than .0075 percent of total valuation. Each county would receive \$30,000 and the rest of the funds would be distributed on a ratio of each county's valuation compared to the total statewide valuation. These numbers are likely to be revised as the bill is discussed.

Mandatory Motor Vehicle One-Stop Advanced

On Tuesday, the first day of public hearings by the Legislature's standing committees, the Transportation and Telecommunications Committee heard testimony on a bill that would move motor vehicle titling functions from county clerks to county treasurers. **LB 49** would require counties that currently perform these functions separately to consolidate in the office of the county treasurer no later than Jan. 1, 2011. Forty-seven counties have already combined these processes.

Although counties have the potential to incur costs for moving offices or remodeling, NACO testified in support of the bill as a benefit to taxpayers.

The committee voted to advance **LB 49** to General File for the first round of debate by the full Legislature. The bill appears on the Legislature's agenda for possible debate on Jan. 23.

The committee also heard testimony on **LB 108**, a bill to create a partial inspection process for all-terrain vehicles (ATVs). Motor vehicle dealers acquiring an ATV could apply for a certificate of title after obtaining a signed affidavit from the seller that the vehicle was not stolen and verifying that information with the sheriff. No actual inspection of the ATV would be required. NACO opposed **LB 108** as written. The committee took no action on the bill.

Trapping in County Right of Way Discussed

A prohibition against trapping in county rights of way would be repealed under a bill heard by the Natural Resources Committee on Thursday. **LB 5** would repeal restrictions enacted two years ago. NACO testified in opposition to the bill but noted the need

to develop procedures to allow trapping in the right of way to prevent animals from damaging roadways. The committee took no action on the bill at this time.

Selected Hearing Schedule for the Week of Jan. 26

The following is a list of some of the bills with county impact that have been scheduled for public hearing next week.. A full listing of hearing each day is available by clicking on the Calendar tab on the Legislature's website. A block at the bottom of each day lists the number of hearings and can be clicked for the daily list.

Monday, Jan. 26

Business and Labor Committee

Room 2102 1:30 p.m.

- LB 158 - Adopt the Peace Officer Discipline Procedures Act
- LB 107 - Require an employer to provide an employee a reason for termination

General Affairs Committee

Room 1510 1:30 p.m.

- LB 266 - Adopt the Racetrack Gaming Act and change provisions relating to horseracing
- LR 6CA - Constitutional amendment to authorize and regulate racetrack gaming

Tuesday, Jan. 27

Education Committee

Room 1525 1:30 p.m.

- LB 340 - Require the Coordinating Commission for Postsecondary Education to evaluate community college system

Transportation and Telecommunications Committee

Room 1113 1:30 p.m.

- LB 331 - Change Department of Motor Vehicles provisions
- LB 28 - Authorize the issuance of undercover license plates and driver's licenses to federal law enforcement agencies

Urban Affairs Committee

Room 1510 1:30 p.m.

- LB 338 - Change weed height requirements for cities and villages
- LB 339 - Change community development authority provisions relating to cities and villages

Wednesday, Jan. 28

Health and Human Services Committee

Room 1510 1:30 p.m.

- LB 288 - Change provisions relating to health and human services

Natural Resources Committee

Room 1525 1:30 p.m.

- LB 56 - Change the Livestock Waste Management Act

Revenue Committee

Room 1524 1:30 p.m.

- LB 26 - Change the priority of liens for special assessments
- LB 218 - Change, eliminate, and provide state aid to various political subdivisions. This is NACO's comprehensive consolidation of programs providing state aid to counties, including jail reimbursement.

Thursday, Jan. 29

Natural Resources Committee

Room 1525 1:30 p.m.

- LB 379 - Extend a scrap tire program

Revenue Committee

Room 1524 1:30 p.m.

- LB 94 - Authorize late homestead exemption applications for medical reasons
- LB 239 - Provide a homestead property tax exemption for certain disabled veterans
- LB 302 - Change provisions relating to transfer of a homestead exemption

Road Funding Through Slot Machines Proposed

What is arguably the most original concept introduced this year to provide funding for roads, streets and highways will be the subject of a public hearing by the General Affairs Committee on Jan. 26. Dubbed the Horsetracks to Highways bill, **LB 266** would allow slot machines to be placed at certain horse racing tracks with 40 percent of gross revenues earmarked for the Highway Trust fund. By some estimates, this could produce \$80 million in road funding.

A constitutional amendment, **LR 6CA**, would have to be approved by voters on the Nov. 2010 ballot before LB 266 could be implemented.

Other road funding mechanisms would set a base rate for the

wholesale fuel tax (**LB 264**), replace the variable fuel tax rate with a set amount (**LB 320**), change the distribution of motor vehicle tax proceeds (**LB 323**), and authorize state bonds for certain large projects (**LB 401**). No hearing dates have been set for these bills.

As the federal economic stimulus package advances, it is possible that these bills could be amended to address requirements for accessing funds. As the package was unveiled on Jan. 15, the local share of federal funds would be divided among areas with a population above 200,000 and under 200,000, with special rules for areas with fewer than 5,000 residents.

Please Note: 2009 Scholarship Applications are Available on NACO's Website