
Cornhusker Economics

2025 Legislative Update

The 2025 Unicameral dealt with major state budget challenges but also managed to enact four bills affecting Nebraska agriculture, holding three other bills over for possible action in the 2026 legislative session. Enacted legislation dealt with a ban on laboratory-grown meat, the merger of state natural resource and environmental agencies, amending the 2024 paid sick leave initiative, and establishing a School Financing Review Commission. Agricultural-related bills carried over to the 2026 legislative session include lowering cattle feedlot brand inspection fees, inheritance tax reductions, and modifying the 2022 minimum wage initiative.

Laboratory-grown meat. Legislative Bill (LB) 246 was introduced by Senator DeKay (Niobrara) at the request of Gov. Pillen. LB246 bans the development of meat products created through laboratory production rather than livestock production. Sometimes referred to as cultivated protein products, the ban does not apply to plant-based alternative meat products such as the Burger King Impossible Burger. According to media outlets, Nebraska is the fourth state to ban lab-grown meat products, following Florida, Alabama, and Mississippi. Bill opponents offered product labeling alternatives to the ban.

Department of Water, Environment & Energy. LB317 was introduced by Senator Brandt (Plymouth) at the request of Gov. Pillen. Opposed by natural resource groups, LB317 will merge the Nebraska Department of Natural Resources (DNR) into the Nebraska Department of Environment & Energy (DEE) on July 1, 2025. The DNR administers surface water rights in Nebraska and most of Nebraska's groundwater legislation. The DEE administers most EPA pollution control programs in Nebraska, as well as other environmental programs. The DNR director will become the Chief Water Officer in the new Department of Water, Environment & Energy (DWEE). While little is likely to change overnight in the programs now administered by the DEE and the DNR, over time the Governor will have the opportunity to reallocate staff and funding. Gov. Pillen has indicated that addressing nitrate contamination of groundwater will be a DWEE priority.

Paid sick leave. In 2024, Nebraska voters approved Initiative 436. Under the initiative, all employees will accumulate one hour of paid sick leave for each 30 hours worked. For small businesses (less than 20 employees), employee sick leave would be capped at 40 hours/year unless the employer elects to provide more sick leave. For all other employees, sick leave would be capped at 56 hours/year unless the employer chooses to provide more sick leave. Sick leave is defined to include care of a family member. Initiative 436 takes effect October 1, 2025.

Initiative 436 created a new statute (legislative law) rather than amending the Nebraska constitution. Statutes created through the initiative petition process (like Initiative 436) can be amended by the Unicameral, but with 33 votes. LB415, introduced by Sen. Ballard (Lincoln), exempts businesses with up to 10 employees from paid sick leave requirements,

and removes temporary agricultural workers and workers under 16 years old from receiving paid sick leave benefits. LB415 was opposed on the basis that it did not appropriately respect the judgment of Nebraska voters in approving Initiative 436.

School Financing Review Commission. Proposals to provide property tax relief were not adopted in 2025, as the Unicameral struggled to adopt a balanced budget as required by law. However, the Unicameral did adopt LB303, introduced by Senator Hughes (Seward) at the request of Gov. Pillen. LB303 creates an 18-member commission to consider school finance issues on an ongoing basis. Specifically, the commission will provide the Unicameral with annual recommendations regarding whether to adjust state funding to ensure stable state aid to schools and to reduce property taxes. The bill received widespread support. Its primary challenge will be finding a political consensus on modifying the current state school aid funding program and achieving property tax relief. Public school support is the largest property tax expenditure in Nebraska, so reducing property taxes automatically impacts public school finances.

Carry over bills. The three agricultural-related bills carried over to the 2026 legislative session are lowering cattle feedlot brand inspection fees, inheritance tax reductions, and modifying the 2022 minimum wage initiative.

Brand inspection program. Under current Nebraska law, cattle movement in brand inspection areas requires a brand inspection certificate to ensure that the purported owner of the cattle being moved is the true legal owner. The eastern third of the state is not part of the brand inspection area. The inspection's basic cost is \$1/head and funds the operations of the Nebraska Brand Committee. Feedlots pay essentially \$1/head based on the feedlot's capacity rather than the number of cattle moving into and out of the feedlot (typically a larger number than one-time feedlot capacity).

LB646, introduced by Sen. Ibach (Sumner) originally would have allowed feedlots to pay a \$1,000 registration fee rather than the current \$1/head capacity fee. This would have reduced Brand Committee funding by 25%. As amended, LB646 would change the feedlot registration fee to 50¢/head capacity fee, basically reducing the current feedlot inspection fees by 50%. It would also authorize the brand committee to increase inspection fees up to \$1.50/head and exempt dairies from brand inspection requirements. LB646 has pitted cattle feedlots against ranchers in an uncomfortable political debate. The bill made it to the third round of legislative debate and will be carried over to the 2026 legislative session.

Minimum wage. In 2022, Nebraska voters approved Initiative 433, which raised the state minimum wage. The minimum wage is \$13.50/hour for 2025 and \$15/hour for 2026. In 2027, the minimum wage will increase based on the consumer price inflation index. LB258, introduced by Sen. Raybould (Lincoln), would change the annual increase to the minimum wage to 1.5% annually beginning in 2027 instead of by the rate of inflation. The bill would also establish a new minimum wage for 13- and 14-year-olds and modify the training wage for new employees younger than 18 years old. The filibustered bill was opposed in part because it modified legislative provisions established by Nebraska voters (similar to the sick leave debate). LB258 is at the third round of legislative debate and will be carried over to the 2026 legislative session.

Inheritance taxes. Persons inheriting property located in Nebraska are subject to an inheritance tax. The tax is paid to the county where the property is located. Current Nebraska inheritance taxes are:

- surviving spouse: none
- any person under 22 years old: none
- close relatives of the deceased (siblings, children, grandchildren, great grandchildren, parents, grandparents, great grandparents, and spouses): 1% on anything over \$100,000
- distant relatives of the deceased (aunts, uncles, nieces, nephews, their descendants and spouses): 11% on anything over \$40,000
- other people (friends, neighbors, employees, etc.): 15% on anything over \$25,000.

LB468, introduced by Sen. Clements (Elmwood), would change the taxes paid by distant relatives of the deceased and other persons. They would pay the same 1% on inheritances over \$100,000 that close relatives pay under current law. To

offset the reductions in inheritance tax payments to counties, LB468 would increase a variety of fees and taxes. There were numerous objections to the proposed tax and fee increases. LB468 is at the second round of legislative debate and will be carried over to the 2026 legislative session.

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