

THE STATE CHAMBER 

Nebraska Chamber of Commerce & Industry

Results For Business



What passed. What didn't.

A review of noteworthy legislation of 2018.

— 2018 LEGISLATURE —

When the Nebraska Legislature is in session, the actions of lawmakers can profoundly impact the business community and its ability to grow. This is why the Nebraska Chamber of Commerce and Industry works hard to represent the interests of your business.

Located just a half-block from the State Capitol, the Nebraska Chamber constantly monitors legislative activity. Chamber staff stays in close contact with senators, as well as the executive branch. This ensures that businesses – regardless of size or sector – have a powerful, respected voice in the legislative process.

In the 2018 legislative session, the State Chamber worked diligently to ensure the passage of bills that will make Nebraska a better state in which to do business. Just as important, the Chamber worked equally as hard to defeat or amend harmful proposals.

Here is a look at what passed this year, what did not, and what it means to your bottom line.



The State Chamber **SUPPORTED** pro-business, growth-oriented legislation.



The State Chamber **OPPOSED** legislation that threatened the success of Nebraska's businesses and economy.

— ECONOMIC DEVELOPMENT —

<p>Rural Broadband Enhancement LB994</p>		<p>Introduced by Henderson Senator Curt Friesen, LB994 creates the Rural Broadband Task Force to assist in developing enhanced broadband telecommunications service to unserved and underserved areas in rural Nebraska. The task force will study issues relating to the availability, adoption and affordability of broadband services. A final report will be delivered to the Legislature's Executive Board in 2019. State Chamber SUPPORTED.</p>	<p>PASSED & SIGNED</p>
<p>Burdensome Reporting Mandates for Incentives LB935</p>		<p>Offered by the Legislative Performance Audit Committee, LB935 would have imposed additional burdensome reporting mandates on job-creating businesses that have already been approved for use of Nebraska's business tax incentives. State Chamber OPPOSED.</p>	<p>KILLED</p>

— LABOR LAW —

<p>Workers' Comp Reform LB953, LB957</p>		<p>Introduced by Senators Joni Albrecht of Thurston and John Lowe of Kearney, LB953 and LB957 make common-sense changes to Nebraska's Workers' Compensation law to help streamline the lump-sum settlement process and modernize payment methods. State Chamber SUPPORTED.</p>	<p>PASSED & SIGNED</p>
<p>Workers' Comp Expansion LB181</p>		<p>Introduced by Grand Island Senator Dan Quick, LB181 would have expanded Nebraska's Workers' Comp program by allowing covered employees who disagree with medical findings of a physician to be reimbursed by an employer or its insurer for a second examination by another physician. This would have added a new layer of Workers' Comp expenses for employers. Employers fully fund the Workers' Comp program. In 2015, Nebraska employers paid nearly \$390 million to the Workers' Comp fund. State Chamber OPPOSED.</p>	<p>KILLED</p>
<p>Paid-Leave Mandate LB844</p>		<p>Offered by Bellevue Senator Sue Crawford, LB844 would have imposed a paid-leave mandate on Nebraska's private-sector employers. Under the bill, paid leave could have been authorized for numerous reasons. Only five states – Connecticut, California, Massachusetts, Oregon and Vermont – currently require paid sick leave. State Chamber OPPOSED.</p>	<p>KILLED</p>



Left: State Chamber staff meet with Omaha Senator Brett Lindstrom (center) outside the State Capitol.



Top Right: The Chamber's Ron Sedlacek and Joseph Young work with Lincoln Senator Anna Wishart, a member of the Appropriations Committee.



Bottom Right: In March, the Chamber hosted its first "Evening with Legislative Leaders" event for Chamber members. Updates were provided by Speaker of the Legislature Jim Scheer, Revenue Committee Chairman Jim Smith, and Appropriations Committee Chairman John Stinner.

— WORKFORCE & HOUSING —

**Workforce
Housing**
LB496



Offered by Gering Senator John Stinner, LB496 will help rural communities address housing shortages by allowing qualified housing projects to be eligible for tax increment financing (TIF), a method of financing public costs associated with private development projects. As amended, the bill's provisions are restricted to rural communities in counties of fewer than 100,000 inhabitants, or in urban areas with high unemployment and poverty rates. **State Chamber SUPPORTED.**

**PASSED &
SIGNED**

— TAXATION —

**Prevention of
Tax Increase**
LB1090



Introduced by Omaha Senator Jim Smith, LB1090 makes key changes to Nebraska's tax code to prevent a \$226 million tax increase that would have unintentionally been imposed due to changes made by the federal tax overhaul. Changes under LB1090 include restoring the state's personal exemption credit; establishing new standard deduction amounts; and retaining use of the traditional Consumer Price Index. **State Chamber SUPPORTED.**

**PASSED &
SIGNED**

**Personal
Property Tax
Exemption**
LB1089



Introduced by Omaha Senator Jim Smith, LB1089 restores the state's personal property tax exemption for purchases of agricultural and business equipment when using trade-ins. The exemption would have been inadvertently eliminated due to the federal tax overhaul. In retaining this exemption, LB1089 helps prevent valuation increases on personal property taxed at the local level. **State Chamber SUPPORTED.**

**PASSED &
SIGNED**






**Indexing of
Social Security
Taxes**
LB738



Introduced by Omaha Senator Brett Lindstrom, LB738 ensures that inflation will not increase the tax burden on Social Security recipients in Nebraska. The bill indexes for inflation the state's Social Security income tax thresholds beginning in 2020, making Nebraska's tax climate more competitive for retirees. **State Chamber SUPPORTED.**

**PASSED &
SIGNED**

— TAXATION (CONTINUED) —

<p>\$1.1 Billion Tax Shift LB829</p>		<p>Offered by Bayard Senator Steve Erdman, LB829 was an attempt to reduce local property taxes by forcing state government to pay a much larger share of funding for local public schools. The bill would have cost the state an additional \$1.1 billion annually – likely forcing an increase in state income taxes and/or sales taxes. Had LB829 been enacted, about 60% of the state’s general fund revenue would have been sent directly to local taxing entities, while failing to address local spending growth – the primary reason for property tax increases. State Chamber OPPOSED.</p>	<p>KILLED</p>
<p>Tax Hike for More Local Government Aid LB1084</p>		<p>Introduced by Albion Senator Tom Briese, LB1084 was a complex, multi-pronged bill that proposed a massive tax shift by raising sales, excise and income taxes, while spending more on state aid for K-12 education and the Property Tax Credit Cash fund, which uses state tax revenue to subsidize property owners paying local taxes. LB1084 would not have addressed local spending growth, which fuels property tax increases. State Chamber OPPOSED.</p>	<p>KILLED</p>
<p>Local Income Tax LB911</p>		<p>Offered by Lincoln Senator Kate Bolz, LB911 would have allowed local public school districts to impose a local option income surtax of up to 20% for five years in duration. Under current law, Nebraska already claims the nation’s 15th highest personal income tax rate. State Chamber OPPOSED.</p>	<p>KILLED</p>
<p>Income Tax Hike LB728, LB1074</p>		<p>Introduced by Omaha Senators Justin Wayne and Tony Vargas, LB728 and LB1074 would have increased Nebraska’s top individual income tax rate to 7.84%. Under LB1074, the new top rate would have applied to single taxpayers earning \$100,000 or more, with an additional 1% rate applied to income over \$1 million, and an additional 2% rate applied to income over \$2 million – which would have given Nebraska the fourth highest income tax rate in the nation. Under LB728, the top rate would have been imposed on taxpayers earning \$2.5 million and more. State Chamber OPPOSED.</p>	<p>KILLED</p>
<p>Tax on Real Estate Transfers LB1075</p>		<p>Introduced by Henderson Senator Curt Friesen, LB1075 would have imposed a new 1% state tax on transfers of real estate. The revenue would have been sent to the state’s Property Tax Credit Cash Fund, which subsidizes property owners paying local taxes. State Chamber OPPOSED.</p>	<p>KILLED</p>



Left: The State Chamber’s Barry Kennedy took part in a media event to support the governor’s comprehensive tax relief plan, LB947, which was ultimately blocked by a minority of senators.

Right: State Chamber staff members join Senators Matt Williams, John Stinner and Mark Kolterman at the signing ceremony for LB496, legislation that allows Nebraska communities to use tax increment financing (TIF) for workforce housing. With nearly 70% of Chamber survey respondents indicating a housing shortage in their community, the Chamber strongly supported the bill.

Dear State Chamber Member:

The second session of the 105th Nebraska Legislature adjourned sine die on April 18, 2018. Nearly 470 bills were introduced this session – a tally that does not include resolutions and constitutional amendments. Additionally, there were nearly 400 measures carried over from the 2017 session. In total, your Nebraska Chamber either took positions on or monitored approximately 250 measures due to their potential impact on the state's businesses and our economy.

The State Chamber is disappointed by the Legislature's inability to pass a compromise tax relief plan addressing Nebraska's high income tax burden, as well as the growth of locally imposed property taxes. The Chamber also regrets that senators could not find a resolution to legislation addressing the collection of sales taxes for online purchases. Still, the 60-day session brought some notable achievements for the business community, including the passage of several Chamber-supported bills such as:

* LB1090: Makes key changes to Nebraska's tax code to prevent a \$226 million tax increase that would have unintentionally occurred due to the federal tax overhaul enacted in late 2017.

* LB496: Helps Nebraska communities address their housing shortages by allowing qualified housing projects to be eligible for tax increment financing (TIF).

* LB738: Indexes for inflation the state's thresholds that determine income taxes paid by Social Security recipients, thereby making Nebraska's tax climate more competitive for retirees.

* LB953, LB957: Make common-sense changes to Nebraska's Workers' Compensation law to help streamline the lump-sum settlement process and modernize payment methods.

* LB994: Aims to expand high-speed internet access in rural Nebraska.

The State Chamber worked just as hard to defeat or amend proposals that would have harmed business interests. Fortunately, all such bills either died at session's end or were amended significantly. Among this year's more menacing measures were:

* LB829: Would have created a \$1.1 billion-a-year state subsidy for property owners with local tax liability, while offering no solutions to address local spending growth.

* LB1084: Would have enacted a massive tax shift by raising sales, excise and income taxes to boost K-12 state aid spending.

* LB844: Would have created a paid-leave mandate on Nebraska's private-sector employers of all sizes.

* LB728, LB1074: Would have added a 7.84% bracket to Nebraska's already 15th-highest-in-the-nation individual income tax.

* LB935: Would have imposed significant, burdensome reporting mandates on job-creating businesses that have already been approved for use of Nebraska's business tax incentives.

Thanks to all of you who were involved and took time to contact your state senators during the session. And thank you for being a valuable part of the Nebraska Chamber. Together, we are making Nebraska a better place for business.



Rich Herink
Chairman of the Board



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Chamber President Barry Kennedy stands beside Governor Pete Ricketts and Senators Jim Smith and Brett Lindstrom at a signing ceremony for LB1090, which prevented a \$226 million increase on Nebraska taxpayers.



Left: State Chamber Chairman Rich Herink (left) and new State Chamber President Bryan Slone meet with Lincoln Senator Mike Hilgers. Right: The Chamber's Joseph Young and Ron Sedlacek visit with Thurston Senator Joni Albrecht, chair of the Legislature's Business and Labor Committee. Below: Omaha Senator Mike McDonnell and other lawmakers visited the Chamber's Public Affairs Council during the 2018 session. The council meets every Tuesday during the legislative session to discuss issues affecting the business community.



The Membership & Mission Of The State Chamber

For more than a century, the State Chamber has proudly served as the voice of Nebraska's business community. Today it is the state's only broad-based business association, representing a grassroots membership of approximately 1,200 businesses that employ nearly 275,000 Nebraska employees.

The State Chamber works hard to promote the interests of employers of all sizes, as well as self-employed individuals, other Nebraska associations and local chambers of commerce. What links our members is the shared goal to improve Nebraska's business climate and expand opportunities for our citizens.

The State Chamber staff works effectively with members of the Legislature and other government officials, with four full-time lobbyists leading our legislative efforts. Throughout every legislative session, the State Chamber keeps its members well informed on day-to-day action through its *Legislative Report* and electronic communications such as the *News Update*. Action alerts notify members when they should contact senators regarding upcoming votes. After the session, State Chamber members receive complete summaries of the year's legislative activities, as well as a scorecard on key votes.

The State Chamber also monitors federal activities in Washington, D.C. The association stays in close contact with Nebraska's congressional delegation, as well as its national affiliates – the U.S. Chamber of Commerce and the National Association of Manufacturers.

Beyond legislative services, the State Chamber provides many programs, publications and other tools for our members, including educational workshops, member directories, labor law publications, and special events across Nebraska.

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