

ECONOMIC DEVELOPMENT

LB 74 – Population Threshold for Annexation

Legislative Bill 74 would increase the upper limit of a county's population threshold from 200,000 to 250,000 for annexation, suburban development, and planned unit development by cities of the first class, second class, and villages.

LB 97 – Riverfront Development District Act

Legislative Bill 97 would enable cities to create one or more riverfront districts to improve or develop riverfront areas and to assess an occupation tax based on a business owner's square footage to fund the development. A quasi-municipal body, a Riverfront Development Authority, would oversee and take actions related to development, including: creating and implementing plans for improvements; funding infrastructure and public improvements by fixing and charging rents for use of the Authority's real property; receiving and investing grants and loans; and issuing bonds.

LBs 126, 272, 467, and 475 – Tax Credit Legislation

The Nebraska Legislature proposed various amendments to the Nebraska Job Creation and Mainstreet Revitalization Act, the Nebraska Advantage Act, and the New Markets Job Growth Investment Act.

Legislative Bills 126 and 475 propose amended deadlines for filing tax credit applications under the Nebraska Job Creation and Mainstreet Revitalization Act. LB 126 would shorten the deadline for new applications from December 31, 2022, to December 31, 2020. LB 475 proposes a shorter deadline than LB 126 and would prohibit applications after the effective date of the act.

Legislative Bill 272 would establish powers and duties of the Nebraska Department of Revenue for determining tax credits under the Nebraska Job Creation and Mainstreet Revitalization Act. The Department of Revenue would determine the amount of eligible expenditures, calculate the amounts of tax credits, and issue certificates evidencing the tax credits.

Legislative Bill 467 would amend the Nebraska Job Creation and Mainstreet Revitalization Act. LB 467 would prohibit: allocating credits between January 1, 2018, and December 31, 2019; carrying over credits unused in 2017; and the final approval of applications for credits between January 1, 2018, and December 31, 2019.

Legislative Bills 126 and 467 also propose amendments to the Nebraska Advantage Act. LB 126 would revise the application deadline from December 31, 2020, to December 31, 2018. LB 467 would prohibit the approval of applications during the period from July 1, 2017, to June 30, 2019.

Legislative Bill 467 amends the New Markets Job Growth Investment Act. The bill would prohibit applications for designations as a qualified equity investment from July 1, 2017, through June 30, 2019.

LB 291 – Special Economic Impact Zone Act

Legislative Bill 291 adopts the Special Economic Impact Zone Act to utilize tax incentives to form and expand businesses on reservations in Nebraska. The act would establish each reservation as a special economic impact zone. A qualified business would be any business entity subject to income taxes or sales and use taxes that establishes a business location within a special economic impact zone, derives no more than 5% of its income from the sale of agricultural grain, and does not engage in Class III gaming activity. For tax years beginning on or after January 1, 2018, a qualified business could exclude from its calculation of income tax liability any income derived from sources within a special economic impact zone. A qualified business would also be exempt from sales and use taxes under the Nebraska Revenue Act of 1967 for the first \$10,000,000 of purchases of any goods or services subject to such tax for use within a special economic impact zone. Any qualified business receiving tax incentives under the

Nebraska Advantage Act would also be eligible to qualify for the tax incentives under the Special Economic Impact Zone Act. But a qualified business that relocates to a special economic impact zone would not be eligible for the tax incentives under the act. In allocating federal low-income housing tax credits, the authority would give a bonus equal to 2% of the total number of points allowable under the scoring system to any project located in a special economic impact zone.

If the governing body of any federally recognized Indian tribe within Nebraska presents a revenue-sharing agreement to the Department of Revenue containing certain prescribed provisions, the Department would enter into the agreement. If the agreement contains more than the provisions required by the bill, the Department would have discretion whether to enter into the agreement. The agreement must contain provisions regarding the agreement's duration and purpose and require the Indian tribe to impose a tribal tax on tribe members and nonmembers equal to or less than Nebraska sales and use taxes, unless a transaction is exempt from sales and use taxes. The tribe must share 20% of the tribal tax with the State of Nebraska. The agreement must also contain provisions regarding enforcement, remittance of taxes collected, the method to terminate the agreement, a dispute resolution procedure, and adequate reporting and auditing provisions. Under a revenue-sharing agreement, the state would not impose Nebraska sales and use taxes on any transaction subject to tribal tax.

ENERGY

LB 87 – Net Metering

Legislative Bill 87 would change the definition of a qualified facility to include facilities with a net rated capacity of 100 kilowatts (instead of 25 kilowatts). LB 87 would also increase the threshold at which a local distribution utility must provide net metering to customer-generators from 1% to 5% of the utility's average aggregate forecast of monthly peak demand.

LB 352 – Wind, Solar, and Fuel Cell Business Financing Act

Legislative Bill 352 adopts the Wind, Solar, and Fuel Cell Business Financing Act. The act would establish an online application process for wind, solar, and fuel cell applications.

LB 392 – Designation of "Wind Friendly" Counties

Legislative Bill 392 would direct the Department of Agriculture to establish criteria for counties to "create, maintain, or expand wind energy opportunities" in Nebraska. The Department would assist counties with adopting zoning regulations and analysis of resources to encourage wind energy development, and provide marketing opportunities for counties designated as "wind-energy-friendly."

LB 494 – Non-Public Records Relating to Energy Infrastructure

Legislative Bill 494 would exempt from disclosure public records relating to energy infrastructure, including records, maps, drawings, equipment, computer programs, data, the identities of personnel responsible for control or maintenance of such physical or cyber assets, and other information the disclosure of which would pose a threat to public safety or the security of critical energy infrastructure.

LB 504 – Moratorium on Wind Projects in the Sandhills

Legislative Bill 504 would impose a two-year moratorium on wind-generated energy projects in the Sandhills, beginning January 1, 2018, and create a task force to study locating wind-energy projects in the Sandhills. The Department of Natural Resources would define the "Sandhills."

LB 547 – Restriction on Eminent Domain and Elimination of Review of Private Projects by the Nebraska Power Review Board

Legislative Bill 547 would restrict public power districts and electric cooperatives from using eminent domain to acquire private facilities that generate or transmit electricity. The bill would also exempt such facilities from review by the Nebraska Power Review Board.

LBs 610 and 626 - Community Solar Energy Economic Development Act and Shared Community Solar Act

Legislative Bill 610 would enable public power districts, nonprofit organizations, and political subdivisions to develop community solar projects, which could operate in conjunction with for-profit entities to monetize tax credits. Community solar projects would also be eligible for grant funding from the Nebraska Environmental Trust Board.

Legislative Bill 626 would allow the aggregation of net metering for shared community solar energy projects. The bill would allow public distribution utilities to create pilot programs to study shared community solar projects.

LB 625 - Property Assessed Clean Energy Act

Legislative Bill 625 would amend the Property Assessed Clean Energy Act to include the installation, replacement, or modification of agricultural machinery and properties within the scope of projects and property eligible for alternative financing mechanisms covered by the act. Counties could also form energy improvement districts that implement alternative financing mechanisms for clean energy improvements.

LBs 657 and 660 – Retail Electricity Transparency Act and Retail Electricity Choice Act

Legislative Bill 657 would require every supplier of retail electricity to provide customers separate charges for energy, generation, transmission, distribution, meter service renewable energy or energy efficiency, decommissioning fees, demand charges, and any special assessments. The requirement would start on July 1, 2018.

Legislative Bill 660 would authorize retail sales of electricity by private suppliers beginning on July 1, 2018. The Public Service Commission would establish criteria for retail electric competition. LB 660 would also prohibit suppliers from exercising eminent domain to provide electricity to retail customers.

LIQUOR

LB 254 – "Home-brewed" Alcoholic Beverages

Amateur brewing competitions and clubs have exploded in popularity in recent years. Similar events in Nebraska have been cancelled, however, due to legal issues associated with non-licensed amateur brewers and distillers. Current state law allows only licensed brewers, distillers, wholesalers, and retailers to be engaged in the production, transportation, delivery, and sale of alcoholic beverages.

Legislative Bill 254 would allow for limited production, transportation, and delivery, but not the sale, of alcoholic beverages by non-licensed persons in Nebraska.

LB 632 – Omnibus Liquor Bill

Legislative Bill 632 would: define and allow for the operation of "Bottle Clubs"; limit the conditions under which Special Designated Licenses may be obtained for events; clarify reporting requirements and liability for excise taxes reported and paid by shippers, wholesalers, and manufacturers; grant the Nebraska

Liquor Control Commission additional authority to suspend licenses; and increase the permitted size of growlers from 32 ounces to 64 ounces. The bill also would amend provisions regarding Craft Brewery and Manufacturer's Licenses to limit the growth of craft breweries in Nebraska.

MUNICIPAL LAW

LB 127 – Public Meeting Notices

Legislative Bill 127 would establish publication requirements for notices of public meetings. Public bodies would have to publish notices of public meetings in a newspaper of general circulation in each county within the public body's jurisdiction.

LB 627 - Autonomous Motor Vehicles

Legislative Bill 627 would authorize any person with a valid driver's license to operate an autonomous motor vehicle in Nebraska. Drivers could legally use handheld wireless devices, but could not maintain a television screen within the driver's view.

LB 627 would also establish requirements for autonomous motor vehicles. In addition to compliance with all applicable laws, every autonomous motor vehicle in Nebraska must: alert the operator if the technology is failing; visually indicate when the motor vehicle is in autonomous mode; and comply with all Nebraska traffic laws.

REAL ESTATE

LB 38 – Electronic Signatures on Recordable Instruments

Legislative Bill 38 would amend Nebraska's statutes governing recordable instruments to allow for electronic or digital signatures.

LB 228 – Rent-Restricted Housing

Legislative Bill 228 would require an owner of a rent-restricted housing project to electronically file actual income and expense data with the Rent-Restricted Housing Projects Valuation Committee by July 1. The Department of Revenue would then have to forward the data to the county assessor by August 15. Under current law, an owner must file the data with the county assessor by October 1.

LB 304 – Housing Agencies

Legislative Bill 304 would amend the Nebraska Housing Agency Act to: allow three or more members of a housing agency to be residents of the same incorporated community within a county; shorten the amount of time before a housing agency may dispose of personal property from 45 to 14 days; lengthen the amount of time a housing agency has to prepare a report summarizing its activities after the end of each fiscal year from six to nine months; eliminate the requirement a housing agency file a copy of its five-year plan and annual plan with the governing body of the city or county that created the agency; increase the dollar restriction on goods or services a housing agency may purchase from a housing agency official from \$500 to \$3,000 in one instance and from \$2,500 to \$10,000 during a calendar year; and increase the minimum dollar threshold before requiring public bidding for contracts to construct housing developments from \$50,000 to \$150,000.

LB 518 – Rural Workforce Housing Investment Act

Legislative Bill 518 would create funding for rural workforce housing. Rural communities would mean: any municipality with less than 100,000 inhabitants; an unincorporated area within such a county; or census tracts with high unemployment rates or significant decreases in population in the two most recent

censuses. The Department of Economic Development would administer the program, which would be funded, in part, through a transfer from the Affordable Housing Trust Fund.

TAX INCREMENT FINANCING

Legislative Bills 95, 151, 262, 489, and 597 would limit tax increment financing ("TIF"). LB 262 would prohibit the issuance of bonds to acquire or develop vacant or undeveloped land. LB 262 would also prohibit a municipality from declaring undeveloped or vacant land substandard and blighted unless the property was within the city's boundaries and unimproved for at least forty years. LB 95 would impose administrative requirements on a city seeking to issue bonds for TIF projects, including notice and public hearing requirements and regular reviews and cost-benefit analyses of redevelopment plans. LB 597 would require municipalities to apply to the Tax Commissioner to approve the use of TIF. LB 151 would require any entity audited by the State Auditor to detail any corrective action taken in response to the Auditor's findings within six months of such finding. LB 489 would redefine "redevelopment project" to exclude plans for a program of voluntary or compulsory repair, rehabilitation, or demolition of any improvements other than buildings.

Legislative Bill 496 and Legislative Resolution 16CA would expand the use of TIF. LB 496 would redefine redevelopment projects to include construction of workforce housing projects in first and second class cities and villages if the municipality follows certain procedures. LR 16CA would amend the Nebraska Constitution to allow the use of TIF for 20 years for areas designated as extremely blighted instead of the current 15-year limitation.

TAXES AND TAX EQUALIZATION REVIEW COMMISSION

LBs 322 and 555 – Tax Equalization and Review Commission Act

Legislative Bill 322 proposes various amendments to the Tax Equalization and Review Commission Act. Some amendments deal with the qualifications of commissioners. At least one commissioner would have to possess the certification, qualifications, and training required to become a certified general real property appraiser. And at least one commissioner would have to have been a broker for at least ten years and be currently licensed as a broker under the Nebraska Real Estate License Act.

The bill proposes several requirements for appeals to the commission. A party to an appeal would have to receive at least sixty days' notice prior to a hearing. The appellant would have to acknowledge the date and time of the hearing and confirm the appellant wants a hearing. Each appeal would have to include a statement the representations in the appeal are true to the appellant's knowledge. The commission would have to hear all petitions and appeals within eighteen months after filing. And the commission would have to deliver its decision within thirty days after the hearing.

The bill also changes the procedures for county appeals regarding overvalued or undervalued property. The hearing would have to be at least fifteen days following notice unless the county waives notice. The commission could serve notice on a county attorney. An authorized representative of the county board of equalization could waive notice of the hearing or consent to an order adjusting the value of property. And upon an order changing a class or subclass of real property, a county would be entitled to a rehearing if the county discovers additional relevant evidence.

Finally, the bill would require standards of uniformity within a class or subclass of properties within a county. Standards of uniformity would mean percentage variations from the Standard of Ratio Studies by the International Association of Assessing Officers. The bill would require, for example, variations of less than 15% for residential property, and less than 20% for agricultural land, commercial property, and vacant land. If the variance falls outside the acceptable range, the commission would have to consider a moratorium on changes in the valuation or a reappraisal of the subject class or subclass of real property.

Legislative Bill 555 would amend provisions of the Tax Equalization and Review Commission Act regarding the reimbursement of commissioners for travel time and the fees for filing appeals or petitions with the commission.

LB 579 – Termination of Occupation Taxes

Under Legislative Bill 579, the city council could pose the question of whether to extend certain occupation taxes to all registered voters at a city election held in an odd-numbered year. If the council did not present an occupation tax to voters, the tax would terminate on December 31 of the second odd-numbered year after its imposition. If voters approved continuing the tax, it would continue for an additional four years. The city council would have to pose the question of whether to continue the tax to voters every four years, unless voters disapproved continuing the tax, in which case, the tax would expire on December 31 following the election.

Cities of the primary, first, or second class or village would not be required to ask voters whether to change the rate of an occupation tax imposed on a specific project that did not provide for the deposit of tax proceeds in the municipality's general fund. Such cities or villages and cities of the metropolitan class would not be required to ask voters whether to terminate an occupation tax earlier than the determinable termination date.

WATER

LB 182 and LR 4 - Drinking Water Quality

The Drinking Water State Revolving Fund provides low interest loans and loan forgiveness to certain suppliers of public water for required construction or modification of drinking water systems. Under current law, a public water system operated by a political subdivision with a population of more than 10,000, regardless of the number of persons actually served by the system, is not eligible to access the Fund. Legislative Bill 182 would tie the threshold for access to the Fund to the number of persons served by the public water system.

Recent multi-million dollar litigation in Iowa involving nitrate removal from the Raccoon River by Des Moines Water Works has spurred national interest in studying the impacts of agricultural land-use practices on public water supplies. Legislative Resolution 4 would convene an interim study to develop findings and recommendations as to whether a more comprehensive study is necessary, and whether Nebraska should adopt nutrient management plans to manage agricultural runoff.

LB 218 – Streamflow Augmentation Projects

Legislative Bill 218 would require additional public notice, hearing, and resolutions regarding the development and use of streamflow augmentation projects for interstate compact compliance. LB 218 would further require the sale of assets, severance of ground water rights, termination of a streamflow augmentation project, and payment of outstanding debt in accordance with a statutorily-mandated timeline. Under LB 218, the Department of Natural Resources, rather than Nebraska's Natural Resources Districts, would adopt rules and regulations governing augmentation projects.