

## Use of campaign funds for security advanced

A proposal to allow candidates and officeholders to expend campaign funds for security purposes was amended and advanced from general file March 23.

LB986, introduced by Sen. Eliot Bostar of Lincoln, would add security measures to the list of allowable expenditures of campaign funds under the Nebraska Accountability and Disclosure Act.

Under the bill, security personnel, hardware, software, electronic security equipment, installation, maintenance, monitoring and other physical and structural security measures and improvements would be considered allowable expenditures.

The measure also would require disclosure of security-related cam-



Sen. Eliot Bostar said elected officials frequently are targets of political violence.

aign expenditures in campaign finance reports.

Bostar said the bill is a response to a “well-documented and growing reality” of increased threats, harassment and intimidation against candidates and officeholders across the country. For example, he said, more than 40% of state legislators in the U.S. have experienced direct threats to their safety.

“The bill allows candidates and officeholders flexibility to react quickly to safety and security concerns without having to rely solely on personal savings to do so,” Bostar said. “This bill is about safeguarding participation in the democratic process by protecting the people who serve our communities.”

An Executive Board amendment, adopted 40-0, would insert the  
**(continued page 2)**

## Private school scholarships, extended child care funding removed from budget package

Lawmakers succeeded March 26 in their third attempt to move the main state budget adjustment proposal to the final round of debate after removing funding for private school scholarships and expanded eligibility for the state’s Child Care Subsidy program.

LB1071, introduced by Speaker John Arch of La Vista at the request of Gov. Jim Pillen, would provide, change and eliminate provisions related to appropriations for state expenses for the biennium ending June 30, 2027.

Two previous attempts to cease debate and force a vote on the bill failed due to an impasse over inclusion of a provision meant to provide “gap year” funding for private school scholarships.

The governor’s initial proposal included \$7 million in fiscal year 2026-27 to fund such scholarships in Nebraska

until a federal law similar to the state’s defunct Opportunity Scholarship Act takes effect Jan. 1, 2027.

An Appropriations Committee amendment adopted on general file would lower that number to \$3.65 million, with \$3.5 million for scholarships and \$150,000 for administrative costs. Families would have to be at 185% of the federal poverty level or less to qualify for scholarship funds.

Plymouth Sen. Tom Brandt unsuccessfully attempted to remove those funds on the first round of debate. Both he and Ralston Sen. Merv Riepe indicated that they would not support the budget moving forward with inclusion of the scholarship funds.

In response, Elmwood Sen. Robert Clements, chairperson of the committee, offered an amendment during

**(continued page 3)**

# Use of campaign funds for security advanced

(continued from front page)

word “reasonable” in the description of allowable security measures to create a standard for the types of security expenses that would be allowed under LB986.

Blair Sen. Ben Hansen, committee chairperson, said the amendment would help prevent potential abuse of security spending by officeholders. The Nebraska Accountability and Disclosure Commission would determine what qualifies as a reasonable security measure, he said.

Several senators expressed support for the bill’s intention, but also concern regarding what they characterized as the lack of sufficient guardrails.

Sen. Glen Meyer of Pender opposed the bill, raising concerns about “ambiguous” language and a lack of specificity as to what would constitute a security threat, which he said could be abused by officeholders.

“I don’t necessarily disagree with the concept, but I think this bill needs a great deal more work before we can move forward,” Meyer said.

Those concerns were echoed by Central City Sen. Loren Lippincott,

who asked what would prevent a candidate from raising money for desired home improvements in the name of security measures.

He suggested possibly adding a cap on the dollar amount that a candidate or officeholder could spend on security from their campaign funds.

Sen. Megan Hunt of Omaha suggested adding her LB74 to the proposal, which she introduced last session. That measure would provide that public officeholders could use campaign funds to cover the costs of child care and travel expenses for a minor child if incurred as part of their official duties.



Sen. Megan Hunt

Hunt added that threats of violence do not concern her. What does, she said, is the reality that many officeholders with young children cannot partake of opportunities related to their office because of child care issues.

Sen. Danielle Conrad of Lincoln also questioned the bill’s necessity.

She said that she has not felt unsafe in her time in the public spotlight, which has included 12 years in the Legislature and almost a decade in a high-profile career working on controversial issues.

She suggested several possible changes to the bill, among them including a way to verify the credibility of a perceived security threat before an expenditure of funds would be authorized.

Bostar said he was willing to work with senators before the next round of debate to tighten up the bill, but only if that could be accomplished without compromising the ability to provide adequate security for officeholders.

After adoption of the committee amendment, senators advanced LB986 to select file on a vote of 37-3. ■



## UNICAMERAL UPDATE

The Unicameral Update is a free, weekly newsletter published during the legislative session. It is produced by the Clerk of the Legislature's Office through the Unicameral Information Office. For print subscriptions, call 402-471-2788 or email [uiosubscribe@leg.ne.gov](mailto:uiosubscribe@leg.ne.gov). Visit us online at [Update.Legislature.ne.gov](http://Update.Legislature.ne.gov).

Clerk of the Legislature: Brandon Metzler  
Editor: Kate Heltzel; Writers: Maggie English, Kyle Harpster and McCartney Martin; Photographer: Bess Ghormley

Printed copies of bills, resolutions and the Legislative Journal can be requested at [NebraskaLegislature.gov](http://NebraskaLegislature.gov). Status of bills and resolutions can be requested at 402-471-2709 or 800-742-7456 or can be found at [NebraskaLegislature.gov/bills](http://NebraskaLegislature.gov/bills). Live video of hearings and floor debate can be viewed on NE-W and at [nebraskapublicmedia.org](http://nebraskapublicmedia.org).

Senators may be contacted by mail at this address:  
Senator Name, District #, State Capitol, P.O. Box 94604, Lincoln, NE 68509-4604

Assistance provided by the Clerk of the Legislature's Office, the Legislative Technology Center, committee clerks, legal counsels, journal clerks, pages, transcribers, mail/bill room staff and the State Print Shop.

THE NEBRASKA LEGISLATURE'S OFFICIAL NEWS SOURCE SINCE 1977

## Budget package advanced

(continued from front page)

select file debate March 19 with the scholarship provision removed. Several senators said they would not support LB1071 unless the scholarship provision was reinstated, however, and an attempt to invoke cloture and force a vote on the bill that day failed.



Sen. Robert Clements

When debate resumed March 25, Clements offered a substitute amendment containing all of the provisions the committee had voted to include in the original select file amendment, as well as the scholarship funding.

Syracuse Sen. Bob Hallstrom supported the bill and the amendment, noting that there were many aspects of the budget adjustment package he opposed, but that it was time to move forward.

Lawmakers previously demonstrated that they could not advance the budget without the scholarship funding included, he said, and the “hard decisions” regarding budgeting shouldn’t be “dictated” by a single policy issue.

“At the end of the day, it’s the totality of the budget that we need to look at,” Hallstrom said, “and I would hope we can all rise above and make the appropriate decision today.”

Sen. Tanya Storer of Whitman said the provisions would not fundamentally change education policy in Nebraska.

“It is a one-time fund to help ensure that students who benefited from the opportunity scholarships previously are not uprooted – and their families not disrupted – and that those students can have [continuity] in their education,” she said.

Blair Sen. Ben Hansen said the scholarship funding was balanced by inclusion of a provision from Bennington Sen. Wendy DeBoer’s LB304, which would provide \$3.2 million in FY2026 and \$4.2 million in FY2027 for the Child Care Subsidy program.

Those funds would support the permanent extension of expanded eligibility for the program, which provides a direct subsidy to providers to cover a portion of child care expenses for low-income families.

Income eligibility guidelines were expanded in 2021 from 130% of the federal poverty level to 185%. That expansion is scheduled to expire Oct. 1.

Hansen acknowledged that supporters and opponents of both proposals were unhappy and said the best solution

was to compromise and keep both provisions, since both would benefit low-income Nebraska families. Doing so, he said, would avoid “mutual destruction.”

“We have heartburn on both ends. Colleagues, if there is a time to hold our nose a little bit, this is the time to do it,” Hansen said.

Sen. Dunixi Guereca of Omaha opposed the amendment. He suggested that the Legislature’s authorization of those scholarship dollars would be used to open the door to charter schools in Nebraska despite proponents’ claims that the goal is simply to fill a one-year gap and not to change state education policy.

“I gotta be honest, folks, I don’t trust that,” Guereca said.

Omaha Sen. John Fredrickson echoed those concerns. He said the goal of private school scholarship supporters wasn’t keeping children from having to switch schools for a year, but about laying the groundwork for policy changes down the road.

“It’s not about the kids,” Fredrickson said. “It’s about the precedent of the government paying for private education.”

After two hours of discussion, Arch offered a motion to invoke cloture and cease debate. The motion failed on a 27-15 vote. Thirty-three votes were needed. A failed cloture motion ends debate on a bill for the day.

When discussion resumed March 26, Clements offered an amendment to remove funding from LB1071 for both private school scholarships and expansion of the Child Care Subsidy program, which was adopted 32-0.

After adopting another Clements amendment 36-0, senators advanced the bill to final reading on a vote of 34-7.

Lawmakers then agreed to return LB1072 from final reading to consider a specific amendment. That bill, also introduced by Arch at the request of the governor, would provide for and change transfers from the Cash Reserve Fund and make a number of changes to other fund transfers, agency powers and duties and a variety of programs.

The amendment, offered by Clements and adopted 33-0, would remove provisions in the bill that would have eliminated the Oct. 1 sunset date for extended eligibility for the Child Care Subsidy program.

Clements said the change would align the two budget adjustment bills and return the qualifying income for the child care subsidy to 130% of the federal poverty level when the current extended eligibility ends.

After adoption of the Clements amendment, LB1072 advanced to final reading 34-9. ■



Sen. Wendy DeBoer

# AGRICULTURE



## Ethanol board, fuel tax updates clear first round

Lawmakers amended and advanced a measure March 24 aimed at modernizing the structure and funding of Nebraska’s ethanol oversight system.

Under LB815, introduced by Plymouth Sen. Tom Brandt, the Nebraska Ethanol Board would expand from seven to nine members to include more ethanol producers and require that an existing business seat be held by a producer beginning Sept. 1. The bill also would update the board’s mission and statutory language in the Ethanol Development Act.



Sen. Tom Brandt

Additionally, the measure would eliminate outdated authorities, such as allowing the board to acquire commodities or accept grain from federal agencies, permit the board to join trade organizations, add a definition for “ethanol producer” and repeal obsolete provisions tied to expired incentive programs.

LB815 also would adjust fuel-related taxes tied to ethanol programs. Beginning Oct. 1, it would impose a quarter-cent per-gallon excise tax on dyed diesel used for off-road purposes, with proceeds directed to the Agricultural Alcohol Fuel Tax Fund. It would update allowable uses of that fund and shift existing fees by removing one on dyed diesel and increasing the fee on clear diesel to 0.6 cents per gallon.

Brandt said the measure would result in only a minimal net cost for agricultural producers while maintain-

ing support for ethanol programs. By replacing an existing fee on dyed diesel with a smaller excise tax and shifting more of the funding responsibility to clear, on-road diesel, he said, LB815 would lower the burden on farmers.

“Overall, the provisions of the bill ensure that the Nebraska Ethanol Board will continue to best serve the ethanol industry, both now and for years to come,” Brandt said.

An Agriculture Committee amendment, adopted 26-0, would change how revenue from the dyed diesel tax is distributed. It would direct the first \$140,000 collected each year to the Motor Fuel Tax Enforcement and Collection Cash Fund, with the remainder directed to the Agricultural Alcohol Fuel Tax Fund.

The amendment also would revise the definition of ethanol producer to include individuals who spend at least 50% of their professional time on operational or business management activities at an ethanol production facility.

Sen. Teresa Ibach of Sumner supported the measure, saying the Nebraska Ethanol Board has played a key role in agriculture for more than 50 years through research, market development and policy efforts. She said the industry has become more complex and competitive, making updates to the board necessary.

St. Paul Sen. Fred Meyer also supported the bill. In the 1980s, he said, most corn produced in Nebraska was shipped out of state, but today nearly all of it is used locally. That “complete reversal” was driven by ethanol production, Meyer said, which also supports dozens of high-paying jobs.

Additionally, he said, ethanol plants have spurred economic growth in nearby communities through new housing, businesses and school investment.

“It has been transformational for

everyone in those towns,” Meyer said.

Sen. Jared Storm of David City said that while he supports Nebraska’s ethanol industry, he could not support the diesel fuel tax increase contained in LB815. The tax likely would be passed on to consumers, he said, and those directly involved in ethanol production should fund the board, not taxpayers.

Following adoption of the committee amendment, senators voted 28-0 to advance LB815 to select file.

# BANKING, COMMERCE & INSURANCE



## Ag privacy bill amended to include AI protections, advanced

A measure aimed at creating comprehensive privacy protections for Nebraska agricultural data was amended to include regulation of conversational artificial intelligence before clearing first-round debate March 24.

LB525, introduced by North Platte Sen. Mike Jacobson on behalf of Gov. Jim Pillen, would require controllers and potential controllers of agricultural data to enter into written consent agreements with ag producers before providing, using or selling that data.



Sen. Mike Jacobson

Jacobson offered an amendment to the Banking, Commerce and Insurance Committee amendment, adopted 34-0, to make minor technical revisions to the bill and add the provisions of another measure heard



**Workforce omnibus bill amended, advanced to final round**

Lawmakers amended an omnibus workforce measure March 24 to tighten apprenticeship requirements before advancing the bill to the final round of debate.

LB847, sponsored by Omaha Sen. Kathleen Kauth, would create the Nebraska Office of Registered Apprenticeship within the state Department of Labor to serve as the state apprenticeship registry.



Sen. Kathleen Kauth

The bill also would create the Nebraska Apprenticeship Council to advise the office and provide community outreach and education regarding the benefits of apprenticeship.

Kauth brought an amendment on select file that would retain those provisions but modify other aspects of the original proposal. She said the clarifying changes were the result of a collaboration between the state and federal labor departments and her staff regarding concerns raised on the previous round of debate by Omaha Sen. John Cavanaugh.

Cavanaugh supported the amendment, which he said would ensure that Nebraska’s registered apprenticeship program requirements meet the same “gold standard” as federally registered programs. The new provisions also would ensure reciprocity with apprenticeship programs in other states, he said, and address recertification concerns for existing programs.

“A lot of what we did was make sure that the language in Nebraska is

by the committee this session.

As amended, LB525 would establish that an agricultural producer is the sole controller of any agronomic, climate, weather, land, livestock, management or sustainability data that is reasonably linked to that producer and is not aggregated, derived or otherwise available to the general public.

It also would prohibit the sale of an agricultural producer’s raw data by anyone other than the producer who controls or processes that data, and require any controller or processor in possession of such data to establish, implement and maintain reasonable security practices to protect the information.

Jacobson said the question of who owns agricultural data is a “massive gray area” in state law that LB525 is a first step toward clarifying. He added that Nebraska would be the first state in the country to pass this type of legislation, so senators should view the proposal as a starting point.

Under the bill, starting Jan. 1, 2027, every new contract or agreement involving the collection or processing of agricultural data in Nebraska must include a specific provision that prohibits the selling of that data unless the producer has given express written consent.

Any contract entered into after that date that waives or limits the requirements of the bill would be void and unenforceable. The state attorney general could bring an action for violations to either seek injunctive relief or a civil penalty of \$1,000 per violation.

Also included in the Jacobson amendment are the provisions of LB1185, sponsored by Sen. Eliot Bostar of Lincoln, which would adopt the Conversational Artificial Intel-



Sen. Eliot Bostar

ligence Safety Act.

Bostar said minors can easily become confused about whether they are in conversation with a chatbot or an actual human being, leading to exposure to adult content or emotional reliance on technology that was not created to act in their best interests.

“Conversational AI tools are increasingly designed to simulate human conversation in ways that can feel personal, emotional and real,” Bostar said. “For minors, those design features can create real risks.”

LB1185 would require disclosure when a user reasonably could believe that they are interacting with a human being and would add additional safeguards for minor account holders, including:

- recurring AI disclaimers;
- limits on engagement-based rewards; and
- deployment of reasonable measures to prevent sexually explicit or sexualizing content and to prevent the system from presenting itself as human or fostering emotional or romantic dependence.

The bill also would require a protocol to respond to prompts involving suicidal ideation or self-harm that includes referral to crisis services, and would prohibit a service from claiming to be designed to provide professional mental or behavioral health care.

The attorney general would be empowered to enforce the bill’s provisions through civil action.

Whitman Sen. Tanya Storer spoke in support of Bostar’s proposal.

“Anything that we can continue to do to protect minors online is important and I will champion that in every corner,” she said.

Following adoption of a technical amendment, senators advanced LB525 to select file 35-0.

as rigorous as the national regulations [while] empowering the state Department of Labor to certify new programs that meet those requirements,” Cavanaugh said.

As amended on general file, LB847 also would increase from 20% to 50% the amount of the unemployment combined tax rate that can be transferred to the Workforce Development Program Cash Fund to invest in workforce development initiatives.

During select file debate, Seward Sen. Jana Hughes offered a floor amendment as a placeholder to an amended that was being drafted to add provisions of her LB1089 related to the Nebraska Healthy Families and Workplaces Act.



Sen. Jana Hughes

When voters approved the act by initiative petition in 2024, it included a four-year window during which an employee denied paid sick leave could bring a civil action seeking restitution. When lawmakers amended the act last year that provision was removed.

Hughes’ amendment would change the act to allow employees one year to bring a civil action. Currently, she said, a bad actor could pay less in fines for an initial violation of the act than it would cost them to provide a week of paid sick leave to a minimum wage worker.

The amendment also would include provisions of Elkhorn Sen. Tony Sorrentino’s LB1249, which would exempt from the Nebraska Healthy Families and Workplaces Act individuals with a 10% or more ownership interest in a company, nonresidents who work in Nebraska



Sen. Tony Sorrentino

for less than 90 days a year and private and parochial elementary, secondary and postsecondary schools.

Sen. Danielle Conrad of Lincoln opposed the amendment, calling the one-year lookback a “crumb” compared to the ballot initiative’s original provisions. Conrad said she would be willing to work with Hughes on restoring the right for employees to bring a civil action, but that she would not support any attempt to exempt more entities from the state’s paid sick leave requirements.

Hughes withdrew the amendment.

As amended on general file, LB847 includes provisions of five other measures considered by the committee this session, including:

- LB747, sponsored by Sorrentino, which would establish uniform enforcement authority across multiple programs managed by DOL, including changing youth employment certification procedures, removing an infraction for failure to provide a wage statement and expanding the department’s subpoena powers;
- LB864, introduced by Sen. Jason Prokop of Lincoln, which would transfer responsibility for awarding and disbursing grants under the InternNE program from the state Department of Economic Development to DOL;
- LB1015, sponsored by Sumner Sen. Teresa Ibach, which would create the Business Innovation Cash Fund within DOL and establish a mechanism to provide funding for the Business Innovation Act from a percentage



Sen. Jason Prokop

of State Unemployment Insurance Trust Fund dollars, as designated by the commissioner of labor;



Sen. Teresa Ibach

- LB1044, introduced Prokop, which would appropriate \$15 million in fiscal year 2026-27 from the Business Innovation Cash Fund for grants under the Business Innovation Act and require that at least \$4 million in grants be awarded annually; and
- LB1173, sponsored by Kauth, which would change the name, filing fee and permitted uses of the Contractor and Professional Employer Organization Registration Cash Fund and allow DOL to assess fees for all employers under the Employment Security Act annually on a graduated scale based on gross wages paid out in the previous year, not to exceed a total of \$15 million.

After Hughes withdrew her amendment, lawmakers advanced LB847 to final reading by voice vote.

**Omnibus employment measure amended, advanced**

A bill intended to provide state-level notification requirements for Nebraska businesses experiencing mass layoffs or closures was amended to include several other proposals before advancing from general file March 23.

Under the federal Worker Adjustment and Retraining Notification (WARN) Act, businesses with 100 or more employees are required to submit notice when they experience a shutdown affecting 50 or more

employees at a single site during any 30-day period. They also must submit notice if at least 33% of the total active workforce — or 500 or more employees, whichever number is lower — will permanently lose employment.

LB921, as introduced by Sumner Sen. Teresa Ibach, would adopt a state-level WARN act. As introduced, the bill would require businesses that experience a mass layoff event or closure affecting 25 or more full-time employees for a period exceeding six months to notify employees and the state Department of Labor at least 60 days in advance of such event.

As introduced, the act would apply to businesses with at least 25 full-time employees. Businesses that do not provide adequate notice would be subject to a civil penalty not to exceed \$100 for each day of the violation.

Ibach said hundreds of former employees of the Tyson Foods plant in Lexington contacted her after the plant's closing, asking that Nebraska adopt a state-level WARN act. Doing so would ensure that state and local officials can mount a more proactive response to a layoff event or closure, she said, and divert resources to communities in need.

"Being laid off can be one of the most stressful things that happens to an employee and their family and LB921 can help mitigate that stress by providing advance notice of the mass layoff regardless [of whether] the federal threshold has been met," Ibach said.

She offered an amendment, adopted 37-0, that would mirror the federal standard and apply the bill only to businesses with at least 100 full-time employees. She said LB921 as introduced would have been too "heavy-handed" an approach to regulating Nebraska businesses.

The bill also would make changes to the Non-English-Speaking Work-

ers Protection Act, which requires businesses to provide an interpreter and referral agent if 10% of their staff speaks the same non-English language. Referral agents would be required to develop and maintain a list of community services and assist employees in attempting to obtain those services.

A Business and Labor Committee amendment would lower the non-English speaking employee threshold to 5%. It also would require businesses to provide WARN notice to affected employees and DOL at least 90 days in advance of a qualifying mass layoff event or closure.

Debate focused on the inclusion in the committee amendment of the amended provisions of LB544, sponsored by Norfolk Sen. Robert Dover. Those provisions would require individuals receiving unemployment benefits to respond to an interview request or a job offer for suitable employment within one week.

The proposal also stipulates that an individual receiving unemployment benefits who fails to appear for a previously scheduled interview without notifying the prospective employer within seven days of the need to cancel or reschedule would lose benefits for one week.

The commissioner of labor would determine if the criteria have been met to deny unemployment benefits under the measure's provisions.

Dover said filling vacancies can be a challenge for business owners and that he brought the proposal to address an issue that he has experienced firsthand — being "ghosted" by an applicant who fails to show up for a job interview.

He said the provisions would en-

courage accountability and provide an incentive for Nebraskans collecting unemployment benefits to follow up on applications instead of meeting the minimum requirement of applying for work but not actually pursuing employment.

Other states, including Arkansas, Kansas, Montana and Tennessee, have similar policies, he said.

"The purpose is to simply add an accountability component, so if someone is receiving benefits, and they're offered a job, they need to show up for the interview," Dover said.

Sen. Machaela Cavanaugh of Omaha opposed those provisions and offered a successful motion to divide the question and consider them separately from the rest of the committee amendment.

Cavanaugh said there are many reasons that someone who is receiving unemployment benefits might not be able to attend a job interview, such as transportation or child care issues, or having their phone disconnected due to being unable to pay the bill.

"I think people's lives that are on unemployment are much more complex than maybe people in the [Legislature] understand," Cavanaugh said. "People who are on unemployment are on unemployment oftentimes because they are struggling to have work, and punishing them for not being able to show up feels like we are perpetuating making poverty a full-time job."

Omaha Sen. Kathleen Kauth, Business and Labor Committee chairperson, supported the portion of the divided amendment containing provisions from Dover's LB544, which she called a "good business" bill.

"[It] simply states when people are on unemployment and they get a job interview, they actually have to show up. I think it's not unreasonable to expect people to show up for the job interviews



Sen. Robert Dover

rather than ghosting,” Kauth said.

Sen. Danielle Conrad of Lincoln opposed the measure, calling it “mean-spirited” to penalize individuals who are unemployed through no fault of their own. Workers do not qualify for unemployment benefits if they quit or were fired for misconduct from their previous job, she said, and already can have their benefits withheld for refusing offers of suitable employment.

The committee amendment containing the provisions of Dover’s LB544 were adopted 34-6.

The second portion of the divided amendment, adopted 37-0, contained provisions of two additional bills heard by the committee this session.

The amended provisions of LB308, sponsored by Ibach, would require DOL to create and maintain a registry for health care staffing agencies operating in Nebraska. Each agency would be required to pay a \$1,500 fee to register each physical location annually and ensure employee compliance with licensing, certification, registration and other qualifications required to provide direct services in a health care facility.

Ibach said the measure is necessary to ensure transparency and accountability for staffing agencies that are increasingly relied upon to staff nursing homes and assisted living facilities in rural Nebraska due to a persistent shortage of health care workers.

“Unfortunately, there are reports of temporary staff lacking legally required credentials, background checks and necessary certifications,” Ibach said, “putting residents, staff and facilities at risk.”

She offered an amendment, adopted 41-0, to delay implementation of the provisions until July 1, 2027, to allow the department time to absorb the cost of creating and maintaining the registry through use of the Contractor and Professional Employer

Organization Registration Cash Fund rather than state general funds.

The committee amendment also includes the amended provisions of LB1170, sponsored by Sen. Dave Wordekemper of Fremont. Those provisions would allow a county to file more than one state claim for a single correctional institution incident if the threshold amount is met for each claim or prosecution has resolved.

The proposal also would expand the definition of what constitutes a qualifying death for purposes of the In the Line of Duty Compensation Act to include:

- injuries or illnesses occurring within 24 hours after a non-routine stressful or strenuous activity in the line of duty;
- within five years of diagnosis of exposure-related cancer for individuals exposed to toxins in the line of duty; and
- cumulative traumatic events while on duty that led to a mental health diagnosis or for which there is evidence that the public safety officer attempted to receive help after exposure.

The presumption of these factors could be rebutted if competent medical evidence establishes the death was unrelated to line-of-duty risk factors or if exposure was not a substantial factor in the individual’s death.

Following adoption of both components of the divided committee amendment, lawmakers advanced LB921 to select file on a vote of 33-3.



Sen. Dave Wordekemper

## EDUCATION

### Reading improvement bill advanced with retention changes

A measure aimed at strengthening support for young Nebraska students who struggle with reading earned first-round approval March 26 after lawmakers amended it to include more parental input.

Under LB1050, introduced by Glenvil Sen. Dave Murman at the request of Gov. Jim Pillen, the Reading Improvement Act would be amended to require schools, beginning in the 2027-28 school year, to administer



Sen. Dave Murman

reading assessments three times a year to students in kindergarten through third grade.

Students experiencing a “persistent reading deficiency” at the end of third grade – based on performance on the statewide reading assessment, alternate reading assessments or a test-based student portfolio – could be required to repeat the grade, with districts required to provide “intensive acceleration” classes featuring smaller student-to-teacher ratios and diagnostic assessments.

Retention would be limited to once per student and the policy would exempt students with disabilities or who already have received interventions.

The bill also would require the state Department of Education to develop training for early-grade teachers in evidence-based reading instruction and to place regional coaches in schools, paid for through the Education Future Fund. The department would approve

assessments, set proficiency standards, provide technical assistance and submit annual reports to the Legislature.

Murman said Nebraska's fourth-grade reading scores rank about 40th in the nation, a sign that the state's current approach is falling short and that stronger, data-driven interventions are needed. The bill is intended to identify struggling readers early and provide targeted support, he said.

"When a child is retained due to a persistent reading deficiency, that child isn't being punished," Murman said. "They need help."

An Education Committee amendment would replace the bill with a revised version that would delay implementation, modify how third-grade retention is applied and expand early literacy and dyslexia supports.

Beginning in the 2028-29 school year, students who are not proficient in reading by the end of third grade generally would be retained, but parents could request a meeting with school officials and would have the final say if there is disagreement regarding retention. The amendment also would exempt from retention English language learners who have received English instruction for less than two years.

Additionally, beginning in the 2027-28 school year, districts would be required to screen K-2 students for dyslexia risk and provide interventions through a multi-tiered system of support. The amendment clarifies that a medical diagnosis would not be required to obtain those services.

Murman said the committee amendment would maintain school accountability for reading proficiency while adding flexibility, increasing parental involvement and giving school districts more time to prepare for the bill's implementation.

Bellevue Sen. Rita Sanders sup-

ported the bill and amendment, saying the delayed timeline — with key provisions not taking effect until the 2028-29 school year — gives lawmakers time to address funding and ensure districts have the resources they need.

Sen. Mike Jacobson of North Platte opposed the bill, citing concerns about the potential cost to school districts and whether the state would provide adequate funding. He questioned both the wisdom of imposing a state-wide mandate and the effectiveness of retention as a tool.

Also opposing the bill, Lincoln Sen. Danielle Conrad said that while the amendment would improve the proposal, LB1050 still would rely too heavily on retention and does not fully address the root causes of reading struggles.

Literacy challenges often are tied to factors such as poverty and a lack of early childhood education and reading support at home, she said, warning that retention could harm students' self-esteem and long-term outcomes.

"Retention is not the silver bullet," Conrad said.

Sen. Ashlei Spivey of Omaha also raised concerns that the bill would have a disproportionate impact on Black and brown students, who already face gaps in reading proficiency. She said relying on retention risks reinforcing existing inequities rather than addressing the underlying barriers those students face.

"We have to be honest about who this is going to impact the most," Spivey said.

Following the 32-5 adoption of the committee amendment, senators advanced LB1050 to select file 26-10.



## Elimination of state boards, commissions clears first round

Lawmakers advanced a cleanup measure March 23 that would clarify the elimination or consolidation of several state boards and commissions and accompanying cash funds.

La Vista Sen. John Arch, sponsor of LB905, said the bill would correct some aspects of a bill passed last year that eliminated nearly 40 state boards, councils and commissions.



Sen. John Arch

The magnitude of that bill and its delayed implementation date of July 1, 2026, put parts of it in conflict with other provisions of law and did not harmonize with existing statute, Arch said.

LB905 would provide a number of clarifications regarding transfers of duties and disposition of associated cash funds. Among other provisions, the measure would transfer the duties of three eliminated boards as follows:

- Board of Alcohol and Drug Counselling to the Board of Mental Health Practice;
- Foster Care Reimbursement Rate Committee and Bridge to Independence Advisory Committee to the Nebraska Children's Commission; and
- Board of Examiners of County Highway and City Street Superintendents to the Board of Public Roads Classifications and Standards.

Finally, the bill would eliminate 39

inactive funds and lapse them into the state General Fund and modify the Information Management Revolving Fund, Vacant Building and Excess Land Cash Fund and the Nebraska Capital Construction Fund.

Bellevue Sen. Rita Sanders supported the measure. The Government, Military and Veterans Affairs Committee, which she leads, produces an annual report on state boards and commissions every four years in an attempt to identify those that are inactive and have “outlived their usefulness,” Sanders said.

“When a board or commission becomes dormant, or we see that there is a duplication of effort, it is appropriate for this Legislature to act,” she said.

Arch agreed, saying lawmakers should continually evaluate if the entities they create remain necessary.

“This isn’t a one-and-done,” he said, “and I hope that in future years the Legislature will continue this work.”

Senators advanced LB905 to select file 38-0.

**Election law measure amended, advanced**

Lawmakers gave first-round approval March 23 to an annual election law cleanup bill after amending it to become an omnibus measure.

LB1075, sponsored by Sen. Rita Sanders of Bellevue, would make a number of changes to laws relating to election provisions requested by the Nebraska secretary of state.



Sen. Rita Sanders

As introduced, the measure would authorize village clerks to prepare claims and issue warrants, modify the handling of elections when a school district exceeds its property tax author-

ity and change various provisions of election law such as candidate filing procedures, precinct boundaries, voting requirements, ballots and recounts.

The bill also would prohibit petition circulation within 50 feet of a secure ballot drop box. Sanders said ongoing discussions since the bill’s public hearing about that provision resulted in a proposal from Lincoln Sen. Danielle Conrad to narrow the prohibition to 25 feet.

“I believe that strikes the right balance, and I encourage you to support her amendment,” Sanders said.

Conrad’s amendment, which she said satisfied all interested parties “just enough,” was adopted 36-0. She said ballot drop boxes are not always clearly marked and are in place for longer than just when polls are open on election day, resulting in the potential for a petition circulator to inadvertently violate the prohibition and incur a legal sanction.

“It’s important that we remember the first right reserved for the people in Nebraska – the right to petition their government – is sacrosanct and should be protected,” Conrad said, “and this helps to ensure that that can continue.”

A Government, Military and Veterans Affairs Committee amendment, adopted 43-1, replaced the bill with a modified version of the proposal. Among other changes, the amendment would:

- extend the deadline for delivery of election abstracts from counties to the secretary of state from the third Wednesday after the election to the fourth Wednesday;
- set the cost of a recount at \$100 per precinct voting in the contest; and
- remove a provision relating to a change in filing deadline for

submission of a school district recommendation or public petition to allow the district to exceed its property tax request authority.

The amendment also would add provisions of five additional bills considered by the committee this session, including the amended provisions of Omaha Sen. Bob Andersen’s LB884.

Those provisions would address ballot display and delivery and observation by poll watchers. It also would require delivery of ballots



Sen. Bob Andersen

directly to a centralized location, prohibiting any stops other than at that centralized location.

As originally introduced, the measure also would have mandated use of the federal Systematic Alien Verification for Entitlements Program database, known as SAVE, for citizenship verification of voter registration. That provision was removed by the committee amendment.

LB927, also sponsored by Andersen, would prohibit the direct or indirect involvement of foreign nationals in funding and organizing ballot question committees in Nebraska.

The provisions would require certification that a ballot question committee was not funded by a foreign national and would prohibit non-U.S. citizens or lawful permanent residents from engaging in preliminary activities, such as conducting polls or focus groups, making phone calls, drafting proposed language, sending or receiving email or traveling in connection with a ballot question.

Sen. Megan Hunt of Omaha expressed concern that the language was too “broadly worded” and could prevent some legal residents from ad-

vocating for issues that matter to them out of fear of engaging in illegal activity.

She said Sanders had agreed to work on possible changes to the language before the next round of debate.

Also included in the committee proposal are provisions of:

- LB969, sponsored by Syracuse Sen. Bob Hallstrom, which would create a database of county and municipal financial information within the state Department of Administrative Services;



Sen. Bob Hallstrom

- LB1002, introduced by Sen. Machaela Cavanaugh of Omaha, which would increase filing, application and non-compliance fees



Sen. Machaela Cavanaugh

- under the Political Accountability and Disclosure Act; and
- LB1074, sponsored by Sanders, which would revise unclaimed property statutes to clarify timelines, provide a tolling period in certain cases and create the Unclaimed Property Liquidation Proceeds Trust Fund.

Following adoption of the committee amendment, senators advanced LB1075 to select file on a 43-1 vote.

## HEALTH & HUMAN SERVICES

### Omnibus health services bill amended, advanced

Lawmakers gave first-round approval March 23 to a bill that would make a number of changes to health services provision in Nebraska after amending it to remove a proposal related to youth treatment facilities.

As introduced by the Health and Human Services Committee, LB867 would update administration of several state Department of Health and Human Services' programs. Among other provisions, the measure would:

- clarify eligibility for the Bridge to Independence Program;
- authorize DHHS to use available federal funds to award grants beyond the state's allocated appropriations to individuals, community organizations and schools to start or improve child care programs or support staff training; and
- exclude expenses needed to earn income when determining financial need for assistance and remove a requirement for payment to be made by state warrant under the Aged, Blind or Disabled program.

Sen. Brian Hardin of Gering, chairperson of the committee, said the proposal would make important "housekeeping" updates to a number of state programs and services.

"[LB867] ensures that our state's public health systems are working effectively and efficiently," he said.

The committee offered an amendment that would incorporate the provisions of several additional proposals, including LB1013, sponsored

by Blair Sen. Ben Hansen. That measure would modify the state Youth Rehabilitation and Treatment Center-Kearney to allow it to house male or female juveniles — but not both simultaneously — except in emergency situations.



Sen. Ben Hansen

Hardin offered an amendment to remove those provisions from the committee amendment, saying committee members would use the interim to study the implications of the proposed change.

Omaha Sen. Terrell McKinney supported removal of LB1013 from the committee package. He expressed concern that the proposal would result in youth being relocated from facilities focused on rehabilitation, treatment and education to punitive facilities that also house adult offenders.

Sen. John Arch of La Vista also supported Hardin's amendment and emphasized the importance of taking a "measured approach" to changes to Nebraska's YRTC's. He said proceeding with a thoughtful plan could prevent the state from repeating issues that led to the closure of the Geneva facility.

Also included in the committee amendment are the amended provisions of LB845, introduced by the committee. That proposal would combine the Alzheimer's Disease and Other Dementia Advisory Council with the Division of Medicaid and Long-Term Care Advisory Committee on Aging to create a new Aging, Alzheimer's and Dementia Advisory Council.

It also would create the Aging, Alzheimer's and Dementia Advisory Council Fund to accept authorized federal funds, grants or gifts.

Hardin offered an amendment, adopted 38-0, to outline the council's

membership. Under the amendment, the council would consist of 17 voting members appointed by the governor, including medical and research professionals and those who experience dementia or care for an individual who does, as well as representatives of assisted living and long-term care facilities and each of the state's designated planning and service areas.

The committee amendment also includes the amended provisions of two additional bills. LB733, sponsored by Ralston Sen. Merv Riepe, would rename the Division of Developmental Disabilities to the Division of Disability and Aging.

LB1144, introduced by Hardin, would expand the definition of a Medicaid health plan to establish application, submission and denial proceedings and to include service benefit plans, managed care organizations, pharmacy benefit managers and any party responsible for claims payment for a health care item or service.

Finally, the committee amendment would:

- clarify that criminal background check and fingerprinting requirements under the Uniform Credentialing Act apply to all license applications, not just initial applicants;
- remove the requirement for the Title IV-D Customer Service Unit to generate new hires equal to at least 0.25% of the local labor force;
- prohibit transfer penalties for any individual who establishes



Sen. Merv Riepe



Sen. Brian Hardin

or funds an individual account in a pooled special needs trust, regardless of age; and

- eliminate references that allowed the healthy spouse of an institutionalized Medicaid applicant to formally designate certain assets and income for their own use.

A third amendment offered by Hardin, adopted 40-0, would add provisions of his LB1217 to the committee package. Those provisions would allow any Nebraska accredited or approved public, private, denominational or parochial school to maintain FDA-approved epinephrine on campus to provide first aid to students who experience an allergic reaction.

The final amendment offered by Hardin would include the amended provisions of LB1143, a measure he introduced to provide greater funding flexibility for Medicaid beneficiaries who choose to transition from institutional long-term care settings to alternative home and community-based settings.

Those provisions would require DHHS to submit an application to the federal Centers for Medicare and Medicaid Services, no later than Dec. 31, to establish a Money Follows the Person Program to assist qualified individuals in transitioning from an institutional setting to a community setting while continuing to receive long-term care.

The measure also would prohibit the average weighted Medicaid nursing facility daily rate from falling below the average weighted daily rate as of Jan. 1, 2026, unless directed by the Legislature or during a state of emergency proclaimed by the governor.

The amendment was adopted on a vote of 31-0.

Finally, Riepe introduced an amendment, adopted 39-0, to add provisions

of his LB959. Those provisions would require DHHS to create a youth after-school eligibility letter for individuals age 16 and 17 who are seeking employment in school-age or temporary nonresidential child care programs.

To obtain the eligibility letter, an applicant must submit all registry and background checks required for licensed child care staff and complete an approved seven-hour orientation.

Riepe called the measure a "practical workforce expansion tool" that would create a clear pathway for young people to enter the child care field and help existing programs meet staffing needs.

"It is a commonsense step to help expand Nebraska's child care workforce [with] the proper safeguards in place," he said.

Following the 42-0 adoption of the committee amendment, senators advanced LB867 to select file 47-0.

### **Managed care carve-out for certain long-term care clients narrowed, advanced**

A bill that would change the reimbursement structure for skilled nursing services provided to certain long-term care Medicaid recipients in Nebraska was narrowed and given first-round approval March 25.

LB1091, as introduced by Lincoln Sen. Eliot Bostar, would require the state Department of Health and Human Services to provide a carve-out from Nebraska's Medicaid managed care program for services and supports for long-term care clients with special needs.

The measure would require those services instead to be administered



Sen. Eliot Bostar

and reimbursed through a Medicaid fee-for-service or other delivery system authorized under state or federal law. It also would prohibit a skilled nursing facility from being required to enroll in an MCO as a condition of eligibility to provide such services.

The department would be required to amend Medicaid managed care contracts, including revisions to enrollment processes, no later than six months after the bill's effective date.

Bostar said the measure would align special needs long-term care services with the current reimbursement structure for other services that are funded and managed through a fee-for-service model. He said the change would impact fewer than 150 Nebraska Medicaid beneficiaries.

"This is simple legislation meant to deliver the [highest] quality of care to the most vulnerable ... long-term care clients in the state," Bostar said.

A Health and Human Services Committee amendment, adopted 46-0, would change the department's rule-making obligation under the bill to discretionary rather than mandatory.

It also would remove a requirement that DHHS implement the bill's provision in a way that would not increase state General Fund expenditures above the projected costs that would have been incurred for such individuals if services were provided through the Medicaid managed care program.

Bostar said the amendment would provide "budget neutrality" and allow the department to continue providing services outlined in current regulations for special needs long-term care clients.

Gering Sen. Brian Hardin, chairperson of the committee, said the proposal seeks to ensure that vulnerable long-term care patients in the state receive consistent, specialized care from their providers.

He said the current method of

coverage for long-term clients with special needs disrupts care, destabilizes providers and subjects clients to a service delivery model that does not work well for people with intensive, ongoing medical needs.

Sen. Jason Prokop of Lincoln also supported LB1091 and the committee amendment. He noted that long-term care clients with special needs — such as those with traumatic brain injuries, spinal cord injuries or other neurological conditions — often require highly specialized care and complex services that do not fit neatly into a traditional managed care system.

Since the state's transition to managed care in 2017, Prokop said, providers have struggled to continue providing services to long-term care clients with special needs due to increased MCO denials for admissions and continuation of medically necessary care.

"When the right care is provided at the right time, outcomes improve and long-term costs decrease," Prokop said. "[Returning] this narrow and highly specialized population to the fee-for-service structure that already exists within Medicaid ... restores a system that better serves medically complex Nebraskans."

LB1091 advanced from general file on a vote of 46-0.

### **Licensure advanced for internationally trained physicians**

Lawmakers gave first-round approval March 24 to a bill that seeks to create an alternative licensure pathway for internationally trained physicians to practice medicine in Nebraska.

LB1212, as introduced by Ralston Sen. Merv Riepe, would allow the state Department of Health and Human Services, with the approval of the Board of Medicine and Surgery, to issue a maximum three-year pro-

visional license to an internationally trained physician who enters into an agreement for full-time employment with a participating Nebraska health care entity.

The agreement would require a participating health care entity to conduct an initial formative needs assessment, develop an individualized learning and supervision plan and evaluate the physician's familiarity with the standards appropriate for medical practice.

Riepe said more than 20 states, including Colorado, Iowa, Massachusetts and Texas, have adopted similar licensure pathways for internationally trained physicians who demonstrate the necessary training and skills required for full licensure.

Many internationally trained physicians serve as primary care providers in rural and underserved communities across the country, he said, but those same physicians currently would be required to start over and complete a medical residency program to provide care in Nebraska, regardless of their experience practicing safely and independently abroad.

"LB1212 [recognizes] emerging best practices while tailoring details — like time-limited licenses, explicit reporting and Nebraska-specific shortage designations — to our [existing] regulatory framework," Riepe said.

After successfully practicing under a provisional license, an internationally trained physician could apply for a transitional license for another three years. A holder of a transitional license could practice only in a designated health profession shortage area.

An internationally trained physician could apply for an unrestricted license to practice medicine in Nebraska after practicing for at least six years under provisional and transitional licensure and with satisfactory

assessment and evaluation.

The bill would take effect Aug. 1, 2027.

A Health and Human Services Committee amendment, adopted 35-0, would replace the bill with a modified version to specify that an individual must meet the following criteria to be considered an internationally trained physician:

- have a medical degree or its equivalent from a legally chartered medical school outside the U.S.;
- be a U.S. citizen or legally authorized to work by the U.S. federal government;
- have completed a graduate medical education training program that is substantially similar to a U.S. graduate medical education or residency program;
- be licensed or otherwise authorized to practice medicine in another country;
- have practiced medicine for at least three of the last five years; and
- be in good standing with no pending discipline related to any previous medical licensing or regulatory institution during the most recent three years of practice.

Sen. John Fredrickson of Omaha supported the bill and the committee amendment. He said the proposal would create not only a licensure pathway for individuals who grew up and attended medical school outside the U.S., but also those born in the U.S. who chose to pursue their education abroad.

“This is a really important piece of legislation that will open the door for folks who are wanting to practice medicine, specifically ... in areas of our state where we need more and more physicians to have a pathway,”

Fredrickson said.

Senators voted 38-0 to advance LB1212 to select file.

## JUDICIARY



### Judiciary omnibus given first-round approval

A bill aimed at deterring frivolous or harassing litigation against Nebraska political subdivisions received first-round approval March 25 after being amended to become an omnibus judiciary measure.

LB935, introduced by Lincoln Sen. Carolyn Bosn, would allow a political subdivision to recover attorney fees and court costs if it must defend against a claim that a court finds to be frivolous or primarily intended to harass the subdivision or its public officials.

Bosn said frivolous lawsuits create significant costs for government entities, especially political subdivisions, which ultimately fall on taxpayers. Such claims can drain public resources and place an unfair burden on communities, she said, making safeguards necessary to discourage misuse of civil litigation while preserving the right to bring legitimate cases.

“LB935 does not diminish anyone’s right to bring a meritorious claim,” Bosn said. “This bill is about protecting the integrity and fairness of civil litigation and limiting abusive or distorted claims practices.”

A Judiciary Committee amendment would incorporate provisions

of seven additional bills heard by the committee this session.

Omaha Sen. Terrell McKinney offered a successful motion to divide the question and consider each bill contained within the committee amendment separately.

The first component, adopted 46-0, includes provisions of LB978, introduced by Sen. Tanya Storer of Whitman. The measure would allow individuals depicted in or exposed to obscene material, child sexual abuse



Sen. Tanya Storer

material or content promoting child sexual exploitation to sue entities that intentionally distribute such content on publicly available websites.

It also would prohibit the sale or distribution of child sexual exploitation devices, defined as anatomically correct mannequins, robots, dolls or similar items designed to resemble a minor and intended for sexual use.

Internet service providers would be held liable only if they actively create, develop or intentionally distribute illegal content, and not solely for providing access. The state attorney general could bring civil actions for violations and impose civil penalties of up to \$10,000 per violation.

Storer said the measure is intended to protect children and sexual assault victims by giving survivors recourse and encouraging websites to remove abusive material.

“This bill creates a clearer path to justice,” Storer said. “It gives survivors a voice, it creates real incentives for websites to remove illegal content and it ensures that those who facilitate abuse cannot simply look the other way.”

Lawmakers voted 44-1 to adopt the second component of the divided amendment, which contained the

underlying bill, Bosn’s LB935.

A third division, adopted 31-0, incorporated the provisions of Syracuse Sen. Bob Hallstrom’s LB876, which would establish a statewide 72-hour “no-contact period” to automatically take effect when a person is arrested for certain domestic or sexual assault offenses.



Sen. Bob Hallstrom

During that period, the accused would be required to avoid all contact with the alleged victim. Law enforcement would be required to notify both parties, and victims could waive the restriction in writing. Violations would be punishable as a Class I misdemeanor for a first offense and a Class IV felony for subsequent offenses.

Hallstrom said victims are most vulnerable immediately following an incident and that the measure would provide protection during a critical period before a court can issue a formal order.

The fourth component of the divided committee amendment, also adopted 31-0, includes provisions of Hallstrom’s LB1139. Under current law, child and spousal support debts act as ongoing liens on a person’s property until formally removed. LB1139 instead would apply liens only when a payment is missed and remove them automatically once payment is made.

Containing provisions of Bosn’s LB789, the fifth division would prevent defendants from benefiting if they intentionally make a witness unavailable, allowing a witness’s prior statements to be admitted in court. Senators adopted the amendment 29-0.

Lawmakers also approved a division of the committee amendment containing LB1020, introduced by Sen. Eliot Bostar of Lincoln, on a 31-0

vote. The proposal would make it a Class IIIA felony to use a mobile tracking device — such as a GPS tracker or Bluetooth tag — to monitor a person or their property without consent, including failing to remove the device after consent is revoked.



Sen. Eliot Bostar

The measure includes exceptions for law enforcement with proper authorization, parents or guardians monitoring minor children, caregivers tracking vulnerable adults and businesses using the technology for legitimate purposes, such as logistics.

LB1020 also would create a criminal offense for “swatting,” or making a false report of an emergency to trigger an immediate law enforcement response. Penalties would vary based on the outcome, ranging from misdemeanors to a Class II felony — punishable by up to 50 years imprisonment — if serious injury occurs.

If a swatting incident results in death, it would be a Class IB felony, punishable by up to life imprisonment. Courts also could order restitution to victims and responding agencies.

Finally, the proposal would regulate drone use by defining restricted airspace and prohibiting operation in such areas without Federal Aviation Administration approval and prior notification of state and local authorities. Violations could result in a Class III misdemeanor, punishable by up to three months imprisonment, a \$500 fine or both.

Bostar said the measure is intended to modernize Nebraska’s criminal code to address emerging threats related to evolving technology, including digital surveillance and false emergency reports.

“Nebraskans deserve laws that

recognize those threats and respond to them clearly, proportionally and effectively,” Bostar said.

The seventh portion of the committee amendment, from Sumner Sen. Teresa Ibach’s LB1199, would expand eligibility for the Legal Education for Public Service and Rural Practice Loan Repayment Assistance Act by increasing the population threshold from 15,000 to 75,000 residents and providing additional funding.



Sen. Teresa Ibach

The proposal is intended to address the growing shortage of attorneys in rural Nebraska by allowing more communities to qualify for assistance, Ibach said, adding that expanding eligibility and funding would help attract and retain lawyers in underserved areas and ensure residents have access to legal services.

Sen. Dan Quick of Grand Island offered an amendment to Ibach’s proposal, adopted 39-0, to extend eligibility to larger communities with attorney shortages, such as in Hall County, which otherwise would be excluded because they include a U.S. Census metropolitan statistical area. Senators then approved that division of the committee amendment on a 39-0 vote.

The final division includes provisions of LB1228, introduced by Bellevue Sen. Rick Holdcroft at the request of Gov. Jim Pillen. The proposal would establish a new docket fee assessed as court costs in civil cases and traffic misdemeanors or infractions filed in district and county courts and create a \$10 case-management system software fee.



Sen. Rick Holdcroft

Holdcroft said the measure is needed to help modernize the state's outdated JUSTICE case management system, describing it as "clunky," difficult to use and long overdue for an upgrade.

Sen. Wendy DeBoer of Bennington opposed the proposal, arguing that court fees should not be used to fund a basic function of government. She said that while some view court costs as a user fee, the court system serves everyone — not just those directly involved in cases — because it underpins things like contracts, property rights and business transactions.

While the JUSTICE system needs significant updates, DeBoer said, relying on fees to pay for it is the wrong approach because access to the courts should not depend on a person's ability to pay.

Omaha Sen. Machaela Cavanaugh also opposed the provisions, saying reliance on court fees instead of state general funds shifts costs onto individuals and creates an unstable funding model, placing an unfair burden on people who already may be struggling financially.

"It's not sustainable or predictable, and a lot of times these people don't have the resources to pay these fees," Cavanaugh said.

Senators adopted the amendment 30-10.

DeBoer then offered an amendment, adopted 42-0, to adjust the proposed docket fees for civil cases filed in county court. Rather than eliminating the fee structure entirely, she said, the amendment would modify how those fees are applied to ease the financial burden on court users while preserving a funding source for needed technology updates.

Following adoption of DeBoer's amendment, senators voted 35-4 to advance LB935 to select file.

## REVENUE

### Retention, attraction incentives for large companies advanced

Lawmakers gave first-round approval March 24 to a measure intended to incentivize major employers to keep their headquarters and employees in Nebraska after merging with another company.

Elkhorn Sen. R. Brad von Gillern, who introduced LB1165 on behalf of Gov. Jim Pillen, said the bill would help Nebraska compete with other states in retaining and attracting corporations and their employees.



Sen. R. Brad von Gillern

He said the measure would grow the state's economy and possibly prevent the economic and individual disruptions caused by the departure of a major employer.

As introduced, LB1165 would have updated the Key Employer and Jobs Retention Act, which provides a wage retention credit to certain businesses experiencing a change in ownership and control.

A Revenue Committee amendment, adopted 34-3, replaced the bill with a revised version of the original proposal as well as two other bills considered by the committee this session.

Under the proposed Grow the Good Life Act, an employer that merges with an out-of-state company would receive a similar wage retention credit of no more than \$5 million per year, or \$50 million in total.

To qualify, a company would have to employ at least 3,000 people in Nebraska before a merger. It also would have to retain its headquarters and at

least 90% of its base year employees in Nebraska throughout a 10-year period, during which it may earn the credits, and another 10-year period, beginning in 2031, during which it must claim them.

If the company relocates its headquarters or fails to retain the required number of employees, all or a portion of the credits would be recaptured or disallowed.

The proposal also would increase credit percentages for companies that meet certain job creation and investment thresholds under the ImagiNE Nebraska Act.

Under the amendment, the credit percentages would increase by an additional point if a qualifying large employer hires 500 or more full-time employees within seven years of a merger.

For the increased percentage to apply, an employee must be newly employed by the company in Nebraska, an existing employee who transfers to a position in the state or a new employee who relocates to Nebraska. Employees also would have to be paid average annual wages of at least \$100,000.

The amendment would allow companies to use the ImagiNE Nebraska Act credits to pay up to 50% of employees' child care costs.

Additionally, the measure would allow the state Department of Economic Development to use the Site and Building Development Fund to award grants to an employer for capital improvements related to employee retention and recruitment after a merger.

The department also could award grants or interest-free loans to certain first class cities that have been affected by a "sudden and significant private-sector entity closure or downsizing." A grant could be used to acquire land, infuse infrastructure or otherwise prepare large sites and buildings for industrial development.

Both types of grants would be limited to \$2.5 million per year for fiscal year 2026-27 and FY2027-28.

Finally, the proposal would require the state Department of Labor to create a grant program for economic development organizations that assist companies with employee retention and relocation when they are experiencing a merger. Total grant funds would be limited to \$300,000.

The committee amendment also contains provisions of LB1191, sponsored by Sen. Bob Hallstrom of Syracuse. Under his proposal, certain companies with active agreements to receive tax incentives under the Nebraska Advantage Act would have nine years rather than six to meet required employment and investment levels.



Sen. Bob Hallstrom

For the extension to apply, a company would have to make a one-time election and pay a \$90,000 fee. The provision would apply only to Tier 6 projects approved on or after Dec. 1, 2020.

Under the provisions of LB1192, introduced by Lincoln Sen. Jason Prokop, facilities in primary class cities with seating capacities of greater than 16,000 seats would be eligible for assistance under the Convention Center Facility Financing Assistance Act.



Sen. Jason Prokop

Prokop said the proposed change could allow for the expansion of Lincoln's Pinnacle Bank Arena.

Sen. Mike Jacobson of North Platte supported LB1165, calling it a "model" program for growing the state's population and tax base. He

said the incentives would encourage Union Pacific, which has proposed acquiring Atlanta-based railway Norfolk Southern, to keep its headquarters in Omaha and relocate employees from Georgia to Nebraska.

Those new arrivals and their families would pay income, property and sales taxes, Jacobson said, more than offsetting the proposal's reduction in state revenue.

"We'll get them here for a fraction of what we have to lay out," he said.

Several senators who opposed LB1165 said the proposal would incentivize activity that would happen anyway.

Lincoln Sen. Danielle Conrad, who offered a series of unsuccessful motions to extend debate, said Union Pacific has committed to keeping its headquarters in Omaha after the merger.

She added that it would be fiscally and morally irresponsible to create additional business tax incentives at a time when lawmakers have proposed cutting services for veterans, the homeless and Nebraskans with disabilities in an effort to balance the state budget.

"[LB1165] comes at the wrong time, and it sends the wrong message," Conrad said.

She introduced an amendment to remove the retention and relocation grant provisions from the bill, saying they would be used to create a "white glove concierge service" for Union Pacific employees who relocate to Nebraska.

She said the company should pay for those services, not taxpayers.

Von Gillern opposed the amendment, saying the grant would help provide site visits and other services to relocating employees and their families, helping them "put down roots" in Omaha.

"This is all about getting people

here and making sure that they turn into lifelong Nebraskans and that they're productive employees," he said.

The amendment failed on a vote of 9-24.

Senators rejected another Conrad amendment that would have removed the portion of the bill allowing for capital improvement grants to employers experiencing a merger. She said the provision is intended to help Union Pacific remodel its headquarters.

LB1165 advanced to select file on a vote of 38-3. ■



# CRAFTING THE STATE BUDGET

The primary constitutional duty of the Legislature is to pass the state budget. Before a budget is passed, however, the Legislature must consider hundreds of funding requests for the creation, maintenance or improvement of government services, programs, equipment and infrastructure.

This lengthy process is governed and guided by provisions of the Nebraska Constitution, state statutes and legislative rules.

**BIENNIUM** Nebraska's budget cycle consists of two fiscal years, called a biennium. Biennial budgets are enacted during regular 90-day legislative sessions held in odd-numbered years. Budget adjustments are made during regular 60-day sessions held in even-numbered years. Consequently, the volume of issues and dollar value of decisions during short sessions typically are less.

The Legislature's Appropriations Committee is responsible for reviewing budget requests and presenting a budget recommendation to be considered by the full Legislature. Before submitting its recommendation, the committee considers recommendations from the governor, requests from state agencies and fiscal impacts of bills sponsored by senators.

The process begins when state agency requests come to the Legislative Fiscal Office in the fall prior to each session. Fiscal Office staff study the requests and prepare briefings for the Appropriations Committee. At the same time, budget analysts from the executive branch are reviewing agency requests and working with the governor to formulate his or her budget recommendation.

Revenue forecasts generated by the Fiscal Office are reviewed by the Nebraska Economic Forecasting Advisory Board along with forecasts developed by the state Department

of Revenue. The board's estimates become the basis for planning general fund budget conditions for the current and next biennium.

**GOVERNOR'S RECOMMENDATION** The governor is required to submit his or her budget recommendation by Jan. 15 in odd-numbered years, except that in the first year of office a governor may submit a proposal on or before Feb. 1. The governor communicates his or her proposals through a state of the state address and formally submits his or her recommendation to the Legislature through one or more bills, introduced by the speaker of the Legislature at the request of the governor.

The governor's appropriation bills routinely are referred to the Appropriations Committee. Other substantive bills that are instrumental to the governor's budget recommendation are referred to the standing committee having subject matter jurisdiction. Such substantive bills are not subject to the Jan. 15 deadline.

During the first 10 days of session, senators introduce other bills, which may require an appropriation to implement.

In January and February, the Appropriations Committee reviews

the Fiscal Office analysis of each agency budget request. Under legislative rules, the committee must submit its preliminary recommendations in a report to the Legislature 20 to 30 legislative days after the governor's budget submission.

The report includes preliminary funding levels and an overall analysis of the state's spending capacity based on current revenue forecasts, tax rate assumptions and compliance with the statutory minimum reserve, which must fall between 3% and 7% of available general funds. The estimates in the preliminary report become the basis of discussion during subsequent public hearings with state agencies and other interested parties.

**"A" BILLS** During this time, other standing committees are conducting hearings on bills referred to them. Each bill has an accompanying fiscal note, which is an estimate of the financial impact of the legislation, including expenditures and revenues.

The fiscal note becomes the basis for estimating what appropriation may be necessary if the bill becomes law. When a committee advances a bill that has a financial impact, a companion bill authorizing an appropriation is introduced. This bill is assigned the same number as its companion along with an "A" suffix.

COMMITTEE RECOMMENDATION

After issuing its preliminary report, the Appropriations Committee conducts public hearings on the budget and then reviews all preliminary decisions, information obtained during the hearings and any other information brought to its attention.

The committee meets for about two weeks to complete a set of recommendations that is offered to the full Legislature in the form of amendments to the governor's legislation or new bills.

During a long session, the committee has until the 70<sup>th</sup> legislative day to place its budget bills on general file. During a short session, the deadline is the 40<sup>th</sup> day. If the committee fails to introduce its bills by the deadline, legislative rules require that senators consider the appropriation bills as introduced by the governor.

At a minimum, the Legislature must consider three appropriation bills: one for legislators' salaries; another for the salaries of constitutional officers, which generally includes other elected officials and judges; and a third to make appropriations for all other expenditures.

However, the committee typically introduces several bills that fall under broad categories. One large bill appropriates most state funds for operations and state aid. A second bill typically is offered to make appropriations for capital construction projects. Another bill provides for deficit appropriations, which are adjustments to appropriations previously authorized for the

current year. It is not unusual for the deficit bill to be considered early in the session because some of the adjustments may be emergencies that apply to the current year.

Other bills also may be offered, including bills making appropriations for salary increases, increased benefit costs or substantive law changes — such as authorization for a fee and creation of a fund — that implement some aspect of the committee recommendation.

STATUS REPORT

After the committee's bills are placed on general file, a daily financial status report of the general fund accompanies the daily agenda. The status report indicates the amount of budgeted funds under the committee recommendation and the amount of additional spending that could be accommodated beyond the statutorily required minimum reserve.

For planning purposes, the status also indicates financial conditions for the biennium under consideration plus the two following years. Although the Legislature considers only the first two years for appropriations, simulating impacts for two additional years provides useful information on the state's ability to sustain future obligations.

During long sessions, all other bills having a general fund expenditure or a general fund revenue loss are held on final reading and may not be read until the Appropriations Committee's budget bills pass. During short sessions, other bills may be read after the 45<sup>th</sup> day.

By rule, the Legislature must pass

appropriation bills by the 80<sup>th</sup> day in a long session or the 50<sup>th</sup> day in a short session. There is no penalty for not passing appropriation bills as provided by rule, other than the holdup of bills during a long session. Circumstances such as volume of amendments, length of debate and full discussion of appropriations matters can extend passage of the appropriation bills beyond the prescribed deadlines. Appropriation bills usually carry the emergency clause, which requires 33 votes for passage on final reading. This also is true of deficit bills. Bills without the emergency clause need 25 votes to pass.

VETOES

On appropriation bills, the governor has the option of signing the bill, letting the bill become law without his or her signature, vetoing the bill or returning the bill to the Legislature with one or more line-item vetoes. Within a day of the return of appropriation bills to the Legislature with total or line-item vetoes, the Appropriations Committee must report on the impact of the vetoes and may offer a motion to override all or some of them.

Individual members of the Legislature may then offer their own veto override motions. For an override motion to succeed, two-thirds of the Legislature must vote for it.

All final appropriations ultimately enacted take effect July 1 of the designated fiscal year or, if passed without the emergency clause, three calendar months after the end of the legislative session. Deficit bills making adjustments to current-year appropriations with the emergency clause are effective immediately. ■

Unicameral Information Office  
Nebraska Legislature  
P.O. Box 94604  
Lincoln, NE 68509  
03-23-05

PRESRT STD  
U.S. POSTAGE PAID  
LINCOLN, NE  
PERMIT NO. 212

