

ONE HUNDRED NINTH LEGISLATURE - SECOND SESSION - 2026
COMMITTEE STATEMENT
LB768

Hearing Date: Tuesday February 17, 2026
Committee On: Banking, Commerce and Insurance
Introducer: Dover
One Liner: Provide powers for the Nebraska Investment Finance Authority and change provisions relating to the Nebraska Affordable Housing Act, the Rural Workforce Housing Investment Act, and the Middle Income Workforce Housing Investment Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Jacobson, Bostar, Dungan, Hallstrom, Hardin, Riepe, von Gillern, Wordekemper
Nay:
Absent:
Present Not Voting:

Testimony:

Proponents:

Senator Robert Dover
Maureen Larsen
Ward Hoppe
Zeke Rouse
Justin Brady

Charles Wesche

Dexter Schrodtt
Lynn Rex
Wayne Mortensen
Shannon Harner

Opponents:

Neutral:

Bryce Puck
Ryan McIntosh

Representing:

Opening Presenter
Department of Economic Development
Hoppe Development
Spark
Home Builders of Lincoln / Metro Omaha Builders Association / Nebraska State Home Builders Association / Nebraska Realtors Association / Habitat Omaha
Nebraska Works Lincoln / Nebraska House Developers Association
Nebraska Independent Community Bankers
League of Nebraska Municipalities
Excel Development Group
Nebraska Investment Finance Authority

Representing:

Representing:

Self
Nebraska Bankers Association

* ADA Accommodation Written Testimony



Summary of purpose and/or changes:

LB 768 restructures the management of Nebraska's housing and investment programs by centralizing authority and expanding the operational flexibility of key state entities. The Nebraska Investment Finance Authority (NIFA) gains the power to establish and own nonprofit subsidiaries to further its mission while maintaining a legal shield that prevents those subsidiaries' debts from impacting NIFA's primary assets. To improve administrative efficiency, the bill dissolves the Housing Advisory Committee and grants the Nebraska Department of Economic Development (DED) the power to contract with statewide nonprofits or state instrumentalities to serve as agents for housing programs.

The bill also introduces new financial controls and provides regulatory relief for residential construction projects. Grant funds will no longer be sent directly to developer bank accounts but must instead be held in third party escrow accounts where both the principal and any accrued interest are subject to recapture if a project is not completed. Furthermore, the bill removes a previous requirement that limited the state's ability to take disciplinary actions that might harm a recipient's reputation. LB 768 also narrows the definition of state building to exclude most residential housing projects from strict state energy code compliance and mandatory plan reviews. By allowing these projects to follow local standards rather than the International Energy Conservation Code, the bill seeks to reduce construction costs and accelerate the development of new homes across the state.

Section-by-Section Summary:

Section 1: Adds section 2 of the bill to the Nebraska Investment Finance Authority Act.

Section 2: Expands the operational capacity of NIFA by granting it the explicit power to create and manage a variety of nonprofit structures. Specifically, NIFA is authorized to support, establish, and even own nonprofit entities, subsidiaries, or consortia that further the goals of NIFA. The bill specifies that unless NIFA explicitly states otherwise, the debts, liabilities, and obligations of any nonprofit subsidiary or consortium it creates are not the responsibility of NIFA itself.

Section 3: Adds section 7 of the bill to the Nebraska Affordable Housing Act.

Section 4: Amends Neb. Rev. Stat. § 58-703 to harmonize the statute with the dissolution of the Housing Advisory Committee caused by section 13 of the bill.

Section 5: Amends Neb. Rev. Stat. § 58-708 to prevent grant funds from being sent directly to the developer's bank account. Rather, they must be held in an interest-bearing construction disbursement escrow account managed by a licensed third party, and can only be disbursed upon a sufficient presentation of partial lien releases and supporting invoices or receipts by the qualified recipient. An escrow company must be a licensed title insurance company, financial institution, or third-party law firm.

The grant and loan application period is reduced to 60 days.

Eliminates the reputation protection clause found in subdivision (3)(c)(iv) of Neb. Rev. Stat. § 58-708. The existing statute previously limited DED's enforcement actions by stating that any disciplinary measures taken must not "unduly harm a qualified recipient's reputation and ability to successfully operate in Nebraska."

Allows DED to recapture not only the principal of unused grants, but also any interest that has accrued within the escrow accounts.

Section 6: Amends Neb. Rev. Stat. § 58-709 to harmonize the statute with the dissolution of the Housing Advisory Committee caused by section 13 of the bill.



Section 7: Adds a new section to the Nebraska Affordable Housing Act stating that DED may contract with a statewide public or private nonprofit organization or a state instrumentality which shall serve as agent for the department to help carry out the purposes and requirements of the Nebraska Affordable Housing Act.

Section 8: Amends Neb. Rev. Stat. § 72-804 by narrowing the definition of a "new state building" for the purpose of energy code compliance. Now, "new state building" does not include any building that is constructed or repaired using state funds received in the form of a grant from the state and which will not be owned or managed by the state upon the completion of such construction or repair.

Section 9: Amends Neb. Rev. Stat. § 72-805 to add a specific exception to the state review mandate. In alignment with the changes made in Section 8, the Department of Water, Energy, and Environment is now relieved of its obligation to review plans for buildings that are no longer classified as state buildings. The section also adds harmonizing language to the statute to recognize the repeal of Neb. Rev. Stat. § 58-712 by section 13 of the bill.

Section 10: Amends Neb. Rev. Stat. § 81-1232 to explicitly authorize DED to contract with state instrumentalities to assist in the administration of the Nebraska Affordable Housing Act.

Section 11: Amends Neb. Rev. Stat. § 81-1241 to authorize the Director of DED to contract with state instrumentalities to serve as an agent for DED to help carry out the purposes and requirements of the Rural Workforce Housing Investment Act.

Section 12: Repealer

Section 13: Outright repeals Neb. Rev. Stat. §§ 58-704 and 58-712. These statutes did as follows:

- Neb. Rev. Stat. § 58-704 (Housing Advisory Committee): This statute establishes and governs the Housing Advisory Committee, a 15-member body appointed by the Governor.

- Neb. Rev. Stat. § 58-712 (Energy Code Exemptions): This statute provides a specific exemption from state building energy codes for projects receiving assistance from the Affordable Housing Trust Fund. Specifically, it prohibited the DED from requiring these projects to meet certain requirements of the International Energy Conservation Code (IECC).

Explanation of amendments:

The committee amendment (AM 2364) contains the provisions of LB 768 as amended by AM 2239 (Sections 1-2, 4-12, and 14 of AM 2364) and also the provisions of one other bill (LB 1246) that was heard by the Banking, Commerce and Insurance Committee and was made part of the committee amendment on an 8-0 vote.

AM 2239 to LB 768 (Dover):

AM 2239 makes the following changes to LB 768:

Reference to "grant application" in Neb. Rev. Stat. § 58-708 is changed instead to "application."

Clarifies that the first 80% of funds will be disbursed once the qualified recipient is approved for funding, while the final 20% (excluding administrative and technical costs) will be disbursed upon project completion.



Specifies that interest earned on funds while in an escrow account may be used to pay for the escrow company fees. Any additional interest is to be used at DED's discretion, and any leftover funds in the account after expenses must be returned to the DED.

Adds language explicitly stating that if DED utilizes an agent, any legal reference to "the department" within the Nebraska Affordable Housing Act includes that agent, provided the agreement between the parties specifies those duties.

Expands the exemptions in Neb. Rev. Stat. §§ 72-804 and 72-805 to include state funds received in the form of a grant or in the form of a loan.

LB 1246 (Dover) as amended by AM 2254 (Sections 1, 3, and 6 of AM 2364):

Testifiers on LB1246:

Proponents:

Senator Robert Dover , Opening Presenter

Justin Brady, Nebraska Realtors Association / Homebuilders Association of Lincoln / Metro Omaha Builders Association / Nebraska State Home Builders Association

Opponents: None

Neutral:

Channon Harner, Nebraska Investment Finance Authority

Committee vote to attach LB1246:

Yes: 8 Jacobson, Bostar, Dungan, Hallstrom, Hardin, Riepe, von Gillern, Wordekemper;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 1246 amends Neb. Rev. Stat. § 58-201 to include section 2 of the bill within the Nebraska Investment Finance Authority Act (Act).

Defines the roles and definitions necessary for the oversight of state resources. It identifies the budget administrator of the Department of Administrative Services as the primary oversight figure and establishes that public funds consist of all monies belonging to the state or its political subdivisions. Under this section, NIFA is legally required to record every instance of revenue, fund balance, and expenditure within a formal accounting system to maintain a transparent and verifiable trail of how public money is utilized.

Requires NIFA to submit a comprehensive report on the condition of all public funds at least 20 days before the start of each legislative session to the budget administrator of the budget division of the Department of Administrative Services (DAS), the Legislative Fiscal Analyst, and the Director of DED. Furthermore, NIFA is required to provide monthly accountings of all transactions, including specific details on grant and loan awards, invoices, and administrative costs. The bill also grants these state officials the power to request any relevant records or data in NIFA's possession at any time.

Amends Neb. Rev. Stat. § 58-708 of the Nebraska Affordable Housing Act to mandate detailed annual reports starting in 2027. Also adds language stating that if a recipient fails to report on time or accurately, DED has the option to



demand the return of every cent awarded and even force the transfer of all equity positions or recoverable housing assistance funds directly to the state.

AM 2254 makes the following changes to LB 1246:

Removes the definition of "budget administrator" from section 2 of LB 1246.

Adds language to clarify that the requirements placed on NIFA in section 2 of LB 1246 only apply if NIFA is administering a grant or loan program involving public funds pursuant to an agreement with a state agency.

Requires NIFA to also record in its accounting system all schedules of uses of funds, including all invoices and other supporting documentation, that are submitted by grant or loan recipients under such grant or loan program. The requirement to include such schedules and documentation shall apply only to the extent such information is in the possession of NIFA.

Changes NIFA's reporting requirement under LB 1246 from an active one to a reactive one. NIFA would now be required to provide information to a state agency upon that agency's request, so as to ensure state agency compliance with Neb. Rev. Stat. § 81-1113. Also requires NIFA to grant state agencies, the budget administrator of the budget division of DAS, and the Legislative Fiscal Analyst direct access to the accounting system itself.

Mike Jacobson, Chairperson

