

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 487**

Introduced by McKinney, 11.

Read first time January 21, 2025

Committee: Government, Military and Veterans Affairs

1 A BILL FOR AN ACT relating to the restitution for redlining; to amend  
2 sections 77-4310.01 and 77-4310.03, Reissue Revised Statutes of  
3 Nebraska; to adopt the Restitution and Redress for Redlining Task  
4 Force Act; to change provisions relating to transfers from the  
5 Marijuana and Controlled Substances Tax Administration Cash Fund;  
6 and to repeal the original sections.  
7 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Sections 1 to 9 of this act shall be known and may be  
2 cited as the Restitution and Redress for Redlining Task Force Act.

3           **Sec. 2.** The Legislature finds and declares that:

4           (1) Historical Nebraska state laws and policies show with  
5 indisputable proof that in 1935 the Omaha Home Owner Loan Corporation  
6 created a map that designated neighborhoods red, yellow, blue, or green,  
7 with red corresponding to "high risk" and green corresponding to "low  
8 risk." Mortgage lenders based the level of home loan "risk" in each  
9 neighborhood on factors such as race and immigration status. The Omaha  
10 Home Owner Loan Corporation map designated neighborhoods in North and  
11 South Omaha as yellow and red, while neighborhoods in West Omaha are  
12 designated green. Omaha Home Owner Loan Corporation staff members,  
13 working with local real estate professionals, including lenders,  
14 developers, and real estate appraisers, assigned grades to residential  
15 neighborhoods that reflected their "mortgage security" that would then be  
16 visualized on color-coded maps. Neighborhoods receiving the highest grade  
17 of "A," colored green on the maps, were deemed minimal risks for banks  
18 and other mortgage lenders when they were determining who should receive  
19 loans and which areas in the city were safe investments. Those receiving  
20 the lowest grade of "D," colored red, were considered "hazardous."  
21 Conservative, responsible lenders, in Omaha Home Owner Loan Corporation  
22 judgment, would "refuse to make loans in these areas or only on a  
23 conservative basis." Omaha Home Owner Loan Corporation created area  
24 descriptions to help to organize the data they used to assign the grades.  
25 Among that information was the neighborhood's quality of housing, the  
26 recent history of sale and rent values, and, crucially, the racial and  
27 ethnic identity and class of residents;

28           (2) As a result of these maps beginning in 1936, the neighborhoods  
29 of Omaha's Near North and South Sides were systematically segregated from  
30 the rest of the city by means of prohibitive and discriminatory home  
31 lending practices. In Omaha and cities across the country, red lines were

1 drawn on city maps by the Home Owners' Loan Corporation identifying  
2 predominantly African-American and new American immigrant communities in  
3 Nebraska such as: Latino and Hispanic communities, Asian communities, and  
4 southern European communities, which included Russians, Poles, Czechs,  
5 Germans and even Catholics as "hazardous" and "unfit for investment;"

6 (3) This discriminatory policy adopted and sanctioned by the State  
7 of Nebraska was part of a pattern of national policies that practiced  
8 these same prejudicial and preferential practices in cities and town  
9 across the United States;

10 (4) Although Congress outlawed discriminatory lending policies in  
11 the mid-twentieth century, federal policies leading up to that time  
12 limited where people could live, creating geographic concentrations of  
13 lower-income families and fueling suburban growth for higher-income  
14 families. Official practices pertaining to zoning and mortgage lending,  
15 along with restrictive covenants, impacted the shape of neighborhoods  
16 across the country. The effect of those practices was illustrated through  
17 federal redlining maps created by the Omaha Home Owner Loan Corporation  
18 and advanced by the Federal Housing Administration. Although these  
19 redlining maps conveyed reservations about lending in neighborhoods that  
20 were already economically depressed, making the impact race played in  
21 redlining difficult to isolate empirically, official practices outlined  
22 in the Federal Housing Administration's Underwriting Manual make it clear  
23 that race did indeed play a role in lending decisions;

24 (5) In spite of the Fair Housing Act of 1968, which broadly  
25 prohibits discrimination in the sale or rental of housing, the red lines  
26 drawn around Omaha continue to hold strong, leaving long-lasting effects  
27 on communities today. Redlining denied access to financial services in  
28 neighborhoods, concentrating disadvantages and resulting in higher  
29 measures of social vulnerability today;

30 (6) A preponderance of scholarly, legal, and community evidentiary  
31 documentation, as well as popular culture markers, constitute the basis

1 for inquiry into the ongoing effects of the institution of redlining and  
2 its legacy of persistent systemic structures of discrimination on living  
3 Nebraskans;

4 (7) Following the abolition of redlining, the State of Nebraska has  
5 continued to perpetuate, condone, and often profit from practices that  
6 continue to disadvantage Nebraskans including an unjust generational  
7 wealth gap, unequal education, substandard housing, loss of property, and  
8 decreased property values; and

9 (8) As a result of the historic and continued discrimination,  
10 Nebraskans in historically redlined communities continue to suffer  
11 debilitating economic, educational, and health hardships.

12 **Sec. 3.** It is the purpose of the Restitution and Redress for  
13 Redlining Task Force Act to establish a task force that will do all of  
14 the following:

15 (1) Study and develop reparation proposals for Nebraskans as a  
16 result of:

17 (a) The policies and practices of redlining, against all Nebraska  
18 residents that were victims of redlining and their descendants, from the  
19 end of the state-sanctioned practices of redlining to the present,  
20 including economic, political, educational, and social discrimination;

21 (b) The lingering negative effects of the policies and practices of  
22 redlining and discrimination on living Nebraskans;

23 (c) The manner in which instructional resources and technologies are  
24 being used to deny the legal, economic, educational, and societal harms  
25 of redlining and the crimes against Nebraskans that lived in cities of  
26 the metropolitan classes; and

27 (d) The ways in which societal institutions, public and private,  
28 including higher education, corporate, religious, and associational  
29 institutions benefited directly from redlining;

30 (2) Recommend appropriate ways to educate the public of the task  
31 force's findings;

1       (3) Recommend appropriate remedies in consideration of the task  
2 force's findings; and

3       (4) Electronically submit a report to the Legislature, together with  
4 any recommendations.

5       **Sec. 4.** (1) The Restitution and Redress for Redlining Task Force is  
6 hereby established.

7       (2) The task force consists of seven voting members as follows:

8       (a) Two members of the Commission on African American Affairs;

9       (b) Three members from the second congressional district;

10       (c) One member from the first congressional district; and

11       (d) One member from the third congressional district.

12       (3) Members of the task force shall not have any affiliation with a  
13 political party.

14       (4) Members of the task force shall be drawn from diverse  
15 backgrounds to represent the interests of communities impacted by  
16 redlining throughout the state and shall have experience working to  
17 implement reform when and where necessary to make life better for  
18 Nebraskans that have been discriminated against based on redlining or  
19 other similar state-sanctioned measures.

20       (5) The members of the task force shall be appointed by the Governor  
21 subject to confirmation by a majority of the members of the standing  
22 committee of the Legislature which has subject matter jurisdiction.

23       (6) Members of the task force shall serve terms until the task force  
24 terminates.

25       (7) The task force shall appoint members to fill vacancies as  
26 warranted.

27       (8) The members of the task force shall select a member to serve as  
28 chairperson, and may select another member to serve as vice-chairperson.

29       (9) The members of the task force shall serve without compensation,  
30 but they shall be entitled to receive reimbursement for expenses incurred  
31 incident to such service as provided in sections 81-1174 to 81-1177.

1           (10) Five members of the task force shall constitute a quorum.

2           (11) The Governor shall make the appointments required by this  
3 section on or before October 1, 2025. The chairperson of the task force  
4 shall call the first meeting of the task force on or before November 1,  
5 2025.

6           **Sec. 5. The Restitution and Redress for Redlining Task Force shall:**

7           (1) Identify, compile, and synthesize the relevant corpus of  
8 evidentiary documentation of the policies and practices of redlining that  
9 existed within cities of a metropolitan class in Nebraska from the origin  
10 and conception of the state-sanctioned discriminatory practices of  
11 redlining in Nebraska;

12           (2) Recommend appropriate ways to educate the public of the task  
13 force's findings;

14           (3) Recommend appropriate remedies in consideration of the task  
15 force's findings. In making recommendations, the task force shall  
16 address, among other issues, all of the following:

17           (a) How the recommendations comport with the current national and  
18 international standards of remedies for wrongs and injuries caused by the  
19 state that include restoration, restitution and redress;

20           (b) How Nebraska laws and policies continue to disproportionately  
21 and negatively affect African Americans as a group and perpetuate the  
22 lingering material and psychosocial effects of redlining;

23           (c) How the injuries resulting from matters described in this  
24 section can be reversed, and how to provide appropriate policies,  
25 programs, projects, and recommendations for the purpose of reversing the  
26 injuries;

27           (d) How, in consideration of the task force's findings, any form of  
28 compensation to victims of redlining and their descendants in Nebraska,  
29 with a special consideration for Nebraskans who are living, elderly, or  
30 at or under the Nebraska poverty line within cities of a metropolitan  
31 class, and then to the descendants of persons disenfranchised in

1 Nebraska, is calculated;

2 (e) What form of compensation should be awarded, through what  
3 instrumentalities, and who should be eligible for such compensation; and

4 (f) How, in consideration of the task force's findings, any other  
5 forms of rehabilitation or restitution to Nebraska descendants impacted  
6 by redlining are warranted and what form and scope those measures should  
7 take; and

8 (4) On or before November 1, 2026, and on or before each November 1  
9 thereafter until the task force is terminated, electronically submit to  
10 the Legislature a written report of any findings and recommendations of  
11 the task force.

12 **Sec. 6.** (1) For the purpose of carrying out the Restitution and  
13 Redress for Redlining Task Force Act, the task force may:

14 (a) Hold hearings and meet at any time and location in Nebraska;

15 (b) Request the attendance and testimony of witnesses;

16 (c) Request the production of books, records, correspondence,  
17 memoranda, papers, and documents; and

18 (d) Seek an order from a district court to compel testimony or issue  
19 a subpoena.

20 (2) Any subcommittee or member of the task force may, if authorized  
21 by the task force, take any action that the task force is authorized to  
22 take pursuant to this section.

23 (3) The task force may acquire directly from the head of any state  
24 agency available information that the task force considers useful in the  
25 discharge of its duties. All state agencies shall cooperate with the task  
26 force with respect to such information and shall furnish all information  
27 requested by the task force to the extent permitted by law, regardless of  
28 whether such information is confidential or exempt from disclosure under  
29 sections 84-712 to 84-712.09. The task force and its members shall  
30 maintain the confidentiality of any such information that is confidential  
31 or exempt from disclosure.

1           **Sec. 7.** (1) The Restitution and Redress for Redlining Task Force  
2 may appoint and fix the compensation of such personnel as the task force  
3 considers appropriate.

4           (2) The task force shall have the administrative, technical, and  
5 legal assistance of the Attorney General.

6           (3) The task force may procure supplies, services, and property by  
7 contracts in accordance with applicable laws and rules, and regulations.

8           (4) The task force may enter into contracts with public and private  
9 entities for the purposes of conducting research or surveys, preparing  
10 reports, and performing other activities necessary for the discharge of  
11 the duties of the task force.

12           **Sec. 8.** (1) The Restoration Study Fund is created. The State  
13 Treasurer shall credit to the fund such money as is transferred to the  
14 fund by the Legislature, including from the Marijuana and Controlled  
15 Substances Tax Administration Cash Fund, or donated as gifts, bequeaths,  
16 bequests, or other contributions to such funds from public or private  
17 entities.

18           (2) The fund shall be expended by the Restitution and Redress for  
19 Redlining Task Force to carry out the Restitution and Redress for  
20 Redlining Task Force Act. Any money in the fund available for investment  
21 shall be invested by the state investment officer pursuant to the  
22 Nebraska Capital Expansion Act and the Nebraska State Funds Investment  
23 Act.

24           **Sec. 9.** The Restitution and Redress for Redlining Task Force Act  
25 shall terminate on November 1, 2028.

26           **Sec. 10.** Section 77-4310.01, Reissue Revised Statutes of Nebraska,  
27 is amended to read:

28           77-4310.01 (1) Proceeds of the tax imposed by section 77-4303 shall  
29 be remitted to the State Treasurer for credit as provided in this  
30 section. follows:

31           (2) Beginning on the effective date of this act and until November

1 1, 2028, all such proceeds shall be credited to the Restoration Study  
2 Fund.

3 (3) Beginning November 1, 2028:

4 (a) (1) Five percent of such proceeds shall be credited to the  
5 Marijuana and Controlled Substances Tax Administration Cash Fund; and

6 (b) (2) Of the remaining proceeds:

7 (i) (a) Fifty percent shall be remitted to the respective counties  
8 from which the proceeds originated for credit to the County Drug Law  
9 Enforcement and Education Fund of each such county. Money remitted to a  
10 county pursuant to this subdivision shall be remitted to the county  
11 treasurer of such county for credit to such fund. For purposes of this  
12 subdivision, county from which the proceeds originated shall mean: (A)  
13 (i) If the proceeds result from seizure under the Uniform State Tax Lien  
14 Registration and Enforcement Act of property located in a county other  
15 than the county in which the dealer resides, the county in which the  
16 seizure was made; and (B) (ii) in all other cases, the county in which  
17 the dealer resides; and

18 (ii) (b) All remaining funds, including those which did not  
19 originate in a county, shall be credited to the Nebraska State Patrol  
20 Drug Control and Education Cash Fund.

21 **Sec. 11.** Section 77-4310.03, Reissue Revised Statutes of Nebraska,  
22 is amended to read:

23 77-4310.03 There is hereby created the Marijuana and Controlled  
24 Substances Tax Administration Cash Fund. Money in the fund shall be used  
25 by the Tax Commissioner for the purposes of administering, collecting,  
26 and enforcing the tax imposed by section 77-4303, except that transfers  
27 may be made from the fund to the General Fund at the direction of the  
28 Legislature. Until November 1, 2028, the Legislature may make transfers  
29 from the fund to the Restorations Study Fund. Any money in the Marijuana  
30 and Controlled Substances Tax Administration Cash Fund available for  
31 investment shall be invested by the state investment officer pursuant to

1 the Nebraska Capital Expansion Act and the Nebraska State Funds  
2 Investment Act.

3       **Sec. 12.**       Original sections 77-4310.01 and 77-4310.03, Reissue  
4 Revised Statutes of Nebraska, are repealed.