

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee August 1, 2024

**SLAMA:** All right, everyone. Are we good? Welcome to the Banking, Commerce and Insurance Committee hearing. My name is Julie Slama. I'm from Dunbar, and represent the 1st Legislative District. I serve as chair of this committee. The committee will take up bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members will come and go during the hearing; we have conflicting hearings, and are doing our best in this special session. To better facilitate today's proceedings, I ask that you abide by the following procedures: please silence or turn off your cell phones, move to the front row when you are ready to testify. Order of testimony: introducer, proponents, opponents, neutral and closing. Hand your green sign-in sheet to the committee clerk when you come up to testify. Spell your name for the record. Be concise. Please limit your testimony to three minutes. If you will not be testifying at the microphone, but want to go on the record as having a position on a bill being heard today, there are gold sheets at each entrance, where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to someone-- I just panic if you don't have your written things ready, because we don't have pages. To my immediate right is committee counsel Joshua Christolear. To my left is committee clerk Natalie Schunk. Committee members with us today will introduce themselves, beginning on my left.

**AGUILAR:** Ray Aguilar, District 35, Grand Island.

**JACOBSON:** Mike Jacobson, District 42.

**KAUTH:** Kathleen Kauth, District 31.

**BALLARD:** Beau Ballard, District 21.

**DUNGAN:** George Dungan, LD26.

**SLAMA:** We have one bill on the agenda today; it is LB47. And with that, we will open today's hearing on LB47. Senator Wayne, you're free to open.

**WAYNE:** Thank you, Madame Chair. My name is Justin Wayne. J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. I introduced this bill primarily-- it's pretty simple. We want everything on the table for property tax

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee August 1, 2024

relief. I think corporations should be treated the same, and we shouldn't have special carve-outs. So I thought, "why not make sure that they're treated like everybody else?" Then last night, I was thinking. I was thinking real hard about what could I say that was profound, to change this committee's perspective of this bill. And after I thought for a long time, I thought, "You know what? I'm gonna sleep on it. And whatever comes to my head in the morning, I'm going to say it." So, if you bear with me. [SINGING] "Someone told me long ago, there's a calm before the storm. And I know it's been coming down some time. When it's over, so they say, it'll rain a sunny day. And I know, shining down like water. I want to know. Have you ever seen the rain? I want to know. Have you ever seen the rain? Coming down on a sunny day?" Thank you. Any questions?

**SLAMA:** Beautiful. Fantastic. Are there any questions from the committee? All right, seeing none, you might want to stick around-- will you stick around for closing? We might all harmonize at the end of this.

**WAYNE:** No, I have-- I'm going to go to-- I'll be in Revenue. And again, the purpose of this bill is just to throw everything on the table.

**SLAMA:** Thank you very much, Senator Wayne. Proponent testimony for LB47. Any proponents? Seeing none, anyone here to testify in opposition to LB47? And if you'd like to prevent this hearing game on what might hopefully be a short hits--hearing, you can come up for the front row if you'd like, or figure the order out amongst yourselves; I believe in you. Good afternoon.

**JOHN CEDERBERG:** And good afternoon, Senator Slama, and committee. I am John Cederberg, C-e-d-e-r-b-e-r-g; first name is J-o-h-n. I'm not-- I haven't been before this committee very much in recent years. I was here a lot in, in some previous situations. I am appearing on my-- for myself. I have a great deal of personal history with the deposit stacks. I've also been asked to represent the Nebraska Bankers Association, and the Nebraska Independent Community Bankers. And then, the three Chambers have asked me to sign-in for them, which I have done. This is Nebraska Chamber of Commerce and Industry, the Lincoln Chamber of Commerce, and the Greater Omaha Chamber of Commerce. The deposit stacks, as you all are very familiar, I'm sure, really originated in 1986, as a result of the, the bank tax crisis that's actually started in 1983. It was in response to a task force effort during the interim, between 1985 and 1986 sessions. And, that task force studied every bank tax in the country that summer, and landed on

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee August 1, 2024

the Vermont model. Their guiding principles were that it be fair to financial institutions, both crip-- banks and thrifts of every size, wherever located; that it be easy to understand. And, one of the one things that was most important to the community bank's representatives on the task force, which were Alice Dittman and Joel Wiens, was that it'd be simple, based on readily-available information, is that the bank could prepare its own return accurately if it chose to do so, and that the Internal Revenue Ser-- the Internal Revenue-- that the Department of Revenue could examine the returns from their office in Lincoln, and didn't have to come to the bank. There are some backstories about the process there. The b-- the tax has achieved all those objectives to this day. The other th-- interesting part is that it was passed when branch banking, interstate banking were anathema in the state, and it has worked beautifully with interstate banking; it is not subject to the state shifting that goes on in income taxes, generally. So it's, it's, it's served us very well for 37 years. I would strongly rec-- urge the committee to not report this out to the floor. Both associations and the-- and all three Chambers would also urge that. If-- I do have a lot of history with this, if any of you have questions, would like to know how we landed on some of these things, I'm here to answer those questions.

**SLAMA:** Well, thank you very much. We appreciate your expertise on this one. Are there any questions? Senator Jacobson?

**JACOBSON:** I just wanted-- and again, I just want to kind of reiterate the point that you made that-- I think one of the things that we're continue to look at, and some of the criticisms we've heard in the Legislature this year, when we're looking at property tax relief, is continue to look for revenue sources that are going to be stable. And when you agree that probably one of the real attributes of this tax is it's something that's fairly stable; as deposits grow, that tax continues to grow. And probably, I think for most banks across the state, and, and, and, and credit unions and thrifts, are really looking at the fact that, as we see more and more out-of-state banks come into the state, there is gaming that can occur. I've got a bank branch in Wyoming; Wyoming has no state income tax, so it's not an issue. But if they had a state income tax, I could certainly be persuaded to try to shift more of the income from Wyoming to Nebraska and avoid that tax. And that certainly would happen-- could happen with the big money-center banks are coming into Nebraska. We have a way to know exactly what their deposits are, because they're required to file that every June 30, so it's going to have to square with what they're doing on the rest of their, of their tax returns. So, as we see more and more out-of-state banks with branches in Nebraska, we're

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee August 1, 2024

going to help preserve that revenue source and that, that, that stream and, and help keep this fairly revenue-neutral as we move forward as well.

**JOHN CEDERBERG:** If the chair will indulge me for a moment--

**JACOBSON:** I'll make that a question, so you can respond.

**JOHN CEDERBERG:** --for in a minute to respond to this question.

**SLAMA:** Absolutely.

**JOHN CEDERBERG:** --or statement. One, one of the reasons that the task force landed-- and I, I went through the lot of their minutes here two years ago, to write a history of this tax for the Nebraska bankers. One of the reasons-- principal reasons that we landed on this tax was that Vermont had adopted a similar tax in 1983, ahead of us. We were going into the grips of the ag and energy recession at the time. Vermont was not experiencing any reduction in the bank tax; it was stable. And there are actually comments in the minutes of the task force that the deposits tax would look a lot more like a property tax than an income tax, because it is based on liabilities of the bank, which don't tend to vary-- the growth in them varies based on the economy, but they don't tend to ever go down. Now, we've had one "glips" over the years, where deposits went down, because a bank left; it was sold, and branch and everything went to New York. But other than that glitch, that has proven true of us, too. We've had a steady increase, through the ag and energy cur-- the rest of the ag and energy crisis, through the tech bubble burst, that all-- that virtually turned off capital gains in our individual income tax back in the late 90s, through the fiscal crisis of 2008-2009. Through all of these adverse economies, we've done-- we've had a stable tax that the b-- that the, that the state could depend on.

**SLAMA:** Fantastic. Thank you. Additional questions? Thank you very much for being here this afternoon.

**JOHN CEDERBERG:** Thank you.

**SLAMA:** All right. Additional opponent testimony on LB47? Welcome back.

**BRANDON LUETKENHAUS:** Good afternoon, Chairwoman Slama, members of the Banking, Commerce and Insurance Committee. My name is Brandon Luetkenhaus, B-r-a-n-d-o-n; last name is L-u-e-t-k-e-n-h-a-u-s. I serve as chief advocacy officer for the Nebraska Credit Union League, which is the trade-- the state trade association for Nebraska's 53

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee August 1, 2024

not-for-profit member-owned cooperative financial institution credit unions. We appear in opposition to LB47. I'm going to do something a little bit unique than I typically would do, just like Senator Wayne's scene-- his intro was a little unique. I'm going to read some credit union stories. You have my written testimony there of-- a little more formal, but I'm just going to read some, some stories here. This is from one of the credit unions: "We had a long-term member that was unexpectedly laid off from her job, and this sudden financial change resulted in her experiencing homelessness for several months. During this time, she was taking temporary jobs while looking for more secure employment. During the same period of time, one of our recovery specialists worked with the member on a weekly basis, and using tools like payment deferrals and modifications, we were able to keep the member in her vehicle. As of today, she has secured stable employment and is back to current on her obligations. The member reached out to Trius management directly, to state how grateful she was for the selec-- flexible solutions we were able to present her." "We provided hope--" this is a credit union that has a hope campaign for their members, trying to provide them hope. "We provided hope to a member who had faced financial hardship by restructuring their debt, by combining his credit cards and unsecured debt into his auto loan. The credit union was able to save him over \$400 monthly, and gave the member peace of mind. With this debt restructure, we were also able to provide financial education to help him create a budget, and prevent the debt from snowballing once again." From another credit union: "Our teller supervisor, Deb, had a member who was elderly, and was unable to drive. He couldn't figure out why his checkbook didn't balance, so she would stop by the retirement facility to pick up his checkbook register to see where he might have gotten off track. Once she figured out the error, she would deliver his checkbook register back to him, and show him where the error was. This member was approp-- appreciative every time she made the trip, and often expressed how he didn't know what he would do without her." This is the same credit union: "We currently have four school branches that are run by fifth grade tellers, with the guidance of the credit union associates. Three of these schools are Title I schools, where we find the parents are sending funds to school with the child, and treating their account as their family savings account. Each school account holds between \$7,000 and \$8,500 for the students. They can start depositing in second grade, and continue until they receive their check for their total savings at fifth grade graduation. The kids who participate as tellers go through the actual interview process, are trained to take deposits, count money, and reward depositors with incentives. The depositors are learning the importance of behavior, savings, as well as reaching

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee August 1, 2024

goals, and also, students are learning the dignity in work and serving others." If you don't know, the Financial Hope Collaborative is a nonprofit that works with-- is through Creighton University, and they help-- my red light's on; I will stop there.

**SLAMA:** You, you can feel free to finish that very last thought.

**BRANDON LUETKENHAUS:** Oh, thank you. So it's, it's through Creighton University. Julie Kalkowski, who some of you may, may know, is really a, a, a consumer servant. And so, she writes, "As you know, I run the Financial Hope Collaborative, which offers a comprehensive financial education and coaching program for low-income single mothers. While most of our participants are from North and South Omaha, many come from West Omaha. Based on past experience with financial institutions, Collaborative Hope participants are often very wary of banks and credit unions. However, it is next to impossible to save money without a savings account. We do not direct our program participants to any specific indid--institution, but tell them they need to become informed consumers, to determine what is best fit for their current financial situation. Many times, people will share in class that they can-- that you can open a savings account at a credit union with only \$5. As all our program participants earn less than 200% of the federal poverty level, getting access to a savings account for \$5 is very achievable." And she goes on, and, and I, I can certainly provide this to the committee, but I'll spare you the time.

**SLAMA:** Thank you very much, Mr. Luetkenhaus. Are there any questions from the committee? Seeing none, thank you very much for being here today. Additional opponent testimony on LB47. Seeing none, is anybody here to testify in a neutral capacity on LB47? Seeing none, before we close the hearing, there was one letter for the record on LB47; a letter in opposition to LB47. And that will bring to a close our hearing on bills today. Thank you all very much. I'll keep you in the loop, if any--