

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate April 2, 2024

Rough Draft

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fifty-third day of the One Hundred Eighth Legislature, Second Session. Our chaplain for today is Reverend Richard Snow, Lutheran Church, Missouri Synod from Seward, a guest of Senator Brandt. Please rise.

REVEREND SNOW: Good morning. We pray. Lord God, heavenly Father, you've established the three estates and authorities here on earth of the home, the government, and the church. We appeal to you on their behalf this day. Visit, O Lord, the homes in which your people dwell, and keep all harm and danger from them. Grant that we may dwell together in peace under the protection of your holy angels, sharing eternally in your blessings. Bless the homes of those gathered here today as they seek to serve and protect and bless the homes of those who dwell under their care. Almighty God, you've given us this good land and good government as our heritage. Grant that we remember your generosity and constantly seek and do your will. Bless our land with honest industry, truthful education, and an honorable way of life. Grant that we who came from many nations in many different languages may become a united people. Support us in our liberties and give these-- give these to whom we have entrusted the authority of government, the spirit of wisdom, that there may be justice and peace in our land. In times of prosperity, may our hearts be thankful, and in times of trouble do not let our trust in you fail. Finally, merciful God, we humbly implore you to cast the bright beams of your light upon your church that we be instructed-- being instructed by your holy word may walk in the light of your truth and be a beacon to your world. Lord God Almighty, even as you have gifted us with home, government, and church, you have blessed these, your servants, with various and unique gifts of the Holy Spirit. Continue to grant them the grace to use them to your honor and glory. Through Jesus Christ our Lord. Amen.

KELLY: I recognize Senator Sanders for the Pledge of Allegiance.

SANDERS: Please join me in the pledge. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

KELLY: I call to order the fifty-third day of the One Hundred Eighth Legislature, Second Session. Senators, please record your presence. Roll call. Record, Mr. Clerk.

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ASSISTANT CLERK: There is a quorum present, Mr. President.

KELLY: Thank you. Are there any corrections for the Journal?

ASSISTANT CLERK: I have no corrections this morning.

KELLY: Are there any messages, reports, or announcements?

ASSISTANT CLERK: There are, Mr. President, communication from the Governor, engrossed LB1412e, LB413e were received at his office on March 26 and signed on April 1, delivered to the Secretary of State on April 2. New resolutions, LR453, LR454, LR455, and LR456, all offered by Senator DeKay. Those will be laid over. In addition, LR457 by Senator Meyer, also will be laid over. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. Senator Clements announces some guests in the north balcony, fourth graders from Conestoga Public Schools in Murray, Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Lowe would like to recognize two guests under the south balcony, Father Paul Colling and Father Tom Ludwig, both of-- the first of Kearney and the second from Missouri. Please stand and be recognized by your Nebraska Legislature. Senator Dorn would like to recognize the physician of the day, Dr. Heather Kleeman. Please stand and be recognized by your Nebraska Legislature. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR343 and LR350. Mr. Clerk, items on the agenda.

ASSISTANT CLERK: Mr. President, the first item on today's agenda is LB388. The bill was introduced by Senator Linehan. It was considered on March 27. At that time, Senator Machaela Cavanaugh had filed a motion to indefinitely postpone pursuant to Rule 6, Section 3.

KELLY: Senator Linehan, you're recognized for a refresh on the bill.

LINEHAN: And I have how much time for that? It's been 4 days.

KELLY: One minute.

LINEHAN: OK. Good morning, colleagues. Good morning, Mr. President. So this is the Governor's tax plan that front-loads the LB1107 credit. It increases-- it's a shift. It provides almost 50% more funding for public schools. I will have charts that I will be passing out this morning. The one thing I didn't talk about last week that I will talk about today a lot, this isn't a vote-- no matter how you vote on this, it is going to be a bad vote. That's just the political reality of it.

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Because what has happened in suburban and urban Nebraska in the last 2 years, your valuations have skyrocketed. Lancaster County 23% up. What happens if we do nothing, is your school aid is going down 23%. So you can vote for this and adjust it so property taxpayers across the states and cities and suburban Nebraska don't have a 20% tax increase or you cannot because there is no-- it's the old--

KELLY: That's your time.

LINEHAN: Thank you.

KELLY: Thank you, Senator Linehan. And Senator Machaela Cavanaugh, you're recognized for a 1 minute refresh on your motion.

M. CAVANAUGH: Thank you, Mr. President. My motion is to indefinitely postpone this bill and, basically, to take it off the board. And I disagree, I think there is a good vote on this, voting red on LB388 is something I am 100% comfortable doing because I don't want to bankrupt the state. So I think this is not the avenue that we should be pursuing. So please vote in favor of the indefinitely postpone.

KELLY: Thank you, Senator Cavanaugh. Returning to the queue, Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. Well, we're back on LB388. I support the motion to indefinitely postpone. And I would like, I guess, to set the conversation a little bit, the front-loading of LB1107, the increase in foundation aid, those property tax portions are not in LB388. The debate about LB388 is about increasing sales taxes and taking away some exemptions. And it is the crux of the tax shift. It is about shifting, increasing state revenue that could be used for those other things that are not in this bill on the backs of working people through an increase in sales tax. So we've had some conversations about this last week where-- and I wanted to go back to the part about this that kind of, I don't know, concerns me the most, which is this talk about how much relief people are going to get and the ignoring the fact of how this affects people who already claim LB1107. So I was looking at this example, which is example number 6 from Senator-- looks like bug on here, but it's Brad von Gillern. And I made that joke last week, but I just can't get over it myself. So example number 6, which pertains to Omaha, I did the math. I'll do it for you again. So the property tax savings on this example, if you've lost it, it's a single-family home with \$300,000 with a, a AGI of \$80,000. So this individual that we're

saying is a property tax savings of \$3,162. And so my problem-- my issue with that is, that property tax savings in this analysis is presuming this person is not claiming their LB1107 credit. So I know we've had lots of different numbers about how much the LB1107 is getting claimed, but I would just say there are people who claim LB1107. And those folks need to understand that if you claim your LB1107 credit, you're-- you are not getting \$3,162 in property tax savings. So I did the math on this house under current OPS levy which was \$1.21-- well, 1.21702 which turns out to be \$3,651 of this person's tax bill goes to OPS, which means their LB1107 credit is \$1,095.31. So if you subtract that from the overall tax savings, then you end up with-- well, a lot less under this. So it's \$3, 162 and then there's-- they-- so they're listing here that a total property tax and utility savings of \$1,473. So if you take out the \$1,095, you end up with \$379 in savings. And according to this analysis, these folks would be paying an additional sales tax of \$409. So my read of this, if it's somebody who's currently claiming LB1107, they are going to be paying more, \$30 more a year in overall taxes just in this analysis. And so I'd be happy for someone to tell me that that is incorrect, but I think we should be honest about this. Just saying that some percentage of people don't claim LB1107, therefore front-loading LB1107 is new property tax relief is not true. And so we have to look at the whole picture and how this affects all Nebraskans. There's a lot of other issues with this that people have to hit on--

KELLY: One minute.

J. CAVANAUGH: --how this affects renters-- I'm sorry, one minute-- thank you, Mr. President-- how this affects renters, how this tax shift is irrational, illogical, unfair, will disproportionately affect Nebraskans, and how it will take money from cities and move them to rural, which I know is if you look at the folks who are in favor of this and folks who are opposed to it, you might be able to figure that out from context clues. But the most important thing to think about when you're talking about voting for cloture on this bill, talking about voting for this bill, this bill contains tax increases. This contains the sales tax increase. It does not contain property tax reductions. So if you vote for cloture on this, that is a vote in favor of the sales tax increase. So that's why I'm opposed to this. I'm opposed to the tax shift. I'm opposed to the tax increase. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President, and good morning, colleagues. I do also rise in favor of the motion to indefinitely postpone as well as opposed to LB388. I want to take a second to also sort of recenter around some of the conversations we had last week before I dive into some of the details here. I see the queue is already pretty full so I think we're going to have a good opportunity today to have a conversation about what this does do and what this doesn't do. But I think it's important, again, to highlight and reiterate LB388, again, does not contain in it the front-loading of the LB1107 credit, nor does it have anything to do with the education funding, insofar as how that LB1107 is actually going to go into that or the increased foundation aid. My understanding is that all comes from an education bill that may or may not be Execed on today or kicked out of committee. We don't know yet. And so when you are looking at voting for LB388, I want to remind you two things: (a) exactly that, that it does not have in it the actual front-loading of the LB1107, it contains in it a myriad of things if the committee amendment is up, that primarily is an increase in sales tax and the elimination of sales and use tax exemptions on certain industries. In addition to that, it does contain some modifications of the soft cap that was passed last year with regard to school districts. And it does also include, as I understand it, a hard cap on political cities and counties, political subdivisions that is different than what those individuals had originally negotiated. And so, colleagues, I also want to say, number two, if you vote for cloture on LB388, you are voting for a sales tax increase. I know some people have had a conversation about whether they want to vote for cloture, but not vote for the bill. If you permit LB388 in its current form with the committee amendment to move forward, if you give that bill cloture, that is a vote saying that you are fine with the bill proceeding as is, which increases taxes. And so I just want to make sure my colleagues fully understand that when we're actually finally getting to the vote sometime down the road here today after the next 4 hours of debate. Over the long weekend, a number of my friends and family reached out to me asking kind of what's going on with this bill? And I will tell you that across the board, what a lot of people expressed to me was frustration. They expressed to me frustration over the fact that this felt like it was a property tax plan that was on the backs of everyday people. And a lot of my friends, in particular who are renters, said that they frankly thought this conversation was out of touch. We oftentimes kind of go down a, a rabbit hole here about whether or not property tax benefits renters or not, I'm sure we can continue to have that conversation. But the vast majority of my friends who don't work

in this field or live in this body still rent their properties. And these are married folks with kids, full-time jobs, but they rent because they simply don't have the upfront ability to put a down payment down on a house or what have you. And a number of people in my generation have had difficulty purchasing homes. And so they have found that this entire conversation about this tax shift to be somewhat problematic, given the fact that they just simply feel it's not, ultimately, going to benefit them or the people in their family. When we're talking about raising the sales tax, that's a sales tax increase that affects everyone in the state. When we talk about some of these property tax reductions, again, it's unclear to me whether or not there's going to be a massive benefit to everybody or just a select few. I want to be also very clear. I am completely in favor of front-loading the LB1107 tax credit, as I believe that will create a more equitable distribution of property tax relief. But I also believe that if you currently claim your LB1107 credit, it's ultimately potentially going to be a wash. And so what we're going to see with the front-loading of the LB1107 is people who are currently not claiming that credit see their property taxes go down and everybody is going to see the numbers go down on the amount of money they actually pay. In addition to that,--

KELLY: One minute.

DUNGAN: --thank you, Mr. President-- having the LB1107 credit front-loaded, it's going to help create better cash flow for those who have lower or less money, because you don't have to wait till the end of the year to claim that tax credit and get it back in your pocket. So I do think the LB1107 front-loading has a true benefit to Nebraskans, and I've been in favor of that this entire time. What I cannot support, however, is funding that through an increase in taxes and a sales tax that's going to disproportionately affect lower and working and middle-class people. I anticipate again, we're going to keep talking about this. I don't know what's changed since last week. I don't know if there's been conversations that-- I certainly haven't been a part of any conversations of what's changed. But I hope we can come together and find a true answer to this because we do need property tax relief, just not a tax shift that is an increase on taxes in Nebraskans. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. Good morning. Senator Cavanaugh-- John Cavanaugh and Senator Dungan have been talking about the tax increase. Let me-- let me reiterate what I said last week. If you want to make this work, if you want to balance a three-legged stool, if you want to make our tax system equal by property income and sales tax, you have to make an adjustment greater than this. I suggested this last week. Let me do it again, maybe some weren't listening. We currently collect sales tax on about \$50 billion base, \$50 billion. About \$70 billion, a little less than that, is exempt from sales tax. So if you want to make this work, what you have to do is broaden the base and lower the-- lower the rate; broaden the base, lower the rate. So if you took away another \$50 billion in, in tax write-offs, exemptions, you have \$100 billion base instead of whatever we're trying to do here that probably gets us to \$55 billion. And you do the math. You do a \$100 billion base, and we're currently a 5.5%. What's 5.5 divided by 2? 2.75. So you broaden the base, lower the rate to 3, you collect all the money you need to do what you are going to do about property tax relief and you balance a three-legged stool if that is your goal. This is not fixing our broken tax system. And I had several calls this morning, people encouraging me to vote for LB388. And that's kind of ironic because up until this point, since we started on this debate, I have not received one email, one phone call, or one comment from anybody saying support LB388. And I had three calls this morning, that's the first three I've ever had in support of this. And they are saying we have to do this so we get property tax relief. And I'm telling you, this will be a decrease in your increase, because if you're already collecting LB1107 dollars, credits, this will be about a 10% reduction greater than what you're currently getting. So it'll be a decrease in the increase. That's what we've done here since 1957. Our tax code is 1,271 pages until we pass this or whatever else we pass this year and that'll add to those pages. What that does is pick winners and losers. And we have been really good at picking winners and losers. And those in authority, the Chamber of Commerce, DED, those in the Legislature that have authority to get businesses to come here because of our tax incentives like the power that they currently have. This doesn't solve your tax problem at all. Never once after this passes will you own your property, you continue to rent from the government. There's no freedom and liberty in this bill or any other bill that's ever been brought by the group that wants to lower property tax. The only way to do this is to eliminate the property tax and put the taxpayer in first place. This does not do that. So unless we get some kind of spending reduction or, or lid on what local units of government can spend, this does

absolutely nothing. And so we're going to talk about this for 4 hours, and then we're going to vote, and Senator Linehan said this is a bad vote no matter how you vote. I understand that. But I can tell you right now that unless we stand up and talk about what the real solution is and we're willing to address the real problem, we're never going to get a solution that works. And so when the revenue goes down, and I just talked to a farmer this morning, I asked him this question, I said--

KELLY: One minute.

ERDMAN: --do you think your revenue is going to be less in '24, your income, than it was in '23? He said, oh, yes, yes. So when we get through the ARPA money-- when the ARPA money quits throwing-- flowing through our economy, then we're going to deal with the ag economy in the state. And when we do that, and they have less money to pay the taxes that they had been paying to keep the state's revenue up, so at a point when you can't pay the taxes because you don't have the money, then they're going to raise the sales tax 1%. How does that make sense? That's an 18% increase. Reminds me when the NRD came into the local county board and asked to raise their levy from 4 to 5, and I told him that's 25% increase. He said, it's only a penny. I said that's a 25% increase. And that's what we need to understand, this is 18%. Think about that. Thank you.

KELLY: Thank you, Senator Erdman. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. Good morning, colleagues, and good morning, fellow Nebraskans out there watching us on TV. I am 100% in support of indefinitely postponing, and I do not support LB388. And like Senator Erdman, I have not received one single email in support. I have received hundreds of concerned emails from families, from the businesses that were-- will be some of the losers on the sales tax that we're implementing. Make, make no mistake, this is a tax increase. This is a tax increase and also a sleight of hand of cost shifting. And this is not new for our Nebraska Legislature. I can tell you that LB388 is so chock full of unintended consequences that you're going to be hearing from today and if this advances on to Select File, we'll have more discussion on how they have unintended adverse consequences. But just a couple of things I wanted to clear up. This package aims to reduce what property owners pay in property taxes and shifts the responsibility to consumers for this tax increase. So we're going from 5.5% to 6.5%. Right now, Nebraska is in the middle of the

pack for sales tax. This puts us at number 9. I know the Platte Institute had sent out a number of information and summaries saying, you know, we want to be in the top 10. We want to be in the top 10 for the lowest taxes. But this puts us in number 9 place for the highest sales tax of those that are surrounding us. So this sales tax increase, this tax increase for all but Nebraska top earners, the sales tax increase will on average be greater than any property tax cut they may receive. Raising the state rate from 5.5 to 6% would put Nebraska in tie-- at a tie for the ninth highest sales tax rate in the nation, and a tie for the highest rate among our neighbors. The other thing I handed out, I handed this out on Thursday before we adjourned for the Easter recess and it is from the Institute on Taxation and Economic Policy. And, you know, we've talked about progressive tax, regressive tax, and I draw your attention to the total taxes. It shows that the working families of Nebraska, they pay a higher percentage of their hard-earned dollars and the taxpayer dollars that they send to the state of Nebraska in total taxes. And I wanted you to focus on sales and excise tax, because that's what we're talking about today, a sales tax increase. And it shows that the lowest 20%, it takes 5.5% of their disposable income, but the top, top 1% takes 1.1% of their income. So we know that this tax is going to be impacting our Nebraska families so much harder. And, you know, we talk-- Senator Erdman is right, this is not a solution to come up with property tax relief long term. Remember back in 2022 they passed the largest income tax corporate income tax reduction in LB873. This last year we passed and accelerated that income tax and corporate income tax reduction that has impacted our revenue. So this is how much it's going to cost. This year, we're losing revenues of \$389 million this year. Next tax year, \$572 million. I've heard-- you've heard--

KELLY: One minute.

RAYBOULD: --thank you, Mr. President-- you've heard me say this before, put a pause, put a break on the income tax reduction for next year. Because guess what, it comes up to \$572 million. You're trying to scramble and scrape together a tax increase of \$650 million on a package that does not address our fiscal responsibilities. It is not sustainable, this ginormous tax reduction for corporate and the highest income earners that are not likely to spend it and generate a multiplier effect like our working families. Next year, \$572 million. Put a pause, put a break on that tax reduction, and we've got part of our problem and issue solved. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Armendariz, you're recognized to speak.

ARMENDARIZ: Thank you, Mr. President. So we have about 4 hours left in this debate and I've been listening intently. And understand, I sit on Appropriations, and I know Appropriations and Revenue have been working hard to get to the Governor's goal of a major tax reduction for property taxes. So when I was campaigning, I'm-- this is my second session in the Legislature-- when I was campaigning, overwhelmingly, property taxes are the number one issue in the state. I don't think anybody is arguing that. I was advised while, while campaigning that just tell people we don't do that at the state level. There's nothing we can do. Property taxes are assessed at the local level. This is a proposal for us to offset some of the property tax you pay at the local level and putting it back on the state for schools. So we're, we're proposing that, that the state pick up a bigger share of the school tax. And that does put us more in line with some surrounding states as well. Now, don't get confused on the numbers. So the tax-- sales tax increase in this bill is 1 cent, could possibly go from 5.5-- well, we're at 5.5 and it could possibly go to 6.5%. That is going to depend on what revenues are July 1 of this year, could be lower if revenues are higher than expected. I have been hearing messages on throwing a percentage on that 1 cent. Yes, you can put a percentage on it. To put that into perspective, if the sales tax was 1 cent and went to 2 cents, that would be 100% increase. So don't get confused with percentages of increases. This is a 1 cent per dollar spent. We are still excluding food and we're also adding an exclusion of utilities. In case you didn't know, you were paying taxes on utilities before and you no longer will do that. There are a lot of people that were not taking the property tax credit, especially the lower income folks. The property tax plan we're proposing would include everyone get the credit now. So the people that are on the lower income that were not claiming it will now get it. There are other things, we're working with appropriations so it will cost the state more, obviously, to pick up a larger share of the school. And in Appropriations in our budget, we did work on that. That was the cash sweeps of the agencies that you all may recall if you've been watching, some of the agencies were holding in their cash reserve 3 or 4 times what their annual spend is and we went in and swept those. We also passed a bill last year for an efficiency audit so that we can reduce spending in those same agencies and broader. What I would suggest to cap spending, which is essentially what needs to happen for property tax to stay low, and for this to stay effective, everybody in

the state needs to push on their local taxing entities to go in and do the same efficiencies. We need to demand that all taxing entities do efficiency audits of all of their governing bodies to reduce waste. And I have talked to some that, admittedly, say they have waste. They don't go and clean it out. That's what needs to happen at the local level, elect county commissioners, school board members that are willing to do that at your local level. That's what my suggestion would be and I am full support of this first step in the tax plan, LB388. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Senator DeKay, you're recognized to speak.

DeKAY: Thank you, Mr. President. Good morning, colleagues. I rise in continued cautious optimism to LB388 and the proposed tax package. I think the way to address property tax is twofold. First, we need to better balance out the so-called three-legged stool of property income and sales taxes. The average Nebraskan in recent years paid about \$2,700 a year in property taxes, \$1,600 a year in income taxes, and \$1,200 in sales tax. We have let this trend continue to linger for too long, and I think parts of LB388 will help bring back more balance in terms of what Nebraska pays for each of the three main types of taxes. Second, there needs to be more thought put into the levy caps. My main concern with the package is whether the numbers put forward will actually result in expected amounts of tax relief we are saying on this floor. We have continually allocated more money to property tax relief, but I don't recall my property taxes really going down in northeast Nebraska. Last year we saw many schools override the cap we put into place, last year we-- and take, take full 7% granted under LB243. Now, there were some schools that use the full 7% to bring them back to the status quo, and I suppose that is fine. At the same time, I was a bit frustrated to see several schools across the state vote to take the override money to get a windfall and end up not reducing their property tax levies. We are getting to a point where voters are speaking with their wallets and choosing to vote down school bonds because they are frustrated in paying more in property taxes. I do think what Senator Bostar and others have put forward with the 6% for public safety is acceptable, given the difficulty of trying to recruit and retain law enforcement in rural areas because right now a lot of our county deputies are leaving to go to Lincoln and Omaha. At the same time, I question whether we will see a repeat of last year and the levies will continue to go up, even though we are putting up more state dollars. I will be voting to advance LB388 and LB1331 if we get to that bill to Select File to have a fiscal note and get more clarity

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on how this bill will financially impact Nebraskans. The numbers of the Governor's Office and the Revenue Committee looked pretty good, a 45% decrease in average state school property taxes compared to last year is very attractive, and it should be more than enough to offset the financial impact to most people from the sales tax changes prescribed in LB388. I want to be clear, though, that if the numbers we have been referencing are way off base from what the Fiscal Office puts together, that could be a serious problem with me. I yield the remainder of my time to Senator Jacobson. Thank you.

KELLY: Thank you, Senator DeKay. Senator Jacobson, 1 minute, 45 seconds.

JACOBSON: Thank you, Mr. President. Well, I just want to really touch on a couple of issues. I'm in the queue here later, and I'll, maybe, go a little deeper into it. I know there's been a lot of talk about this is only a funding side, we don't have the other piece of this. Well, that's because this is a Revenue Committee bill. And as has been expressed before, there's an education bill, LB1331, as amended, that will be hooked up with LB388 to bring this total picture together. So we're on General File today. And the plan today would be to vote this-- vote for cloture, get this kicked the Select File. Do the same thing with LB1331. Everybody will know what's in both bills. We'll get those two bills moving together and pass them as one combined package. One does not work with the other. LB1331 doesn't work without the funding, and the funding source needs to be targeted with the rules that are outlined in LB1331.

KELLY: One minute.

JACOBSON: So people that are looking at LB388 need to keep in mind that you've got to look at LB1331, as amended, before you can really see the full picture. I would encourage you-- there was a tremendous article written in today's North Platte Telegraph that really, I think, lays out very succinctly what these two bills combined will do for our property tax rates, and enhance property tax paid in Lincoln County and North Platte. And I think it's a very well-written article. It's a very balanced article. And really it lays out all of the pieces. When I was knocking on doors 2 years ago, I heard one consistent theme, lower my property taxes. There's a lot of groups out there that want to attack me and others in this body for being "spendaholics" and all these crazy things. I was elected to represent my constituents. That's what I'm doing. I'm lowering their property

taxes, and I'm doing it incrementally, and I'm doing it in a-- in a solid sort of way.

KELLY: That's your time.

JACOBSON: No one's going to like everything about it, but this is a good bill. Move it forward. Thank you.

KELLY: Thank you, Senator Jacobson. Senator Blood, you're recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand in support of the IPP motion and not in support of the underlying bill because, as I know, like all of you know, eventually we'll be talking about AM3203 and I have a lot of issues with that. So I'm going to tell you how I'm feeling about all of this because I really want you to kind of consider what I'm saying, especially for those of you that talk to your political subdivisions, because we do know that all politics is, is local. We know that when it comes down to the wire that people want their garbage taken out, the snow removed, they want to know that when they call 911 that first responders come and they come in a timely manner. And I have grave concerns about these services when I'm looking at bills like this. So as a state, we've always somehow restricted the ability of our political subdivisions to fully control their own tax policy. And we can do that because we are a Dillon's Rule state. But I believe, especially over the last 6 years, that there's been a proliferation of several policies that I think really show a, a more hostile type of state control over local policies. And I think if you talk to most of our counties, they're going to be in agreement with me. So, for example, once you get to AM3203, it sharply erodes Sarpy County's ability to handle their budget. Things like infrastructure, insufficient community services. You literally are stymieing our growth. It's like you're trying to push us to rely on more aggressive revenue sources like user charges, criminal fines. You want us to relieve your burden by creating a secondary burden. If you look at page 4, line 10 on AM3203, you are capping what we can spend when it comes to law enforcement. And the justification is, well, it won't be capped. It's going to be based on income and benefits, or compensation is what I was told but income, compensation and benefits if they're understaffed. Well, you know, you look in Sarpy County and we're not understaffed because we pay fair wages because we have good leadership. I look at Sarpy County Sheriff's Department, La Vista, Papillion, Bellevue, we have great law enforcement agencies. So we're punishing them for being fully staffed.

And should they need additional resources, we want to make sure that we make it as hard as we can to access funds that we normally have access to. I really feel that instead of doing what we've been doing the last 6 years, we should really repeal existing statutes and avoid enacting new ones, be it tax policy or be it how we do business at the, the political subdivisions. Because with this and so many other bills, we've become a nanny government in Nebraska. I know that when I vote for somebody at a local level, that I am asking those people at the local level to do their job, to do it well, to balance our budget. But then not only does the state put in the guidelines how we can, can utilize much of the money that we take in and spend, but we've decided to make it harder for them even though-- and, again, we can do that. It says in state statute that we can do that. But when we have fast-growing counties like Sarpy County, and I think if I looked at our last report from the Research Council that also Saunders County is now a fast-growing county. If we look at these counties and we look at their ability to grow and we look at their ability to handle the crisis, what are we doing? We're doing this saying that if we do all these things, we can lower property taxes, but we're creating a secondary issue.

KELLY: One minute.

BLOOD: For me, if I'm going to stand here on the mic and say I support law enforcement, then I'm going to protect law enforcement when it comes to laws that I think are going to hurt them in the long run. If I say I support Sarpy County and the great job that they've done from the jail that they've built, to the services that they provide, to the economic growth that they provide within Nebraska, I'm going to not vote for bills like this. It's getting out of hand. Where's the plan, the real plan? I still see a short-term plan. I don't see this working in the long term. And I know that Senator Linehan will stand up and correct me on some of these things and that's why I love debate, but I do think we're going in the wrong direction and we have been for many years. And we're going to have to eventually justify this as to why we're doing it. We need to get our own house in order before we start messing in other people's houses. Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I still stand in opposition to LB388, but since the introducer only got a 1 minute refresh, I'd like to yield my time to Senator Linehan.

KELLY: Senator Linehan, you have 4 minutes, 45 seconds.

LINEHAN: Thank you, Mr. President. And thank you, Senator Machaela Cavanaugh. OK. A lot of misinformation is floating around and it's not just-- it's nobody-- we get-- all of us get buried in information between emails and cities and counties and schools and the chambers. So let's just some facts here. The OpenSky and other people are going to talk to this, the idea that somehow this is harshest on low-income people is just not true. I will have examples. I took the OpenSky examples that they used and I will have them, hopefully, before noon. Staff is making sure my math is correct right now. But you only pay sales tax on things if we pass this bill-- if we pass the bill that you don't need to survive. You don't pay sales tax on rent, you don't pay sales tax on food. If this bill passes you don't pay sales tax on utilities. Now, if you're a family of four making \$40,000 a year, how much money do you have left after you pay rent, for food, and utilities? That's what you have to say the one penny increase is. So let's say these people are very frugal and they have a garden, let's say it's \$5,000, that would be a \$50 increase compared to what they're getting in a property tax decrease of at least \$1,000. And let's take Omaha, for example, not only do you have to pay your water bill if you live in Omaha city limits, but Senator Fredrickson is looking at me, I think he'll agree, there's a \$50 surcharge every month on your water bill. So it's-- that's 50 bucks. That's \$600 a year that everybody in Omaha city limits is paying in utilities that they're getting paid-- they're paying sales tax on. It-- so I've got examples I'll show my-- you do the math. How much income do you have left after you pay for utilities, food? Some of you are in that situation that work here in the Legislature. You're young, you have families, after you pay your mortgage, your food. Do you have a lot of-- are you buying a lot of \$150 handbags, \$200 pairs of shoes? The people that will pay the extra sales tax are the people that have disposable income, that can buy a new car every 3 years. I got one new car in my whole life. You buy a new car, you pay a lot of sales taxes. Buy a used car, depending on, you can pay a lot too, but it's not what a new car. So you're talking about people that buy cars every 3 years or they lease their cars. They're the ones that are going to pay the majority of this tax. And the other thing that's a little frustrating, the LB1107 works fine for those of us with accountants and those of us that itemize and pay attention. We've got, I think it's 60% or 65% of the people in the Omaha city limits aren't claiming it, so they're not getting it. So don't stand up here and say, well, they're already getting this credit. We know they're not. The other-- and I mentioned this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

previously, but I'm going to drill down on it today, TEEOSA is broken. It's been broken for ag for a decade. It is--

KELLY: One minute.

LINEHAN: --now going to be broken for Lincoln, Millard, Norris, Waverly. Any of your schools that we got on equalization aid that have had huge valuation increases, they're going to lose their state aid. It's the way the system works. So those of you that live in Lincoln Public Schools or represent Lincoln Public Schools, we don't do this. What you're actually voting for is a 23% increase in property taxes for your schools next year, 23% increase versus that. That's your choice. And people outside the body that are making phone calls to senators don't understand that. So don't, don't take advice from people that don't know what they're talking about. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Senator Fredrickson, you're recognized to speak.

FREDRICKSON: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. Hope everyone had a nice, restful, long weekend. So I've been listening to the debate, I sort of listened to it last week, and I'm continuing to listen to it this morning and today. And I'm going to be really frank, I, I, I, I genuinely have a lot of admiration for the folks who are working on this bill who are trying to make this bill better. I think that I've mentioned this a couple of times on the mic, that both the Appropriations Committee and the Revenue Committee have, have-- had very difficult tasks in front of them this year with some of the goals that were set by the executive branch. And so I, I, I genuinely appreciate the work that they're doing and, and, and, and all that's gone into this. One thing I did want to bring up and, and just sort of bring to our attention a little bit as, as a body that I haven't yet heard been spoken about on, on this bill quite yet is that we haven't really acknowledged the significant tax relief and the tax cuts that we passed last year in the-- in last session of this biennium. And I'm, I'm bringing that up because, one, I think that's something that we should be-- you know, I think those were historic and very significant and something we should be proud of as a state. But, two, is that we haven't had a very long runway for those to go into effect. And so we have projections, we have ideas on what we can expect for the state's budget based on last year's tax cuts, but we haven't, actually, seen the impact that that's going to have on the state's budget and the state's coffers, for lack

of a better word, in the longer term. And so I, I am maybe sounding fiscally conservative here, but I, I, I tend to sort of think we should, maybe, pump the brakes a bit on, on some of these cuts that we've been, been pursuing in, in different ways. The other thing that I have some questions about, I, I-- so the Revenue Committee has put together various examples. I think there's, I've got 5 or 6 of them in front of me about different parts of the state, so different scenarios, so depending on where you live. So Omaha, Lincoln, Beatrice, Hickman, do you rent, do you own, do you have a mortgage? And I think that's, actually, super helpful to look through. But one question I have is that every single scenario that's handed out, there seems to be a winner, and there seems to be less taxes being paid in every single scenario. And so my question is, if everyone's paying less, then where, where is this money coming from? Where are we getting the money? And there's a couple of ways we can look at that. One is from the sweeps that have occurred, the cash fund sweeps. And if that's the case, my concern is that that's in no way, shape, or form sustainable. We're not going to be able to sweep our cash funds every 2 or 3 years to make up for that. But if it's not all coming from the sweeps and the response is it's coming from a tax increase, it's coming from a sales tax increase. So to say that this is all tax cut is, you know, the money has to come from somewhere. It's not that everyone's going to be paying less. Someone's going to have to pay more. It has to come from somewhere. And if it doesn't, then the writing's on the wall that says the next step in this is to cut, cut, cut in the future. So there's a high risk of passing this. If everyone's paying less, the state's budget is going to get less and less and less and less and less. Cutting services, we just cut \$15 million to mental and behavioral health this year. Those types of things will continue unless there's more income coming in. The money has to come from somewhere. The other thing is, you know, it's been said that there's, there's, there's no good vote on, on this bill and that kind of made me laugh a little bit because maybe that's true. I don't know. I actually think there is a good vote. I don't think this is ready for prime time. You know, clearly there's-- if statements are being made that there isn't a good vote on the bill, then to me that says this is probably--

KELLY: One minute.

FREDRICKSON: --not something-- thank you, Mr. President-- probably not, necessarily, something that's ready for prime time. You know, this is-- and going back to what I was saying earlier, this is sort of a bit of a David and Goliath. This is trying to do a very significant

thing. I, I have nothing but respect for the folks who have worked hard, who are trying to figure out how to make this better, how to make this more palatable. As it currently stands, though, I can't support LB388 the way it is written and I'm going to continue to listen to the debate. I'm going to continue to listen to folks who are negotiating in good faith and, and trying to make something work. But as it currently stands, I'm not able to support it. Thank you, Mr. President.

KELLY: Thank you, Senator Fredrickson. Senator von Gillern, you're recognized to speak.

VON GILLERN: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. I want to start off my comments this morning echoing something that I actually posted on social media this weekend and that is Nebraskans, if you're watching this, please make a note to check your lines 36 and 37 on your Nebraska State 1040N form. Those are the two lines where your LB1107 credits show up. This is work that the Legislature has, has passed over the past 3 years, and it's the tax credit for a, a portion of your school taxes that are paid and for a portion or for all of what is paid towards your community college portion of your tax bill. So it'll vary-- your credit will vary based on what school district you live in. My credit amounted to about 20% relief in my property taxes. It's a credit that, again, comes back through your income taxes. And if we're successful in passing LB388, that'll get shifted, that'll get changed to where that will get front-loaded and go directly to the school districts, which we believe is a more efficient way to process that property tax relief. But I do want to make a point, if you have not filed your taxes yet, make sure that you catch lines 36 and 37. If you have filed your taxes, go back and make sure that you or your preparer caught those credits, because it's a substantial amount of relief that this Legislature has passed in, in recent years. So just a few comments about, about LB388 as we get started here this morning. You know, there's a lot of folks that are talking about not being excited about a tax shift. And, frankly, I, I kind of fall into that same category. But once we sat down and ran the numbers, I became much more comfortable with it. And Senator John Cavanaugh reviewed one of my spreadsheet examples. I want to draw attention-- and, and I'm going to check the math on that, I didn't-- I got a chance to visit with him very briefly here, but if you go back to example 4, that's the lowest income example in the packet. And example 4 is representative of a renter and a family-- presuming, presuming a family income of about \$45,000, and those folks end up according to, to the math that we did here, about \$69 ahead after the

reduction, after the elimination in the sales tax on residential utilities and after the increase of 1% in, in sales tax. What that does not take into account is the federal earned income tax credit. If you have a family of four and you're earning a family income of \$60,000, there's a \$6,604 earned income tax credit. So the, the odds of being in that income tax bracket, \$60,000 or less and paying anything in income tax is very low. The-- I want to draw attention to the handout that Senator Raybould passed out here and I want to challenge at least one or more of these numbers. The percentage of sales tax-- the, the categories of taxes on the sheet, the lowest-- the lowest income category, it says less than \$30,000. If you look at the sales and excise taxes, they're claiming that, that those families will spend 5.5% of their-- of their income in sales taxes. Well, the state sales tax rate is 5.5%. And so that-- back to Senator Linehan's comment, not every dollar that you spend, particularly in a-- in a lower to moderate income bracket, is taxed. This number-- the number on this sheet for sales and income-- sales and excise tax would be reflective of 100% of your income being spent on taxable items. And we know that that's not the case. You got to live somewhere, that's not taxed. You got to pay your utilities, under this program that won't get taxed. You got to buy groceries, that's not taxed. If you're unfortunate and you have to have some medical expenses, those aren't taxed.

KELLY: One minute.

von GILLERN: Your gas-- thank you, Mr. President-- your gasoline is subject to an excise tax, that won't be sales taxed. So as you add these things up, it, it really shoots some, some pretty big holes in, in this sheet that was passed out, the Nebraska state and local under the who pays. It says that that's the organization. I have no idea who that is. So those-- the, the same theories, those same comments, apply as you go through this graph, presuming that, that 100% of the income is taxed. LB388 eliminates a number of exemptions. We started out with a longer exemption list, and we pared that down to something that we thought would be more palatable. And I'm still-- I'm, I'm very-- I think what is in the bill at this point is, is very reasonable and should be acceptable to, to most of those on the floor. Again, eliminating the sales tax on residential utilities is a huge part of this. And, frankly, that's my favorite part of the bill. I think that's something that--

KELLY: That's your time.

VON GILLERN: --we really, really need to do. Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. And good morning, everyone who's watching. I'm going to reiterate this from my speech last week. Hyperbole and hysteria are not a good way to govern. This bill will not destroy the finances of the state. LB388 is about balance. We need to reduce our property tax while raising our sales tax. At every door I go to when we engage in these discussions, as I talk with people, they are so stressed about their property tax, they're stressed about not knowing what it's going to be. And then when it finally hits, having and feeling like they have no recourse. The ones who do go before the TERC Commission report that it sometimes takes years. They very seldom get any sort of, of relief from it and they're very frustrated. The elimination of taxes on utilities will significantly help lower income Nebraskans. So when we-- when we say that this plan doesn't help people who are poor or lower income, that's just not true as Senator von Gillern just stated. Your taxes right now on utilities, they're being collected. I looked at my bill and it was, I believe, \$9.32 for the month. They're taxing the entire amount, not just for the energy. Stretch that out to a year, that's \$120 off of your utility bill if you have those taxes. \$120, if you spend 1 cent, that's going to be \$12,000 that you would have to purchase to actually spend that. This will save everyone money. By front-loading the LB1107 credits, schools are going to receive more and that will lower their levies accordingly. And I will say the Millard Public Schools has been a great partner working with us, making sure that as our tax plans from last year went into effect, they've lowered their levies. We expect the schools will do the same. They will continue being solid partners. Hard caps on the political subdivisions of 3% plus growth will be a generational game changer. Political subdivisions can always go to a vote of the people to ask for an increase. That gives Nebraskans significantly more control. And when have we ever felt that we have complete control over how taxes are assessed? Reducing property taxes will make buying a home much easier. I've heard lots of people say, well, I rent and I can't afford to buy. Well, you can't afford to buy partly because when you look at that payment as a whole, your property taxes are put into that payment. If we lower those property taxes, it might just become affordable. This bill is not perfect, but nothing is. We cannot let perfect become the enemy of the good. There will be tweaks we have to make. We'll make those in successive years as we see how it's going. We have to take the first

steps. LB388 is a great step in the right direction, and I yield my time to Senator Hansen if he's interested.

KELLY: Thank you, Senator Kauth. Senator Hansen, you have 1 minute, 45 seconds.

HANSEN: Thank you, Mr. President. There's a-- there's a saying on here that I'm kind of having an issue with is when I hear from the opposition that saying this-- if you're in favor of this, this a tax increase. And I think Senator Raybould-- actually, she had a pretty good saying that says it's a sleight of hand. One of the things that I'm hearing that is a sleight of hand is when people come up here and say this is-- if you're in favor of this, this is a tax increase. Let me-- this is-- there's something I learned in junior high economics class, it's called net benefit, right? And so I personally think property taxes in some way are an immoral tax. I think you never own your land so that way the government always owns it. So if there's any way I can shift the tax burden away from property taxes onto sales tax or consumption tax, I will, so long as it results in a net benefit for the taxpayer, which basically means, yeah, I'm paying more in sales tax,--

KELLY: One minute.

HANSEN: --however, my overall taxes have gone down, which is what I believe that this bill is trying to accomplish. OK? If you're in favor of this, it's a tax increase. That is a sleight of hand. We're talking about the, the shell game. That's a shell game is when they say something like that. It's called net benefit, people. OK? And so now do I have some concerns about this? Yes. My vote-- I'm going to vote for this so I can move onto Select File because I know Senator Linehan is always willing to listen to work with people and move this forward with people's concerns in mind. I have little concerns about how the schools are going to, maybe, be able to increase their levy over the course of time as, as this bill moves forward. So I want a little bit more reassurance, reassurance and guarantees that the school cannot increase their levies significantly over the course of the next few years if this bill passes. So that's something I'm going to work with Senator Linehan on between now and Select File. So I encourage my colleagues to vote green on this. Any concerns you have--

KELLY: That's your time.

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Floor Debate April 2, 2024

Rough Draft

HANSEN: --significant concerns, talk to Senator Linehan. Thank you Mr. President.

KELLY: Thank you, Senator Hansen. Senator Lin-- Mr. Clerk, for a message.

CLERK: Thank you, Mr. President. Notice that the Education Committee will meet in Executive Session now in Room 2022; Education Committee now, Room 2022.

KELLY: Thank you, Mr. Clerk. Senator Linehan, you're recognized to speak.

LINEHAN: Thank you, Mr. President. I've got several things from the Governor's Office, they've been very helpful. They've worked all weekend. So I want to go through a list of unclaimed LB1107 credits in my area of Nebraska. Well, I actually grew up in southeast Nebraska, but in Omaha in 2022, 67% of LB1107 credits were unclaimed, 67%. How does that compare to Elkhorn where I live where incomes are higher, people have accountants? 35% didn't claim in Elkhorn. Douglas County community, that's where all the lakes are, it's Waterloo and Valley, only 38% didn't claim. In Millard-- and this is a shocking number-- 50% of the people claimed it. Now, it's not that shocking because Millard is-- you've got some very high-end homes and you have some apartments. So that makes sense, about-- I would say-- Senator Kauth would know this better, but I would say about half the people in Millard, your upper income and the others [INAUDIBLE]. Ralston, which Senator Riepe would know all about, where they're free and reduced lunch is almost as high as Omaha, 70% did not claim the tax credit. Bennington, again, this would be Senator Armendariz's school district. I think she's got most of Bennington. Again, wealthy upper income, only 35% didn't claim the credit. Westside, again, a school that has very wealthy and then a lot of apartments, so about half and half, 51% of the people didn't claim their credit. So the idea that this plan is some trick for the wealthy is ridiculous. I already claim my credit and I'm not that wealthy. You got a whole bunch of people that we're saying were getting property tax relief, they're not getting it. So I don't-- I'm, I'm just dumbfounded by the arguments against this bill. I understand the chambers' arguments, and they're not going to be happy with me this morning, but that's fine, I'm not happy with them. In 2020, we did ImagiNE. I agreed, we needed incentives because our income taxes were too high. We fixed that last year. There should be more appreciation than there seems to be on that subject. I also this morning was-- got a text about-- worrying about TIF because, oh, my

goodness, if we lower property taxes, TIF won't work quite so well. Well you know what, I don't care. I don't care-- if, if the argument against this bill from the business community and the cities is we can't lower property taxes because that'll hurt TIF, it's, it's astounding to me. I've known that, I've argued it with people that every time you use TIF, it hurts us at the state because we have to come up with more school funding. It's not a good reason to be against property tax relief because TIF won't be as meaningful, bad idea. I think-- I don't know if people haven't gotten the information, if we're not communicating well enough, but here's the state aid change in 3 years: Adams Central, ag community, runs around Hastings,--

KELLY: One minute.

LINEHAN: --their state aid will go up 227%. Ainsworth, another ag community, state aid, up 366%. Allen Consolidated Schools, state up-- state aid, up 331%. And I'm not just picking the big ones here, I'm reading from the top of the list. For decades and ever since we've been here, OpenSky, Stand for Schools, everybody says we need more state aid, more state aid. The Governor's plan, this plan is trying to move us-- well, we did move last year from, like, 48th up to kind of the middle pack. This moves us up to number 8 in the nation in state funding for our schools. And all the people that have said for a decade or two that the problem is we don't have enough state funding are against the bill. I, I don't know how you solve a problem when you do everything they've asked for for 10 years and then they're against the bill. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Senators Blood and Sanders have some guests in the north balcony, Leadership Bellevue from the Bellevue Chamber of Commerce and Community. Please stand and be recognized by your Nebraska Legislature. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. Well, colleagues, I'd like to just get back on some of the focus that we've been talking about before. I, I always have to chuckle a little bit when talk about picking winners and losers. Because when we start looking at sales tax, it's not the business that pays the sales tax, it's the customer. And when you look at sales tax, and we pointed this out before, when you look at the inequities between sales tax, income tax and property tax, the three main taxes that are-- that are assessed in Nebraska. Just as a refresher, property tax collections last year was a little over \$5.3 billion. Sales-- income tax was about 4-- a little over 4-- about

\$4.2, \$4.3 billion. And, and the sales tax, \$2.3 billion collected by the state. We have local option sales taxes, and let me just tell you in North Platte we have 1.5% local option tax. But then the voters-- by 66% of the voters in the last special election, voted to increase the local option tax by half a cent to pay for a new rec center and swimming pool that were built back in World War II time. And I will tell you, they wanted that-- far preferred that over a property tax increase. In fact, they would have voted down a property tax increase. So why are sales tax less objectionable? Because anyone that's coming through our state and shopping here are leaving sales tax dollars here. They're helping pay that \$2.3 billion. It's not being paid by the, the, the residents themselves on parts of, of what is sold by people traveling through the state. I think all of us can relate to motels. If you go and make a reservation at a hotel, what's the question you ask? You ask the question, what's the rate? And they might tell you it's \$150 a night. Do you go on to say, what's the sales tax rate? What's the occupation tax going to be? What are the other expenses? Generally speaking, no. And I'm pretty sure Senator Clements asks that question, but most people don't. OK? And I will tell you that I just got an, an invitation to go to an event in Washington, D.C. The motel cost is going to be \$350 a night, and there's a 15%, 15% tax that goes on top of that. OK? And that-- and people pay that all the time. I will tell you, when you go to our mall in North Platte, they passed an EEA, an, an employee-- Enhanced Employment Area. It's a 1.95% sales tax in addition to the regular local option tax and in addition to the state sales tax. Has it impacted sales? Not one bit. Not one bit. Because people wanted those-- that local option to buy goods in that mall and it paid for infrastructure of the mall. I'm just telling you this is-- this is probably the easiest way that we're going to get real property tax relief. The only way we're going to get-- other way we're going to get there is take from something else to fund it. I, I prefer someplace where others are going to help pay for it. So with that, I'm going to pause. I'm going to see if Senator von Gillern would like to take the rest of my time.

KELLY: Thank you, Senator Jacobson. Senator von Gillern, you have 1 minute, 30 seconds.

von GILLERN: Thank you, Mr. President. One thing I didn't get to in my previous comments was talking about the spending caps that are included in LB388 and I think if you-- if we went around the room, I think I could get 49 people on this floor to agree that spending is the issue. We can argue about where we're going to collect the money,

you know, whether it's sales tax, income tax, property tax, excise tax. But the one thing we would all agree on is that spending is, is the issue. I proposed a bill that would offset levies and appraisal values, and we ended up tabling that for in, in favor of another bill that we ended up melding into LB388 that applies to these caps on local taxing authorities. It would be on counties and school districts. There's a school district cap that was passed last year, and we called it a soft cap because it was able to be overridden and turns out a number of districts overrode that, but only a small number actually capitalized upon the tax taking authority on that. But anyway, in my homework for my LB1241, I did some research, local property taxes levied by local governments in Nebraska from 2014 to 2023 increased 49%. That's compared to an inflation rate increase of 28.6%. So your local taxing authorities outpaced inflation in their tax taking by 20%.

KELLY: That's your time, Senator.

von GILLERN: Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Senator Vargas, you're recognized to speak.

VARGAS: Thank you very, very much. Sorry, that was a little abrupt. It seems like Senator von Gillern was still going there. Colleagues, I, I rise, not necessarily in support of the IPP, still not in support of LB388. And right now, against it largely, largely more based on the, the formula of how things are in this graph on where the funding mechanisms come from. There's a couple of high-level things I wanted to make sure to focus on. I am opposed to a majority of the tax shift or the tax increase coming from sales tax increase. And part of the reason is-- and this is a bit of a thank you to, to previous Governor Ricketts, the work that we did in Appropriations for the last 8 years has been largely focused on trying to be more fiscally conservative and also trying to reduce our spending obligations. It means-- and I've had some of my colleagues on the floor frustrated we're not spending more on a lot of things, either new projects, new programs, better fund on existing programs. And, you know, we, we do understand that. We feel that. But in terms of the, the nexus of the committee and where we tended to land in the last several years, we had biennium budgets where we were somewhere between 2 to 2.5 to 3%, and on average, being around 2.5%, made us one of the leanest Appropriations Committees and budgets that we put out for these last 8 years. And I think one of the benefits of doing that is when we compound the

reduction in spending and lean spending, if any spending, it was really-- enabled us to be able to make room for a lot of the tax relief, the, you know, the \$6 billion in tax relief that's been done for property, for income, for corporate, for, for all these things. Things that I voted for that many of us voted for and my committee focused on trying to reduce that spending. The other reason we reduced that spending was so that we could make room for the Property Tax Credit Fund and make sure we're funding that in its totality. And the homestead exemption, again, to the tune of hundreds of millions of dollars. I think there's a good formula here, and that's-- and I think Senator Erdman mentioned this. And, and part of the good formula, which may not meet the needs of some of us that are on our last year, but for the rest of us that are sitting here, is if we expect revenues to increase in these next couple of years from, from income tax, and if we continue to reduce our spending and we look at some of the credits that Senator Linehan had, had talked about, specifically, some of the corporate credits that we have passed in the years, and we reduce some of-- or eliminate some of the exemptions that have been targeted, some of which are popular or unpopular, then we can find enough funding to provide really meaningful tax relief that would fund a lot of this because it looks like the 1% sales tax increases to the tune of about half a million, sorry, half a billion dollars in '26 and '27. So the question is where would we be able to find a half a billion dollars of funding, either from offsets with spending reduces-- reductions in some of these other areas, cigarette tax, sales tax, which I'm actually fine with and the vaping product increase, the lottery sales tax. Those ones I can live with and would vote for if it was just those 200 million of other things other than the 1% sales tax increase. The other thing that I do support, which I do appreciate Senator von Gillern mentioning, is I support spending caps. Because if we don't rein in the spending for local schools, and, and local entities on, on the tighter caps,--

KELLY: One minute.

VARGAS: --we are going to be back in a scenario where we're spending too much. This is a bigger part of the problem that I really hope we can-- I've pushed for legislation in, in transportation to try to do a vote of the people for occupation taxes. Didn't get that out of committee. But the gist of it was, basically, there are these other taxes, occupation taxes being one of them, just like property taxes, which if they keep going up, maybe we should start to, to reduce or put caps on the spending that can be had, because that's the way that we will reduce our overall reliance. We have to change some of the

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Floor Debate April 2, 2024

Rough Draft

habits. So I, I agree with Senator von Gillern on that. But in regards to the 1% sales tax increase, I don't support that. I, I support the others that are [INAUDIBLE] revenue, generators, or the offsets, the shifts, whatever we want to call them. But I, I represent a district that has a high percentage of renters, and they're not going to be seeing-- and many people in the Omaha area may not see as significant of any tax cuts.

KELLY: That's your time, Senator.

VARGAS: Thank you.

KELLY: Thank you, Senator Vargas. Senator Meyer, you're recognized to speak.

MEYER: Thank you, Mr. President or Mr. Speaker, and good morning, Nebraskans. It's-- how many times this morning have we-- have we heard the term tax shift? Being from rural Nebraska, we have seen that incremental tax shift for the last 15 years. And I'm reminded of the story of the bullfrog. You drop him in a pot of cold water and bring it to a boil, and he won't even know that it's boiling. And pretty quick, he's dead. That's the way it's been with property taxes in rural Nebraska. You drop that same bullfrog in a pot of boiling water, he's going to jump right out and survive. Well, that's kind of where we are here. We're at a point where the incremental shift has happened, so it's a little late and a little melodramatic to call it a tax shift now, because it's already happened. We're just hoping to, to even the three-legged stool a, a little bit. The Platte Institute has long said that removing sales tax exemptions to broaden the sales tax base is just a necessary step to a solid financial future for the state of Nebraska. You know, one thing that hasn't been talked about a lot and, and as soon as the bill was introduced, I thought to myself, now, now that's a commonsense approach. And that's Senator Wayne's bill to exempt home utilities. I mean, that is a real commonsense thing that it would be nice to do for all Nebraskans, all Nebraskans, low income, high income everybody, because that's something that we absolutely have to have. But without LB388 and the sales tax situation and that, that is not going to happen. And there also seems to be a feeling in this body that-- and maybe some of the other groups like the Omaha Chamber and the Lincoln Chamber, that all sales taxes paid in the metropolitan areas are paid by the folks that live there. And nothing could be further from the truth. I see a delivery truck from Nebraska Furniture Mart in my community almost weekly, sometimes twice a week. And guess what, those are people that pay sales tax in Omaha

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Floor Debate April 2, 2024
Rough Draft

and, and get the, you know, the furniture in rural Nebraska, that happens all the time. It's kind of the same way with lodging taxes. We've talked about the, the good life areas. We've talked about things like that. Guess what, it's not the people that live in Omaha and Lincoln that pay lodging taxes. It's the rest of us. It's every visitor that comes through Nebraska. And we love that, and that's the way it's designed. Additionally, we talk about revenue in Nebraska and always being short. We have some very, very telling needs. And one of them that, that I'm passionate about is Senator Fredrickson's LB856. The childcare, teacher subsidies. We can't do that unless we somehow raise some more revenue. It's just not possible. Another one is preschool spots in Nebraska. Another one is, maybe, homestead exemptions that people who really, really need that. Well, without some of these sales tax changes, those necessary things just will not happen. So I'm fully supportive of LB388. I think it's a very, very balanced approach to what we need to do in Nebraska. So with that, I'll yield my time to Senator von Gillern.

KELLY: Thank you, Senator Meyer. Senator von Gillern, you have 1 minute, 20 seconds.

von GILLERN: Thank you, Mr. President. I'll just finish up the thought that I started earlier regarding the caps. And I appreciate Senator Vargas agreeing on that comment and, and the fact that we're of the same mindset there. And, again, I think if we polled the room, there's 49 in the room that would agree that caps or some form of caps or at least spending is the issue.

KELLY: One minute.

von GILLERN: Thank you, Mr. President. So, again, this, this, testimony that I put together showed that local-- property taxes levied by local governments from 2014 to 2023 increased 49%. Over that same time period, I ran an inflation calculator by the Federal Reserve Bank. Inflation, inflation increased 28.6%. And as I pointed out in my last moment on the mic before, that's a 20% delta. It's a 20% difference. But Senator Moser pointed out to me as he walked by, he said that's a 50% increase. They're, they're double-- they're spending twice as much as the inflation value at the local levels. If we don't find a way to put spending caps in place, this problem is just going to continue to go down the road. Senator Linehan said that we're looking at a 23% increase next year. If we don't do anything, that's a property tax increase. We've got to do something to stop the bleeding and bring this to a halt. And spending caps are, certainly, a way--

KELLY: That's your time.

von GILLERN: --to get that done. Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Senator Albrecht, you're recognized to speak. Senator Brandt, you're recognized to speak.

BRANDT: Thank you, Mr. President, and good morning, Nebraska. I fully support LB388 and stand opposed to the indefinitely postpone. The majority of my emails run for LB388. They are not opposed to it. The majority of my emails come from District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster County, a very rural part of the state. So I guess my question to the opponents, if not this, then what? What is the alternative? What is your idea? Of everybody in here, the one that stands out, actually, is Senator Erdman. Senator Erdman offered an alternative here. He had an idea. Outside of that and LB388, I haven't seen a lot of options here on the floor. But I've, I've heard a lot about sales tax and how awful sales tax is. And what concerns me is, is on the floor, and we're supposed to be the leaders for the state, is we've fractured our tax policy. We've got a group over here that's just sales tax people. And we've got a group here that's just income tax people. And we've got a group here that's just property tax. And we need to look at the whole thing welded together, what's best for the people of the state of Nebraska. If you don't want to increase sales tax, I can-- I can live with that. We introduced a bill, LB1372, and what that does is it stops the decline in income tax. It's not a-- it's not a-- it's not a, a sales tax increase, and it, it doesn't shift taxes. It just slows down the 5-year glide path on decreasing income taxes. And our numbers show that would raise about \$250 million a year. So we've been shifting cost from the state to our local schools for many years. When the state runs short of money, they cut school funding because the property taxpayers, the local ones, will pick up the bill. Property taxes are assessed at the local level by the state because until last year, we were forced higher and higher in rural Nebraska because of our school cost. And the state was paying less and less to the schools. We need to vote LB388 through to General. If for no other reason, so we get an accurate fiscal note on what this could cost the state. I will also support LB1331 when the Education Committee gets that component out. And that's critical, that is the school finance half of, of this bill. I know earlier Senator Linehan had talked about TIF, and I have gotten some of those emails, too. Here, again, TIF doesn't do anything for District 32. TIF has some unintended consequences out there on the TEEOSA formula. If somebody wanted to

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Floor Debate April 2, 2024

Rough Draft

lead the effort to get rid of TIF, I'll be right there with you. Remember this, 75% of the benefits from LB388 go to houses and businesses. Only 25% of the benefits of this bill will go to ag land in the state of Nebraska. This is not about wealthy. This is not about farmers. This is truly a bill for everybody in the state of Nebraska. Once again, I'll vote no on the IPP. I'll vote for LB388. And with that, I would yield the rest of my time to Senator Dorn.

KELLY: Thank you, Senator Brandt. Senator Dorn, you have 1 minute and 10 seconds.

DORN: Thank you. Thank you, Senator Brandt. Wanted to get up and talk a little bit about-- I did last week about our green sheet. If you remember, I talked about on the first page, page 22. We came to the floor with \$549 million. Right in line 22, line 21, that's our minimum reserve, which we have to be out at the end of this fiscal year when we-- when we adjourn here. I also talked about the third-- the column way to the right. There are minimum reserves 337 62 million, we came to the floor with. You flip that page, and at the top of the page 3, we are now at 422 negative out there in 3 years. What does that do? We don't have to-- we don't have to match that third year out there. We don't have to have that at zero. What that tells us, if the plugged in numbers, if they are accurate, when we come back and make the budget next year, we will be looking at a \$422 million deficit. Several people have talked about we need to control spending. Well, this body does a terrible job of controlling spending when you look at this.

KELLY: That's your time, Senator.

DORN: Thank you.

KELLY: Thank you, Senator Dorn. Senator Moser, you're welcome-- you're recognized to speak.

MOSER: Thank you, Mr. Lieutenant Governor, and good morning, colleagues. Good morning, Nebraskans. Well, how did we get where we are? For a number of years, we had budget increases that were more than inflation going back 10 years, 20 years. Those increases are put into the budget, and then the next year another budget is drawn and it's increased 3 or 4% and those increases compound. And so our spending is to the point where it's beginning to pinch the budget. And in the past, the Legislature has cut back on aid to schools, to the point where we were in the 40s, you know, 39 or 35 other states funded their education more generously than we did. And so we pushed that on

to the local governments and where's the school go to get money? They have nowhere else to go. They don't have excise taxes. They don't have sales tax. They have property tax. That's it. That and then combined with the increase in valuation, you know, the farming has been very good the last number of years. And farm ground has gone up from, you know, a couple thousand dollars an acre to what now is probably \$10,000 an acre for good crop ground. And so that has given the local governments some breathing room to raise their, their budgets. But where would the state get \$500 million, give or take, to try to reduce property taxes more and increase aid to schools? Sales tax is one way to do that. And I'm, I'm not a flag waving supporter of raising sales tax. I have to collect it every day. Every day I sell some little thing, and then I add 7% to the total for the tax. And I get some negative feedback on that. And if it goes to 8%, it's going to be more of a negative feedback. So I don't I-- don't like that, but what's the alternative? If we don't do this, we could go back and Appropriations could tell every state agency that we're going to go to zero-based budgeting and I want a 10% reduction from every state agency that wants an appropriation. Bring in a plan that shows 10% less spending this year than last year, or 5% less than last year. The total budget, what the state controls of it is around \$5 billion. So 10% would be \$500 million. That would be equal to the 1% sales tax. Would you rather have a 1% sales tax or would you rather have every state agency take a 10% cut? You know, a lot of people who oppose LB388, I think would oppose the 10% cut for every agency more than the sales tax increase. So we're not in a real feel good situation. We're in a spot where we've let things get out of whack over time, and we're going to have to make some belt tightening and some decisions that we're not 100% behind, but things need to be addressed and LB388 is one way to look at that. So I'd encourage you to support it. And if you don't like something in it, talk to the committee and to Senator Linehan in between General and Select and help get it to the point where you'll support it. Thank you, Mr. President.

KELLY: Thank you, Senator Moser. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Well, again, I rise in support of the IPP and I would just say, Senator Moser, we do have to do something. Senator Brandt addressed a proposal that he had brought about pausing the implementation of the corporate and income tax to help pay for some of these things. So there are other options out there that are not increasing sales tax. And so we don't need-- we don't need to act like it's a foregone conclusion that our only option

is that. But I just wanted to go touch on a few points. We're going to get to lunch here in a minute. One is, I still haven't heard-- I've heard-- I've heard folks say we shouldn't be talking about people who currently get LB1107. And I hear you. I get what you're saying, that there's a lot of folks who don't claim the LB1107 money. I was saying that for years. It's interesting to hear the folks who are now jumping up and down in that who were opposed to front-loading LB1107 in past years, but now say that it's the panacea to our problems. But what I would say is that the front-loading of LB1107 is a good idea. I agree with that idea. I think putting that so that it's easier to capture that everybody actually gets it and they see it in their tax bill, that's a good idea. What I'm saying is there are some Nebraskans who currently claim LB1107 and whether it's 40-some percent in Omaha or 30-some percent in Bennington or I don't remember all the specific numbers, but those folks currently get part of the tax relief that we're talking about in this bill. And I say it's-- it is not 100% on the level to say that it is entirely new tax relief. That's my point. And that we need to have a conversation that is about what actually is happening. So for those folks who claim LB1107, they are not getting as much tax relief as is being presented in all of these, and that when you talk to your constituents, if they are one who claims LB1107 you have to say to them, we gave tax relief in this form and, yes, your taxes are going to go up as a result because of how this is structured, you're going to pay more in sales tax, and you are only getting this amount more in property tax reduction because you already did get that other property tax reduction. That's my point in saying we need to address that. So when you're trying to obfuscate and misdirect on that, that is problematic. And it makes it hard to understand what this bill actually does. And by the way, that's not in this bill, that's in a different bill, which I'm told-- I think the Education Committee maybe just Execed on now. So a bill that maybe is coming out sometime later this week, but that's not in this bill. This bill has the sales tax increase. This bill has an increase in tax on advertisements for digital advertisers which, by the way, I did get a note, it's the other thing I wanted to talk about, from a small business that is just outside my district. It's in District 8 in Dundee, talking about eCreamery, which is a wonderful ice cream store. If you have the opportunity to go, I take my kids there often. But they, they do a lot of their business online, through sales online, they build their client base through online advertisements. And so they submitted a letter talking about how the portion of increasing the tax on digital advertising is going to adversely affect their business model. There's folks here from other digital industries,

we'll say, who have a similar problem with this. We spent a lot of time talking about the tax increase on sales tax. But that's not the only tax increase we're talking about in here. And there are other tax exemption eliminations on veterinary services--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- and others. But just because there are some things that are good ideas, like front-loading LB1107, which, by the way, doesn't need a sales tax to be done. Right? We'd have to-- there are some mechanisms, I think, that would have to be changed to do that by itself, but that would be a good idea to do. But it does not require that increase in sales tax. Eliminating the sales tax on utilities would be a great thing to do as well. But that does not require an increase in sales tax overall either. So we can do some of the good things. And we don't have to do all of this. We don't need to be forced into this position to assume we have to increase sales tax. But if you're insisting on raising revenue, Senator Brandt's idea is one that has some merit. So I would suggest that we take another look at that as we're having this conversation. But as it stands, as LB388 is written, I oppose it. I support the IPP and I assume I'll get some--

KELLY: That's your time.

J. CAVANAUGH: --more times. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Bosn, you're recognized to speak.

BOSN: Thank you, Mr. President. I have been and will continue to be listening to the debate before making a final decision. I would agree with the comments. Like many of you, when you meet with constituents, that their number one concern is property taxes. There's no-- the second place concern isn't even close. However, I have reservations that a 1.5 cent or even a 1 cent sales tax increase was the solution that they envisioned to that problem. So that's the reality of where my concerns lie. Doing nothing will result in an increase in taxes for my district for school aid in the coming years, doing nothing will not result in any property tax relief, and voting for this bill does result in a tax increase. And neither one of those options sit well with me and I know several others. I know there's ongoing discussions going on right now and I am hopeful that my colleagues are working on

a compromise that all of us can be proud of and we can all support. And with that, I will yield the rest of my time to Senator Linehan.

KELLY: Thank you, Senator Bosn. Senator Linehan, you have 3 minutes, 45 seconds.

LINEHAN: Thank you, Mr. President, and thank you, Senator Bosn. So I'm going to hand out some examples. As I said, I spent the weekend working and one of the things I did is I took OpenSky's examples and worked them in real-life situations. So the first one is Boone County-- actually, the first one is Douglas County, but Boone County is on there. So their-- Boone County said the income was \$41,000. The property value was \$171,000. The school general fund levy is 51-- .5123. Their total levy in Boone County average is below a dollar, which is considerably lower than many of us pay. What-- you got to remember when you figure out what they might pay in sales tax, out of that \$41,500 in income, you have to pay federal income taxes, in this case \$3,098. You have to pay Social Security taxes, in this case it would be \$3,175. State income taxes, \$1,304. Property taxes, \$1,646. Figure you have a mortgage of \$1,000 a month, don't pay sales tax on that, \$12,000. Homeowners insurance, \$200 a month, which is probably very low. Don't pay sales tax on that, \$2,400. Health insurance, don't pay sales tax on that, \$4,000 a year. Utilities, we'd like not to pay sales tax on that, \$2,400. Taxes on utilities, \$132. Food at \$80 a week. This is for a single person, that's being frugal, \$4,160, don't pay tax on that. Gas, \$30 a week, and that means they're not driving very far to work, it's \$1,560. So your total subject that you might be subject to sales tax is \$5,625, meaning you might pay another 309.37 cents in sales tax. Then you minus utilities out, which is \$5,625. So your increase in sales tax would be \$233.62. Your school property tax drops to-- well, your savings, excuse me, is \$508. So you come out ahead. Way ahead. Almost \$700 ahead for somebody making \$171,000 [SIC] a year. So I will continue on this. The other thing I want to talk about is we don't know that this is a 1 cent increase. And we've got-- I'm working with people to try and figure out how to make sure, we don't know. We have--

KELLY: One minute.

LINEHAN: --in the bill-- in the bill there are triggers. So if our revenues are higher than anticipated, which I feel most certainly they will be, they were \$100 million higher in March than was projected. April is our biggest tax year-- tax month because that's when people pay their taxes, don't get refunds, if that amount of money is what we

need, there could be no tax increase this year. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Colleagues, I do rise again opposed to LB388 and in favor of the motion to indefinitely postpone. As we did last week, I think we're actually having a very good conversation with regards to a number of the things that are contained in this bill. And as I said last week as well, there's sort of two tracks that you can take about this bill. There's the 30,000 foot view, sort of how do you believe we should generally balance our economic structure in Nebraska argument. You know, do we think that sales tax are too low and need to be raised in order to dis-- or offset property tax decreases or is income and corporate tax the way to go? We can have that conversation, and we can also have a conversation, separate and apart from that, about the way that this bill works and the actual impact individually on people. I do still rise today opposed to a sales tax increase. And I want to, respectfully, push back on the idea that this is a shell game to say that this is a, a sales tax increase. What is contained in LB388 is a trigger mechanism wherein most likely, in my opinion, the sales tax will increase by a particular rate. You can be opposed to a sales tax increase and still vote for the front-loading of the LB1107 credit in such a way that will have a wider distribution of property tax relief across the state. So this is not this catch-22, where if you vote for one, you have to be for the other and vice versa. You can be opposed to increasing the sales tax and still be in favor of overall property tax reduction, or at least property tax relief being provided in a more equitable manner through the front-loading of the LB1107 credit. The question then becomes, how do we pay for that? And I think there's a number of options. I posited last week the potential of the money that's set aside for the canal. I know a number of people have talked about that. Senator Brandt has talked about whether or not we should freeze the corporate income tax cuts that were imposed last year, which would not result in any tax increase. So there's been a number of options proposed. And so I guess I, I want to-- I want to push back on the notion that there's not any solutions being set forth, because those are certainly things that have been talked about for the entirety of this session. It's just not what I think has really gotten put on the floor here today. So I do still stand opposed to that. I also want to talk a little bit about some of the numbers that are being discussed here. The idea that this does not disproportionately-- that raising the sales tax does not,

disproportionately, harm middle-class and lower-class people, I just disagree with. And we've talked a lot about regressivity versus progressivity, and I think there's two separate ways to look at it. Either you can look at the numbers on the page with regards to the net as Senator Hansen was talking about or you can talk about it from a philosophical perspective. And on both of those ways of analyzing this, I think that our working-class or middle-class people make it out worse. When you're just looking at the numbers on the page, I know we've been given a number of examples here with how this affects everyday people. And I think Senator John Cavanaugh and Senator von Gillern had a good conversation about that. And I want to applaud Senator von Gillern because I know he's done a lot of really hard work on a lot of these examples. But when I was going through these, in particular, the one that is the low-income renter, I was struck by a couple of the assumptions that were made in here with regards to income. So I think on this example we have before us, it's a \$45,000 AGI, which is adjusted gross income. So 45,000 AGI, the assumption that's made right off the bat is their, their monthly rent. And the monthly rent that's assumed here is \$2,000. I can tell you that I think the vast majority of people who are making \$45,000 a year AGI can't afford or would not choose to pay for an apartment that is \$2,000 a month in rent. Certainly, when I was making more than that and renting, \$2,000 a month in rent was fairly difficult, if not impossible for me to make. And so if we drop that number down to something that I think, potentially, could be a little bit more reasonable, let's say \$850 a month in rent, which is still a little high for some people, but not unreasonable. What that, ultimately, means is rather than spending \$24,000 a year on rent, you're spending about \$10,200 a year. When you take--

KELLY: One minute.

DUNGAN: --thank you, Mr. President-- when you take that number and you factor it through all of the things that are sales and use tax exempt and then have a certain amount remaining over that you can assume the sales tax applies to, even when you get rid of the utilities sales tax, overall there is a net gain. And that net-- or there's a net increase in taxes and that net increase in taxes if you're making less money is a bigger deal to you. If there's a net tax of additional \$100 that you're paying, that means more to somebody if they only make \$45,000 a year instead of \$200,000 a year. And so I, I just-- and a lot of these are based on assumptions. And I know it's really difficult to really pin down exactly what all the expenses are, but that was just one calculation I looked at there. So I, I don't think

anybody's intentionally doing a shell game, but when we start to look at the numbers, you really can look at it different ways. And I think, you know, based on people I've talked to, this sales tax increase is going to hurt people. So, again, colleagues, I would urge you to vote against LB388.

KELLY: That's your time.

DUNGAN: Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. I appreciate the opportunity to clarify a lot of mistaken ideas that were expressed. I want to thank Senator von Gillern. I know on the, the handout that shows the impact of sales tax on Nebraska families. It does clearly say groceries, but I think they made a mistake when we all know-- hey, I'm a grocer, in a grocery store, there is no sales tax on food items. But if you buy toilet paper, if you buy detergent to, to launder your clothes, you pay sales tax. Senator Kauth said something, you know, that all taxing-- you need to talk to all your local tax-- taxing bodies and entities. You need to talk to your county government, your county commissioners. You need to talk to your city council about cutting waste. Holy cow, I remember these conversations so vividly. And for those of my wonderful colleagues who have not served in county government or on city council, this is like the drumbeat from the state of Nebraska. You need to tighten your belt. Governor Heineman was really big on this, but we're not focusing on the essential problem. How did that burden of property taxes mushroom so much to become our local tax problem? Well, it started with the state of Nebraska shifting-- another cost shift, shifting the cost of public education to those local entities, your county, your school districts. And the only way to pay for it is in the property tax. Now, this has been going on for quite some time, even before Governor Heineman came up with, with that plan of shifting those costs. You know, it started with the TEEOSA formula. And I have to share with you one great story. Several of my colleagues, we went and attended a seminar on TEEOSA so we could better understand the formula and how it impacts our income taxes and property taxes, etcetera. Well, here's an unintended adverse consequence when we lower property taxes, it's called allocated income tax funds. And you've heard me get up here and preach like so many unintended consequences, some of the tax cuts on income and corporate are unsustainable. And I keep saying that. And here's one of the

unintended impacts of lowering income tax. So some years ago public education got 20%. It's called allocated income tax fund based on property taxes that are being paid. That got changed from 20% of that amount to now it's 2.23%. That's the amount of property taxes that are paid that actually go towards public education, 2.23%. And I love it because my fellow senators were listening to this and the, the light bulb went off in their head. They're like, oh, wait, if we lower property taxes, that means-- if we lower property taxes, that means that 2.23% that goes towards public education gets diminished, gets decreased. And that's one of the unintended consequences, is we keep aiming to go lower and lower and lower on property taxes by-- and by not front-loading the responsibility to the Nebraska state government for this, we're going to have additional unintended consequences. Senator Dungan spoke so clearly about the additional taxes that are being added. It's not just the 1% onto sales tax, but it's all the other generated taxes that really have an impact. I wanted to talk about the sales tax or items that are sales tax exempt. That could take a whole summer--

KELLY: One minute.

RAYBOULD: --and a whole interim study that should be done because we shouldn't be picking winners and losers. And the biggest loser on this one is on cigarettes, keeping-- that price going up, a consumable hemp 100%. You know, they testified in favor. They thought, well, 1% increase is no big deal. This is going to impact small businesses in our city and in our state. The other drumbeat that I love to talk about is unfunded mandates. Senator Kauth said we need to tighten our belts. Well, how, how when the state keeps pushing down unfunded mandates to fund things? How are we going to do it with public safety costs increasing, the salaries to hire, to retain, to attract? New law enforcement is going up, and guess what, their pension benefits are going up as well. How are we supposed to do this as a, a county government and city government when infrastructure costs are going up, healthcare costs for our amazing workforce is going up?

KELLY: That's your time, Senator.

RAYBOULD: Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Linehan would like to announce some guests in the north balcony, students from Fire Ridge Elementary in Elkhorn. Please stand and be recognized by your Nebraska Legislature. Mr. Clerk, for items.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate April 2, 2024

Rough Draft

ASSISTANT CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB1108, LB1120, LB1169, and LB1355, all placed on Final Reading. Enrollment and Review reports LB1284, LB934, LB1023, LB1370, LB1017, and LB253 placed on Select File, some with E&R amendments. In addition to that, amendments to be printed to LB388 from Senator Slama, Senator Sanders to LB71. New resolutions, LR458 by Senator Walz, LR459 by Senator Ibach, and LR460 by Senator Brewer. All will be read and laid over. Amendments to be printed to LB686 from Senator Jacobson, and motions to LB1092 from Senator Murman. Finally, an announcement that the Revenue Committee will hold an Executive Session at noon in Room 2022. And priority motion, Senator Bosn would move to recess until 1:30 p.m.

KELLY: Members, you've heard the motion to recess. All those in favor say aye. Those opposed, nay. We are in recess.

[RECESS]

KELLY: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to begin. Senators, please record your presence. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: There is a quorum present, Mr. President.

KELLY: You have any items for the record?

ASSISTANT CLERK: I do, Mr. President. I have 2 reports on gubernatorial appointments from the Agriculture Committee. Amendments from Senator Cavanaugh to LB388 to be printed, as well as 1 from Senator Lowe to be printed. Finally, new resolution, LR461, offered by Senator Hughes. That will be laid over. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. Senator Holdcroft has guests in the north balcony, fourth graders from Reagan Elementary in Omaha. Please stand and be recognized by your Nebraska Legislature. Please proceed to the first item on the agenda.

ASSISTANT CLERK: Mr. President, under consideration is LB388. When we recessed for lunch, there was pending a motion from Senator Machaela Cavanaugh to indefinitely postpone pursuant to Rule 6, Section 3(f).

KELLY: Returning to the queue, Senator Blood, you are recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, at this time I still stand in support of the IPP motion, but it's my understanding there's some negotiating going on, so let's see what happens. Because as of now, I do not support the underlying bill as is, especially once we add on AM3203, because for Sarpy County, it doesn't provide meaningful property tax relief. And there really is no consideration for revenue replacement provided by the state in reference to the services that we have to provide. And that's an issue, I think, for, for most of your, your more metropolitan areas, especially. You know, I don't believe that tax reform is moving money around. I think it's about reforming and dismantling restrictions. And we've not done a very good job of this in the last 6 years. And I've been here 8 years, but this has been going on the last 6 years. We keep putting on restrictions and caps on political subdivisions, and we're not fixing the underlying problem. You heard Senator Raybould before we went to lunch talk a little bit about unfunded and underfunded mandates. That is indeed, as you've heard me preach many times, part of the problem, not utilizing things like circuit breaker bills that give people property tax relief funds-- property tax relief when they need it the most. For some reason, we've always been opposed to anything that is long-term, and we always go for the short-term. So if we reform and dismantle restrictions, it's really a smarter way to unlock robust revenues and allow local investments in things like housing, public schools, and tools that encourage prosperity for the residents of all of our counties, but especially Sarpy County. Our ability to prosper economically and to be a place where workers and families and businesses can thrive, depends mostly on access to local services. All politics really is local. And that's what we're doing wrong here, folks. Good schools, well-staff-- staffed healthcare, affordable housing, parks, libraries, reliable infrastructure, and support for older adults, for our children, and our most vulnerable, access to these resources depends on this state's policymakers, in partnership with our political subdivisions. Instead of us constantly telling them what's best for them, we should be working together to find what's best for all. We want to tap-- allow them the ability to tap into adequate tax revenues to support adequate levels of local government in raising sufficient revenues and being-- that's now being overlooked with bills like this. I go back to law enforcement, our first responders. If you cap them, you are limiting their ability to do what they need to do, to do their business well. When somebody calls for help, they want help in a timely manner. I go to Sarpy County, I think about Sarpy County Sheriff's Department, who, right now, does provide services-- I think it's for Springfield. I have to

look back through my notes. And if I'm wrong, I'm sure some will text me really quickly. They provide services for that area. Should they need any more assistance, should they need any more staff, that's going to come out of their budget. They will not be able to change their budget if you cap it, to accommodate for these other communities that they have to help in Sarpy County. And why is that? Because they're not short-staffed. Now, if they were short-staffed, the way the, the amendment that goes into this bill is going to read, then they can have like a waiver on the cap. That makes zero sense. Local government happens because people go to the polls and vote those people into that position. If we, as a state, had decided years ago-- which, of course, we've never done. We like to come up and say, we brought you the biggest property tax relief bill in the history of Nebraska, which I think has been done 3 times--

KELLY: One minute.

BLOOD: --since I've been in this body-- instead of authorizing additional revenue sources to diversify our local revenue streams, and that we kept them at an area that-- at, at a level that was equitable and based on the ability of the subdivisions to pay, we could have really made a difference in our property taxes. We could have protected infrastructure. We could have protected first responders, our schools, our public servants. But we're not doing that with this bill. We're so hyper-focused on property taxes that we don't look at the big overall picture, and we're not planning for our future, 10, 20 years from now. And I don't fault anybody for doing what they're trying to do, but this is not it. And I'm hoping that we can have some changes. And I would like to point out that I do have an amendment that does offer a luxury tax, which should bring in quite a bit of money, as one of the alternatives that we can add to this plan. I believe we have 40-- almost 46,000 millionaires in Nebraska.

KELLY: That's your time, Senator.

BLOOD: Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Machaela Cavanaugh, you're recognized to speak, and this is your final time before your close on the motion.

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. We got a little bit of a later start this afternoon. So I stand in opposition to LB388, and I support MO550. There are ongoing

conversations happening about what this bill could potentially look like. And when I am done on my time this time, I'm going to take a look and see if any of the proposed changes move the needle for me, personally. But for right now, I, I just need some time to think. It's hard to do this job on the fly sometimes. Most of this job is on the fly. It's-- you're doing one thing, and then all of a sudden, you're doing something totally different. And that could be on the same bill, or it could be on a different bill. I-- during the pandemic, when parents were working from home and trying to educate their children, somebody told me once that we got into this mode of context switching. And I feel like this job is a lot of context switching, which is like your brain has to keep up with-- you are changing-- the context of whatever you're talking about is constantly changing. So when you're working and educating your child, you're like doing a meeting and helping them do Zoom classwork. So anyways. So I feel a little overwhelmed by the context switching of I'm adamantly opposed to this, to consider maybe I'm not so opposed. Maybe there is a path forward. So, that's what you're going to see, is people continuing to have conversations off of the mic to discuss this. But I do want to share, I have heard a lot, from constituents on this bill. And most-- almost entirely, I think-- I'm trying to recall if I have any in favor. It's all been in opposition. Some of it is to the sales tax, some of it's to the sales tax on CBD, which is 100% sales tax, which seems like a lot. But, I don't know. Cost of doing business, I guess. The hemp sales tax is another piece. And here's one that's-- they're, they're expressing their distaste of LB388. That's an interesting, interesting turn of phrase. As a young person trying to start my life on the right foot, but the situation with the economy makes this increasingly more difficult. I have, I have managed to land a job that pays a decent amount above minimum wage, but with the rising cost of rent, gas, food and other peripheral expenses, I'm still living paycheck to paycheck. I'm 26 and I have less than \$1,000 in savings. Not only that, but I try very hard to put money away when I can. But as life goes, whenever I'm able to breathe easy, there's an emergency and I am forced to start all over again. I would love to be able to retire by 65 or 70, as my generation and our parents before us were promised, but I am not feeling optimistic on my odds at this point. I know that I'm not the only person in this situation. Furthermore, I know people both young and old barely scraping by, and depending on the goodwill of family to make ends meet. Good people. Unfortunately, as time goes on, there is less and less to go around. LB388 would be another contributor to this growing problem your young people are facing. This bill stands to further increase taxes on the common man in the day to day.

KELLY: One minute.

M. CAVANAUGH: Thank you, Mr. President-- in the day to day, it seems wildly unfair to new legislation always-- that new legislation always seems to be about taking a few more pennies from the blue collar worker's pocket rather than help the disparaging wealth difference between the wealthy class and the rest of us. The middle class isn't disappearing. It's gone. No one is thriving now. This is not tax relief. Much more of our hard-earned money from our pockets is not relief. It helps no one but those who are already much wealthier than those they take from. Bills like this are one of the reasons why renters are struggling to become homeowners. So this is from a young person, and I actually don't know if they are in my district or not. It looks like they sent this to everyone. So, I'm not sure whose district she's in, but certainly an important message when we're talking about recruiting and retaining a younger workforce here in Nebraska. We want to make sure that they--

KELLY: That's your time, Senator.

M. CAVANAUGH: --thrive. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Dorn, you're recognized to speak.

DORN: Thank you, Mr. Lieutenant Governor. I, I, I will compliment the Legislature on one thing through this whole process, when we had 4 hours earlier and about 4 hours now. There's been some very, very good discussion on our property tax situation, and that's something that we should have in this legislative body. And hopefully, we'll, we'll see if we can come up with an-- maybe another solution for the property tax situation. Last week when we talked on this, there were-- I know Senator Jacobson got up and some other people did, about rental properties, apartment buildings and such, and the fact of what's going on out there. I have an individual in my district. He happens to have apartments down in Hickman. And I wanted to read you-- because I, I, I made a comment that I wanted to say a little bit about what he said. And he said, by all means, read this. And it said, I sold-- I have sold family-- we sold a family farm about 10 years ago, and I'm a fifth-generation farmer. It's because they don't make any profit on their farming that they decided to build apartment buildings. He said, at that point, I was cash poor and paper rich. I started doing rental properties. He built 2 apartment complexes. I don't know how many buildings-- how many are in each, but they're more than 10 and they

might be 20. He said, I started doing rental properties in the last 6 years, but I sold my farm to do this. It started out about 1.7 months for property taxes. In other words, 1.7 months of rent was what he needed, when he built these, to pay the property tax on those buildings. So, he's getting 12 months' rent, 1.7 months he needed to use for that specific purpose. He says, it is now almost double that. And now he says, if that rents-- that rent that I'm getting on those apartments, I need to use 3.1 months of rent to pay for those property taxes. And he made the comment. He says, he seems crazy to me, but the govern-- and he explained in here what he's making on those-- income on those apartments. He's hoping to make 1 month's of rent, right now, on those apartment building each year. So he says, it's crazy that the government gets \$3,100 a year for me for each apartment rent. They get that much in property taxes, and then I make \$1,000 a year on those. I think people, people have made the comment that this won't be passed on to the renters. We have property tax here that in 7 years has almost doubled on those apartment buildings. And now, for him to make what he was making when he built them, it's no way possible, because now he's almost paying twice as much in property tax. So this isn't a rural situation. This ain't a-- this is not a farming situation. This is what's happening in some of those apartment buildings, that if you don't raise rent fast enough, you're not going to keep up with the property taxes. I made the comment last year-- week. I know I made the comment that if we don't do anything, we are voting in or not-- by doing nothing, we are allowing a tax increase to happen. This individual sent information that explains that exactly. When he built them 7 years ago, he was paying 1.7 months, 1.7 months of rent for those apartment buildings for property taxes. And today, he's paying 3.1 months of rent. So you have to also realize that in that whole equation, if we do pass something like LB388, we're going to help keep that rent lower for those people. So hopefully that--

KELLY: One minute.

DORN: --won't be passed on. Thank you very much. Wanted to make one other comment. I've talked several times this, this week-- or several times on the mic, about how much, 3 years out, we are down. We're negative \$380-- \$422 million. I will give the Revenue Committee, Senator Linehan a big thank you for-- they did one thing here what many of you haven't done. They brought a solution for, I call it the revenue when they brought this bill out. They brought proposals for us to have a cent sales tax, and also to give up some exemptions so that they now have the funding for this. Many of the bills that we've had come on this floor, you're just asking for money. You're not helping

decide how we're going to pay for those. I really, really want to thank the Revenue Committee, Senator Linehan, for bringing forth a proposal that actually has some solutions in it, which many of the others aren't. Thank you, much.

KELLY: Thank you, Senator Dorn. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. Boy, I punched in this morning, and I'm just now getting a chance to come up organically in the queue. So, no doubt it's good to see a vigorous debate and a lot of members who are actively participating in this discussion on the mic and in private conversations, as well. So it's just interesting to me to note kind of the frenetic energy in the air right now, as the activity in the lobby has really ratcheted up. We're seeing more and more communications, emails, phone calls, texts, from our constituents and other stakeholders who are deeply concerned about the existing measures in LB388. And there's a lot more senators on the floor and a lot more movement on the floor. So that pretty much tells you what you already know, that we're moving ever closer to, perhaps what many perceive to be a very, very high stakes vote, with a cloture vote coming in the next few hours, perhaps. But friends, let me maybe help us take a breath or take a beat or step back from that. What a cloture-- sometimes a cloture vote is dispositive, right? And sometimes it's not. And I think if you look at even recent history, you can see that where there was a lack of ability to garner votes that, particularly when it came to revenue-related measures, negotiations continued. So what that vote is going to say in an hour or so, is just that there is not consensus on the funding mechanisms to support the property tax cuts as part of LB388, namely the increases in sales taxes and a host of other taxes. Because it's not good policy to increase taxes to cut taxes, to shift taxes to cut taxes, or to further exacerbate our picking of winners and losers in our tax code. So it's no surprise, in addition to being not sound policy, that there-- there's been a failure to develop a widespread, diverse coalition in support of this measure. And that's not Senator Lincoln's fault. Senator Linehan could not be working harder to push this measure across the line. And she, as we all know, is a veteran senator and a very talented legislator. So also, in regards to the hard work that Senator Linehan and, and the Revenue Committee have devoted was also the open invitation on the floor and otherwise, that I think all members should accept warmly-- that we come forward with ideas. If we have consensus, which I think that we do, that we need to address property taxes additionally, we have a disagreement on this

solution, which is a tax increase or a tax shift. So what I'm happy to do and I know other members are, as well, is roll up our sleeves, whether that's after cloture votes today, whether that's from General to Select, whether that's on other bills, or whether that's in a special session. We're not afraid of hard work. We're not afraid of finding solutions. There is a host of different solutions that we can look, to that are revenue generating, that should be explored and that don't bring the political baggage. We could look at a circuit breaker to address property tax relief. That's continually introduced. It's pending. This year, we could look at legalization of marijuana, as many of our sister states have, to bring in new sources of revenue and direct it to property tax relief. We could look at changing--

KELLY: One minute.

CONRAD: --our laws-- thank you, Mr. President-- to allow for online gaming, like many of our sister states have, as well, to identify new streams of revenue to help provide property tax relief, without hurting other key state investments and programs. We could look at triggers or clawbacks on the significant income and corporate tax cuts that are in play. And we have to address aid to local government and particularly schools, which levy the property tax, and have had to put additional pressure on property taxes because inflation and other matters. Their commitment to keeping our schools strong, our public safety moving, our infrastructure happening, they're, they're facing more pressure on that. So we need to be thoughtful in regards to doing our part as a state to help meet those key obligations the community depends on, but not putting additional pressure on the locals--

KELLY: That's your time, Senator.

CONRAD: --for property taxes. So, happy to bring more solutions and, and looking forward to the debate, no matter what the vote says in an hour and a half. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Holdcroft, you're recognized to speak.

HOLDCROFT: Thank you, Mr. President. I rise in opposition to the IPP motion and in support-- I do intend to vote for closure on LB388. I just wanted to expand on my current position on, on LB388. I remember Senator von Gillern, when he was part of the task force, making the statement that he would not support a plan that was just a tax shift, that it had to be an overall reduction in taxes. And I believe he's a

man of his word, and he has delivered on that promise. I think that the task force and the Revenue Committee have worked to put together a plan with a number of intricate pieces, that do reduce taxes for the people of, of Nebraska, and in particular, Sarpy County. I think the-- I feel pretty good about the, about the piece-- the education piece, although we haven't seen the actual bill yet from Education. I think that the Governor's plan to increase funding per student by \$1,500, which will take us from number 28 in the nation to number 8 in the nation for support of K-12 education. And also, will bring our funding per pupil of over, over \$12,000 of state money per student. Think about that. \$12,000 per student in the state of Nebraska, covered by the state. So I feel pretty good about a 3% cap on, on education. I think that's certainly something they can work with. I am a little more concerned about the 3% cap on counties and cities. Sarpy County-- somewhat unique. It is the smallest county by area. It is the third largest by population, and it has tremendous potential. It has 5 cities in it, including Omaha. And the cooperation between the county board and the city mayors, the city councils, is, is really amazing. I mean, they really put together a lot of interlocal agreements-- a lot of the smaller cities like, like Springfield, but also Gretna-- growing. Their law enforcement is covered by the sheriff's department. I mean, it's-- and there are all these agreements in place to support that. And that has a little concern from some of the county officials, that there seems to be some language that would exclude existing interlocal agreements from some of the, the breaks. And so, we-- we've, we've brought that to the attention of the Governor's Office. And, and we're working towards an amendment, I think, that will relieve that-- those issues. There's also some concern about the 6% cap for public safety, what that requires as far as identifying your shortfalls. Does that apply just to law enforcement, firemen and corrections? But does it also apply to school correction officers and, and other law enforcement individuals? That's something else I'd also like to see addressed in an amendment, and we're working towards that on Select File. With that, I think it's a, it's a good bill. I think it's, it's working. I know there's a lot of stuff going on right now, to, to get us across the, the cloture line. But I plan to support this bill. Thank you very much, Mr. President.

KELLY: Thank you, Senator Holdcroft. Senator McDonnell, you're recognized to speak.

McDONNELL: Thank you, Mr. President. Good afternoon, colleagues. Last week, Senator Linehan and Senator von Gillern handed out some examples

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Floor Debate April 2, 2024
Rough Draft

that I think were, were very helpful. And I'd like to, to ask Senator Linehan a, a question. Senator Linehan?

KELLY: Senator Linehan, would yield to some questions?

LINEHAN: Certainly. Thank you.

McDONNELL: Senator Linehan, you had handed out 3 of the examples last week. And example 1 had to do with a Beatrice family home going through their, their total, total tax savings at the end of the year, based on the idea of if, if LB388 would be put in place. You also-- you handed out example number 2. You gave another example of a townhome, Hickman, Nebraska. Then example number 3, an Elkhorn family with no mortgage. Do you, do you stand behind those, those numbers in that handout?

LINEHAN: Actually, this weekend, I worked those examples and others further. And those are-- I stand behind that. And it's even better, because I forgot to take out what people pay for federal, state income taxes and Social Security taxes. All of which, of course, you don't have for disposable income, so you can't spend it. So when you look at many families, by the time they pay their taxes and they pay their mortgage and they pay their home insurance and their health insurance and their property taxes, all things they don't pay sales tax on, then they get down to a very small amount of disposable income.

McDONNELL: Thank you, Senator Linehan. Senator von Gillern, would you yield to a question?

KELLY: Senator von Gillern, would you yield to some questions?

von GILLERN: Yes.

McDONNELL: So, Senator von Gillern, you handed out an additional 3 examples. Example 4 was a low-income renter. Example 5 was a single-family home in Lincoln, Nebraska, and then a single-family home in, in Omaha, Nebraska. Do you stand behind those exam-- and each one, I-- just to make a note of, each one had a total tax savings for the low-income renter and the other 2 family homes. Do you stand behind those, those handouts that you gave us last week?

von GILLERN: Yes, I do. And in fact, e-- as I mentioned before, I think the most compelling one is example 4, which is the low-income renter, which still shows a net positive impact. And actually, as-- just as Senator Linehan mentioned, I did a little bit more work on that this

weekend. And that did not take into account the earned income tax credit. If you're a, if you're a family of 4 earning \$60,000, you get a federal tax credit of \$6,604 back. And that would totally wipe out the-- what I'm showing on that sheet as taxable income, which would make the net sales tax impact zero.

McDONNELL: Thank you, Senator von Gillern. Thank you, members of the-- all the members of the Revenue Committee, because I know you were all participating in this and, and working on, on different examples, and, and, try to help educate us here on the floor. The reason I'm standing in favor of LB388 is not because it's, it's perfect. I believe we have a, a great deal of work to do between General and Select. But when I campaigned in 2016, I said I was going to work on property tax relief. I was going to work on trying to be more efficient and effective with every taxpayer dollar. If-- and, and that way we could control our spending at the, the state level, and try to save the taxpayers their dollars and keep it in their pockets. That hasn't changed, still, with my eighth year, standing here, today. What I'm asking is not for you to vote for LB388 because you like all parts of it, or that it can't be improved on. I'm asking you to vote today for cloture to keep it alive, to give us an opportunity to still do something for the taxpayers of our great state with 7 days left. If we don't move this legislation, it's going to be very difficult. And I know the Governor has come out and, and made a comment about the idea of a special session. I don't think any of us want to be here for a special session. I know we will-- all will be--

KELLY: One minute.

McDONNELL: --if needed, based on the idea that we're here to serve, and the idea of making that sacrifice and coming back. But I think we really can, in the next-- the last 7 days and before April 18, we can do something together. It's going to take a lot of work, a lot of cooperation amongst all, all 49 of us. I'm not giving up on, on this last part of the session. But also, there's going to be amendments that I'm going to talk about, on, on General-- after General to Select, based on some of the ideas of public safety and some of their concerns, potentially some of the [INAUDIBLE], potentially from the Commission of Industrial Relations. We're going to have those discussions. So I'm not asking you to vote for it, coming up here in the next hour and a half, because it's perfect. It's far from it. But give us a chance to improve on it, work with everyone, and give the people of Nebraska a true tax-- property tax relief. Thank you, Mr. President.

KELLY: Thank you, Senator McDonnell. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. I just want to rise for a point of personal privilege, to just announce, for those of you who haven't heard it yet, that the Federal Railway Administration issued a nationwide ruling, requiring a 2-person crew throughout the nation. Thank you.

KELLY: Senator Linehan, you're recognized to speak.

LINEHAN: Thank you, Mr. President. Congratulations, Senator Jacobson. See, we wouldn't have even have had to do that 8 hours, plus 4, plus 2. But that was in the beginning, and we were into wasting time. I have an example I just handed out, for you that are still on the floor. It's blue and yellow and white. Looks like this. My initials up at the top. So it's Lincoln Public Schools state aid over 3 years. So in '22-23, last year, Lincoln Public Schools got, through the TEEOSA formula, \$1 million, 4-- excuse me, \$114,770,268. This is really important for anybody that has any other district in Lincoln Public Schools. This year, we're currently in '23-24, that aid dropped, even though we included foundation aid in there-- we increased aid, their aid actually went down to \$104,826 and 753 cents. If we do nothing, which I'm-- thank you, Senator McDonnell, for saying we need to move this Select. If we do nothing, their aid next year, which is already certified. This isn't a guess. This is the number-- will be \$72,974,000 and change. Meaning their aid-- state aid is going to drop by \$31,000,852 and \$607. So almost \$32 million drop in state aid. Percentage? 30.4% drop in state aid. So what does that mean? That's the way TEEOSA works, guys. It's resources times the dollar. And if that-- whatever your needs are, if your needs are less than that, you get no aid. And if you got-- your taxes are going to go up. So in September, which-- not a good news for campaigns. In September, school boards will meet in Lincoln. And they will look at their numbers, and they will say, we have to raise property taxes by at least \$32 million. Now, history has shown to me that when school boards have to raise property taxes by \$32 million, they are not going to say it's their fault. They are going to say it's because the Legislature cut their aid. Now, we know in here, we didn't do anything, but that's not what it's going to look like. It's going to look like we cut their funding. And the formula does, in fact, and we're in charge of the formula-- cut their funding by \$32 million. On the other hand, if we pass LB388, their aid will go up 200%. So in September, depending on what we do in the next 7 days, there will be a reckoning if we walk

away from an opportunity to fix this. I know that LB388 is not perfect. But we need some time between now and Select, when everybody gets real serious and looks at the fact. Not, not the people outside the glass, who are telling us this is a horrible thing because you know, you're raising taxes. This is the reality. If we don't do this, we're going to raise property taxes by significant amounts. The next time I'm up, I'll talk about Millard, which is in a very similar situation. So anybody who has any of there-- any of their district in Millard might want to know how this all works together, versus what we're hearing from people with special interests who are out--

KELLY: One minute.

LINEHAN: --in the lobby. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Senator Brandt, you're recognized to speak.

BRANDT: Thank you, Mr. President. Senator Raybould, I don't think she is in the Chamber. Before lunch, she was describing AIT. AIT is in-- every school gets a very minimal amount of AIT, and it's called allocated income tax. And they get about, I think she said 2.23%, which, which is about right. Originally, when the Legislature passed AIT, it was for 20%. And then, it was kind of one of those unintended consequences moment. And what this is, is this income tax from inside of that school district to contribute to the schools. So if you're in an urban school district that gets a tremendous amount of income tax or you're in a very high-income district, you have 20% of that income, versus an impoverished district. And I'm not going to say which ones those probably are, or a very rural district where there isn't a lot of income. And so it was a real disparity. And I'm kind of surprised it's still there. To mitigate the damage then, that, that has been dropped to 2.23%. A lot of our rural districts maybe get \$10, \$20, \$30,000 a year from the, from the AIT. As far as I know, it's not at all infected by a property tax bill that uses sales tax. So I just want to, want to clear that up. And, and I would gladly listen otherwise if she wants to, to, come back on that. I am in full support of LB388. This is part 1 of a 2-part series. The Education Committee Execed out LB1331, and that's the second part that needs to get married to this. And so, we need to make sure that both of these get to Select so that it can all be married up together, and that would give the body and the people a chance to give input before Select. Would Senator Murman answer a question?

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Floor Debate April 2, 2024
Rough Draft

KELLY: Senator Murman, would you yield to a question?

MURMAN: Yes.

BRANDT: Thank you, Senator Murman. As Chairman of the Education Committee, can you tell me a, a couple of, of things about LB1331? First of all, how much will we increase the aid to each public school student in the state of Nebraska?

MURMAN: Yes. Actually, LB1331 is replaced by AM3304. And we did, just a, a couple hours ago, I guess, Exec it out of committee. And what it will do will increase foundation aid to all school districts by \$1,500. We established foundation aid last year at \$1,500. So this will double it to \$3,000. And also, it changes the way the tax relief is distributed, so it is now frontloaded with this amendment. And in the past, we got a credit if-- against income tax for a, a certain percentage of your property taxes. And now, instead of that credit going to the taxpayer, it will go proportionately to whatever school districts that taxpayer's property supports.

BRANDT: So basically, what we're doing is we're taking the LB1107 money that taxpayers that are doing their taxes right now are applying for a property tax-- refundable property tax credit that they get back on the amount of money they pay to that local school district where that property is located, and we're going to move that to December and give that money directly to the schools--

KELLY: One minute.

BRANDT: --so that the taxpayer doesn't have to pay their accountant anymore. Is that correct?

MURMAN: Yes. It'll make it much simpler for the taxpayer and their-- especially their accountants, if they have one, have one. It'll go directly to the school district. And then with the package of legislation we have, we will have some assurance that we'll get a like, like amount of property tax relief.

BRANDT: And then, I guess the last question-- and I don't know if you know this off the top of your head, but do you know how many public school students are served in the state of Nebraska? Is it like \$300-and-some thousand?

MURMAN: I'd have to get back to you on the exact number.

BRANDT: All right. Thank you, Senator Murman. I appreciate it. But I think the last number that, that I'm familiar with is like 315,000, 320,000 students. And you take that times \$3,000 is the minimum amount that every child in public school in the state of Nebraska will receive if--

KELLY: That's your time.

BRANDT: Thank you.

KELLY: Thank you, Senator Brandt. Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. I want to go back to a comment-- and I don't think Senator Dungan is on the floor, but he made a comment earlier. He was going through some of the examples and the math on those. And he, he challenged whether \$2,000 a month was too much for a rental budget. I had dinner with some friends last night, and one of their young married children were looking for an apartment in Bellevue and/or east Papillion area. They found 6 apartments that were available-- 2 bedroom, 1 bath apartments. They found 6 apartments that were available. And the average rent was \$2,000 a month. It's, it's, it's amazing. It's, it's crazy how expensive it's become for housing. And the impact on that certainly is a greater impact on our low-income Nebraskans, further illustrating the example 4 that I handed out earlier, that although sales tax can be considered regressive, the lower-income individuals and families typically are not be-- going to be impacted by that, because of their lack of disposable income. I've decided I'm not going to hand out any more spreadsheets. There are people in the room that care about the math, and there are people that aren't interested in the math. And so we can show how the math works all day long, but that is not going to change philosophical beliefs about regressivity of taxes, or who should be paying more, who should be paying less. That's become clear through comments that have been made throughout the day. The math completely negates those arguments. But again, I'm, I'm, I'm tired of throwing numbers in front of people that really aren't interested in, in what they say. You know, the comments about sales tax being regressive for low-income individuals, I suppose, is true. But the unfortunate reality is everything is regressive for low-income families. Low-income families pay a higher percentage of their income in sales tax, in property tax. They pay a higher percentage of their income for groceries and utilities. I mean, everything that they-- it's just-- it's-- again, it's math. The denominator is a smaller

number. And therefore, the, the numerator drives a larger percentage. It's just the reality of it. The really funny and by funny, I mean furiously ironic, is that groups like OpenSky have said for years that property tax is regressive. And here we are, working to cut property tax. And who's one of our biggest opponents, is OpenSky. It now, folks, becomes a conversation about courage, and courage to do what we need to do to get off of this crazy train. You know, it's been said by some of the veterans in the room, we keep doing what we're doing, and it's just the definition of insanity. Nothing changes. And looking at the numbers and the projections for this next year, it's not only going to change, but it's going to get worse. And as much as I'm not looking forward to facing constituents who are going to confront me about the potential increase of a sales tax, what's going to be even worse than that is if their property taxes go up another 10 or 15 or 20% over the next couple of years. Because that's a far bigger number for everyone. It's now a conversation about courage, and we have tough decisions to make. We need to have the courage to say that the status quo is no longer an option, and courage to realize that if we do nothing, that some will see a 20 or 30% increase in their taxes next year. We are out of time, folks. That's the cold, hard reality. We need to vote this through to Select, see what amendments we need to make, see what we can do to make it more palatable, continue to run the numbers for those that are interested in the numbers, and move it forward for all Nebraskans. Thank you for the time.

KELLY: Thank you, Senator von Gillern. Senator Murman, you're recognized to speak.

MURMAN: Thank you, Mr. Lieutenant Governor. I mentioned it a little bit earlier, but the Education Committee did have an Executive Session just about a couple of hours ago. And we did advance our amendment, AM3304, which is amended into LB1331. It actually replaces the bill, and we will bring it to the floor. And we voted to take it to the floor, and that will be done later in the day. But I just want to emphasize that there's no way this, what we're trying to do in Education, will work without the funding-- some kind of funding from-- increase in funding from the state. And right now, the best alternative that we have, and that's out of the Revenue Committee, is the package of bills that have come out of the Revenue Committee. What the amendment does that we advanced, is increased foundation aid by \$1,500. So in other words, foundation aid will increase from \$1,500 to \$3,000 per student. So really, we've, we've got the easy part of what we need to do to fund our schools and at the same time, take the pressure off from increases in property taxes. Because by doubling the

foundation aid, we're, of course, increasing the, the funding to the schools. And at the same time, we did-- the amendment does change the way the property tax relief is distributed. Instead of having to, as a taxpayer, having to go to your accountant and figuring out exactly-- and applying for the, the credit that you would receive on your income tax, when you pay your income tax, you will not pay the extra when you pay your, your property tax. And the, the amount that would have been credited back to you goes directly to the schools. And with the caps and the spending controls that we have on the schools, with these other-- not only schools, but all local units of government, with this package of bills from the Revenue Committee, you have assurance that you will get a like amount of property tax relief. So without this-- these Revenue package bills, the Education Committee will not-- this, this actual amendment-- bill will, will be useless, because it won't have the funding mechanism that's necessary. So, this is the best alternative we have for property tax relief on the table right now. As has often been mentioned, the 3-legged stool is completely out of balance. We rely way too much on property taxes in the state of Nebraska, and a, a, a little bit less on income tax, and then much less on sales tax. So, to make our funding mechanism for schools and for local units of government more in balance, we have to, to have somewhat of a shift back toward the way the TEEOSA formula was originally intended. And you know, the original intention was to have a, a pretty-- actually, a equal amount of funding from each of those 3 source-- sources--

KELLY: One minute.

MURMAN: Thank you-- property taxes, income tax, and sales tax. So this will at least go in the right direction in bringing that 3-legged stool back into balance. And the thing I like about it-- another thing I like about what we're doing is, you know, sales tax are at least discretionary. So, you know, food and rent and those kinds of things are not-- don't have sales tax on them. So you have some discretion there. If you're the owner of property that you need to farm or you need to live in, or if it's a residence, you don't have a discretion on whether or not to pay those property taxes on those things, or a commercial business, same way. But at least with sales tax, you have some discretion. And with that, I'll yield the rest of my time. Thank you.

KELLY: Thank you, Senator Murman. Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. I want to read a letter that was sent to me, a cons-- not a constituent of mine, even, but someone-- a citizen of Nebraska who is frustrated and desperate. They hand wrote this, and they made some very big letters saying outrageous, exclamation point, explanation point. Every time I write the check for property tax, I vomit. Sarpy County has the largest property tax rate in the state of Nebraska, and Nebraska has the eighth highest property tax in the U.S. Our personal property tax has increased by \$2,032 in the past 7 years. Where in the heck is that money supposed to come from? My wife and I are retired, trying to live on a fixed income. I guess we could cut our eating to 1 meal a day so we had enough to pay our property tax. The property owners are paying for all of the state's bills and projects. The state of Nebraska needs to cut its spending or get money from other sources. A sales tax would be fair. Everyone would be paying something. I guess we will have to move or file bankruptcy. And then in all capital letters: do something to help us. This is just one of the many comments that I, I have gotten, or letters that I've received, people begging for property tax relief. It is overwhelming them. We have an opportunity. And as Senator von Gillern said, the time is now. We-- if we walk away from this chance to make a change, we are failing our constituencies. Thank you, Mr. President. I yield my time.

KELLY: Thank you, Senator Kauth. Senator Dorn would like to announce some guests in the north balcony, fourth graders from St. Paul's School in Beatrice. Please stand and be recognized by your Nebraska Legislature. Senator John Cavanaugh, you're recognized to speak. And this is your final time on the motion.

J. CAVANAUGH: Thank you, Mr. President. Well, again, I rise in support of the IPP and opposed to the underlying bill, because of the increase in sales tax and disproportionate impact of that. My-- I heard Senator Murman talking about what the Education Committee just Execed on, and I wondered if Senator Conrad would yield to a couple of questions.

KELLY: Senator Conrad, would you yield to a question?

CONRAD: Yes. Yes. Of course.

J. CAVANAUGH: Thank you, Senator Conrad. You're on the Education Committee?

CONRAD: Yes. That's correct.

J. CAVANAUGH: Could you give me some insights into what we can expect out of the Education Committee?

CONRAD: Well, that's a very broad question, but I'm going to do my best to answer it in the, the current context. So the Education Committee had an Executive Session this morning, where we advanced a measure that has a, a lot of component parts thereto, but the first being what you've already heard about the very widely popular frontloading of LB1107. And then additionally, the other main component was additional resources for our public schools. And there's a great deal of minutia in regards to the TEEOSA funding and, and other components, but those are kind of the 2 major pieces. So I don't know if it's officially been reported out yet or if it's on everybody's gadget. I know it's been a part of this debate. But I think that overall, there was consensus amongst the Education Committee, that is very diverse, that trying to bring property tax relief, trying to bring increased resources to the schools are good things. And by advancing the measure, we were able to secure an additional and updated fiscal note that would help to inform that debate and the debate on LB388. So, the measures definitely work together or should or are designed to. I felt comfortable moving forward with the increased funding for public schools, as is my track record in the Legislature in that, over many years. But I do want to note, and I can't, of course, speak for every member of the Education Committee, that joint effort was good faith collaboration. That was an effort to bring more information to bear. The, the, the related pieces moving out of the Education Committee are not meant to be, at least from my perspective and perhaps other members' perspective, any sort of tacit or explicit approval that we support LB388 as written or amended. But it-- it's definitely part and parcel with this debate. A lot of the piece-- pieces that people like and there's a lot of consensus around are in the Education bill. So we needed to be able to move that forward to get the consensus pieces up and moving. People can decide, you know, how they want to vote on cloture, or on the substantive nature of the amendments and the measure with LB388. But again, those conversations are, are going to continue to play out. And it will take a, a great deal of work if the removal of the sales tax increase, which also is being done in good faith, perhaps, is taken out of LB388 and we still don't have a revenue stream or identified revenues to figure out how to take care of that billion dollar fiscal note on the school funding bill. Is that helpful, Senator Cavanaugh?

J. CAVANAUGH: Yes.

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Floor Debate April 2, 2024
Rough Draft

CONRAD: Is that too much? too-- say less, say more?

J. CAVANAUGH: No, that was, that was very helpful. Thank you, Senator Conrad.

CONRAD: Yes.

J. CAVANAUGH: I appreciate the work of the Education Committee on getting that out. I don't-- what day is today? Today is like day 53? 50-- yeah, 53. So, thank you, Senator Conrad. I don't think I had any other questions about-- thank you.

KELLY: One minute.

J. CAVANAUGH: Thank you, Mr. President. So, we have-- we've have-- been having this debate. And I think Senator Conrad made a very good point that these bills are designed to interact with each other, but everybody has to vote the way that they feel is appropriate on each bill, and motion, and issue as they are presented to you. And so, there may be parts of that Education package that people like, but that's not what's in this bill. This bill is those tax increases. And as Senator Conrad pointed out, there-- sounds like there's some move to remove the sales tax increase that's being discussed. But again, that's not what's on the board at the moment. Right now, this has got some increases in it. And I know that there's lots of parts that people don't like about this bill. Taxes on, I think, pop and candy, taxes on internet ads, removal of exemptions for certain businesses, and then of course--

KELLY: That's your time, Senator.

J. CAVANAUGH: --t increase in sales tax. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Hardin, you're recognized to speak.

HARDIN: Thank you, Mr. President. I stand in support of LB388. I am not in favor of the IPP. I appreciate Senator Linehan and the Revenue Committee for working long and hard on this. As has been addressed, today is the first of 3 rounds of debate on this bill. I'll support, support the first round, with hopes that we'll work to fashion a bill that requires less nose-plugging to pass it by the next round of debate. If this bill does not pass the next or final round of debate, let's embrace that opportunity. Incrementalism, changing a little here, shaving a little there, has been the approach for taxation in

Nebraska for nearly 60 years. How's that working for you? How's that working compared to other states that are experiencing population and economic business growth that are located next to us, like South Dakota? How are the property taxes working for you? Since the answer to all of those questions is, well, poorly or badly, it's a good time to shake the etch-a-sketch, clear the board, and design the tax system with 21st century demands in mind. The worst possible outcome here is not to end up in a special session. I believe the worst outcome is the one we're, we're just as dissatisfied next year with our state tax policies as we have been for the last 57 years, including this one. We have an opportunity. Let's give it a hug. Let's address sloppy spending and hold it accountable. Let's create incentives for school districts to consolidate, especially where the annual per student cost rivals an Ivy League school, while performing poorly on both standardized math and English testing and the ACT. Let's build a tax system that stops exterminating the next generation of family farms. They're fewer and fewer by the year. Yes, it's easier to give birth than to raise the dead, and there's a great risk associated with comprehensive change. There's a greater risk associated with incremental status quo that repeats the frustrations of the last 6 decades. I just paid some of my property taxes this morning. I know just what that feels like, and so do those watching and listening. It's time for gathering the courage to strike it down completely and rebuild it. Thank you, Mr. President.

KELLY: Thank you, Senator Hardin. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. Good afternoon. Senator Hardin, I appreciate your comments. You're right on the money. I listened to Senator Kauth read that email from her constituent. There is a solution to all of this. I've mentioned it many times. There's an opportunity for you to remove, to eliminate your property tax, your state income tax, your corporate income tax, sale tax, inheritance tax, homestead exemption. All those things go away. We eliminate one half of all the bills that are introduced in this Legislature annually, if we adopt the EPIC consumption tax. And there will be those of you who say it won't work. The rate is too high. You're incorrect on your assumptions, and I don't hear of anybody else that has a plan except this one. And LB388 is not going to reduce your property tax. So the person that wrote that email to Senator Kauth, you're not going to see a significant decrease that you can able to stay-- you'll be able to stay in your home. There's only one solution. Start over. 1967, the Legislature arrived here. They had no form of

revenue, and they started sales tax and income tax. We've tried that experiment for 57 years. And as has been mentioned, if you continue to do what you've always done and expect different results, you know the definition. So let me throw out this compromise idea. This will not pass with any significance-- that means any significance to anybody in this session. So between now and the special session in July or August or whenever we have it, we work on fixing LB388. And how would we fix LB388? We expand the base. Instead of making it \$55 billion or whatever that small number is today, we expand it to \$100 billion. We lower the rate to 2, 7, 5. We then add back the 75/100ths needed to collect the extra revenue. We're at 3 1/2. Those cities and counties-- those cities that have a 2% sales tax, it'll go down to 1%. So in Omaha, instead of paying 8%, you pay 4 1/2. So we work on that for a special session. When we get to the special session, we do another couple things. We advance to the ball-- to the ballot the 2 constitutional amendments for the EPIC consumption tax, which fixes our problem. So here's my offer. This is my offer to the Governor, to Senator Linehan, and anyone else who's listening. We'll get together, work on fixing this to make it mean something, and then we will have that special session and we'll vote the ballot-- the 2 ballot initiatives-- the constitutional amendments to the ballot for the people to decide. Because we often say in this Chamber, the second house. And we are very concerned about what the second house think-- house thinks, until we want to try to give them a, a time to vote on it. So, in 1966, there were 15 initiatives on the ballot. 14 of them were placed there by the Legislature. We don't do that anymore. The 1 ballot initiative that got on there in '66 was to eliminate property tax for the state, and that was put on by the people. So that's my offer. Let's get together. Let's discuss how to fix LB388, really fix it instead of this. This doesn't do anything for anybody. And then we'll adopt those 2 constitutional amendments so the people can make a decision what kind of tax system they have, so they can pay the taxes that they can afford to pay when they can afford to pay them. You see, when Senator Hardin mentioned he paid those taxes this morning, he didn't have a choice how much he had to pay. They told him. He also didn't have a choice when he was going to pay them. They told him that also. So if you're listening to me--

KELLY: One minute.

ERDMAN: --and you'd like to have your system work on your behalf and put you in first place as a taxpayer, the EPIC option is all and the only thing you have to choose, to make the system work for you. Because when the government goes shopping, they send you the bill, and

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate April 2, 2024

Rough Draft

they take total disregard for if you can pay them or not. So that's my offer. We'll see what happens. Thank you.

KELLY: Thank you, Senator Erdman. Senator Dungan, you're recognized to-- oh, excuse me. Mr. Clerk.

ASSISTANT CLERK: Mr. President, an announcement. The General Affairs Committee is holding an Executive Session under the south balcony now. In addition, some items for the record. Enrollment and Review reports LB484, LB484A, LB880, LB926, LB932, LB1069, LB1095, LB1165 [SIC-LB1167], LB1270, and LB1344, all placed on Final Reading. In addition, Enrollment and Review reports LB164, LB164A, LB1092, LB937, LB937A, all to Select File, some with, with E&R amendments. Committee on Revenue reports LB1403 placed on General File, as well as LB1363 placed on General File with amendments. Amendments to be printed: Senator McKinney to LB631, Senator Bostelman to LB1370, Senator Ibach to LB1368; and an opinion from the Attorney General's Office addressed to Senator Kauth. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. Senator Dungan, you're recognized to speak. And this is your final time on the motion.

DUNGAN: Thank you, Mr. President. Good afternoon, colleagues. I once again arise, currently in support of the IPP and opposed to LB388. I think that my colleagues have talked quite a bit about some of the overarching reasons for this bill and, and against this bill. I still remain opposed to any sales tax increase, but I want to be very clear. The sales tax increase is not the only reason that I oppose this bill. For those who were listening or, or paying attention, whether it's at home or here, when we first introduced the IPP motion, Senator Cavanaugh yielded me my time, and I sort of outlined my general objections to LB388. Certainly, in this sort of 3-pronged objection, the first and one of the major ones is the sales tax increase. I do believe it remains regressive and harmful to Nebraskans. But in addition to that, there are 2 other components of this bill over-- overall, that I, that I stand opposed to. One of those is the hard caps on political subdivisions as it's currently written. I understand the necessity to limit spending, or at least the idea of limiting spending. But I've spoken to my friends in these political subdivisions, and my understanding is the way that the current LB388 language writes the hard cap into place, it would place a number of those political subdivisions-- counties, towns, cities, in a bad predicament, where they may run into problems not being able to expand amount of money being paid for first responders, and other things such

as that. And we always have to make sure, of course, that first responders and public safety is paramount, and-- when we are funding our government. In addition to that, LB388 has contained in it a number of sales and use tax exemption eliminations, as well as increases in tax on certain industries. I want to touch on 2 of those real quick before I run out of time. One is a tax on digital advertising for companies that make over \$1 billion. Now, at first blush, that sounds like something people can get behind because you hear billion dollars and you think, yeah, of course, these are people who should be paying their fair share. But upon further analysis, what concerns me about that and talking to individuals who work in the advertising field, is that there is a, a growing concern and a reality that that cost is going to get passed along to some more of your mom and pop shops here in Nebraska. Whether it's somebody who advertises on Google or Facebook or Meta or whatever that is, what we want to make sure is that even if the company is the one remitting the tax to the state, that we're not essentially passing along that burden to small stores and small businesses. And so, that is a concern that was raised, I know, by a number of people who operate and work in that industry. One of the other ones that was raised, speaking with some folks who, who work in the industry, is this tax that's being proposed on consumer CBD and hemp. Currently, the language of LB388 has contained in it a 100% sales tax on consumable CBD. My understanding, again, from speaking to folks who work within that industry, is it would essentially kill that industry in its entirety. To have 100% tax not only puts us in a position that's going to drive businesses out of Nebraska or out of business in the first place, but it also is going to increase the amount of people who are driving from Nebraska to other surrounding states who currently don't have such a-- an excise tax or an increased sales tax. If you look at some of our surrounding states-- Iowa, South Dakota, Kansas, Missouri, Wyoming, Colorado, and even Louisiana, you see in there that there is not any additional sales tax or excise tax being charged on CBD or consumable hemp. Obviously each of the states has a variable sales tax rate, whether you're talking about 6% in Iowa or 4.5% in South Dakota. And so, that is going to get tacked on. But none of them, except for when I listed them, Louisiana-- none of those surrounding states have that additional excise tax. Louisiana, for example, does have an additional excise tax on CBD and consumable hemp, but theirs is 3% on top of the 4.5% sales tax. So if we're talking about a \$40 item-- let's say it's a jar of CBD lotion to use on your arthritis.

KELLY: One minute.

DUNGAN: Thank you, Mr. President. \$40. In any of those other states, it may be \$42, \$41, \$42.98. Compared to Nebraska, if this went into effect, it would be \$80 to then purchase that same \$40 jar of lotion to use for your arthritis. So I just want to be very clear from, from looking at the language of this bill, if we are pro-business and trying to grow additional business here in Nebraska, we need to make sure that we're not driving those businesses out of the state. We also have to make sure that we're keeping up with surrounding states to remain competitive. And so, I do have serious concerns about that. No matter how we proceed on LB388, I, I have concerns about a number of parts of the bill. And I want to make very clear. Yes, the sales tax is a problem. It is not the only problem that I or many of my colleagues have with this bill. So I would still encourage my colleagues to vote green on the indefinitely postpone motion, and red on LB388 if we get to that point. Thank you, Mr. President.

ARCH: Senator Blood, you are recognized to speak. This is your last opportunity on the motion.

BLOOD: Thank you, Mr. Speaker. Fellow senators, friends all, I would have to say I agree with Senator Dungan. I still stand in support of the IPP motion and not in support of the underlying bill. And it's not because I don't think the Revenue Committee didn't work hard. And it's not that I don't think that they didn't work closely with the Governor's Office. I definitely believe they worked closely with the Governor's Office. My concern remains the same. I don't think you realize the can of worms that you are opening, opening up for local government. Senator von Gillern, I hope that I get to talk to you about your friends that couldn't find an apartment for less than \$2,000 in Bellevue. Maybe Papillion, but I think you can get a 2 or 3-bedroom apartment for under \$2,000 in Bellevue. So come and see me, and I'll help your friends get an apartment. We have never done a good job of planning for the future and-- since I've been here. We like to do a 1-stop type of legislation so we can wave our flags and say we did something. And I know that the way that this has been described to us that it's really been promoted as something different than that. But when we do things like what the amendment is going to do to this bill, like put on caps on things like our political subdivisions, that is an issue. And it's an issue that you are seeing more and more, with usually-- based on the data that I have seen-- conservative senators, because they're sick and tired of not being able to lower taxes. And they're kind of grasping at straws to figure out what to do. And so now, especially in, in states like Dillon Rule-- Dillon's Rule states like Nebraska-- Dillon's Rule, Home's Rule. We have the ability to

continue to put into statute more restrictions on local government when we should be doing, again, the opposite. And I talked about that the first 2 times I was on the mic. I preached about unfunded and underfunded mandates for the entire 8 years I was here. If you look at the magnitude of unfunded and underfunded mandates that are put down upon the counties, it's outrageous. It is millions and millions of dollars. And for Sarpy County, we got screwed, so much so that we had to find creative ways to make things happen without raising taxes. And we did that very thing. Although I know a letter was read in reference to Sarpy County and property taxes being high, it's true. Property taxes are being high. But what's always interesting is that it's always the state pointing the finger at political subdivisions. It is always the state saying it's not our fault, it's their fault. And then we find creative ways to put any more-- even more restrictions on them, when we should actually be doing the opposite-- finding ways to help them create income in ways that are creative, that don't put a burden on the taxpayers. But we never do that. We don't believe in circuit breaker bills in Nebraska, allowing people who truly deserve to have property tax relief when their income changes and they get that property tax relief automatically. We had multiple discussions on the floor when I said, I don't understand why people don't just get their property tax automatically and why they have to ask for it, and how it's hard for people who can't hire a tax attorney sometimes, to, to, to figure that out. And I actually had 2 senators make fun of me on the floor for saying that and say, how dare I say that Nebraskans aren't smart enough to know how to get their property tax relief, how to get that kickback. And guess what happened? The next year, there was a large percentage of people that didn't ask for their property tax relief, because they didn't know how, Senator Dorn. You remember that.

KELLY: One minute.

BLOOD: Marketing, marketing, marketing. That's what we're doing, and we're doing it again. We can do better. For those of you that are here the next 2 to 4 years, we should be lessening the burden and broadening the way that they can create revenue, and your property taxes are going to go down. What we're doing now is a shell game. And I know they worked hard, and I know that some of this, some of this makes sense. But as is, I cannot support it. And I don't know that I have faith that we can fix this between General and Select. And it's not because I don't want property tax relief, it's because I want sustainable property tax relief without constantly burdening our political subdivisions. We can do that. It isn't an either/or. We can

just not do that, and move on to what we're-- I'm talking about, which is actually working with our political subdivisions, actually find ways for them generate fair revenue that doesn't put a burden on our--

KELLY: That's your time, Senator.

BLOOD: --taxpayers. Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Vargas, you're recognized to speak.

VARGAS: Thank you. I think I-- last time, I said I, I continue to remain-- I don't have-- I'm not against the IPP motion, but I'm not in support of the bill as written. My main heartache has been the sales tax increase-- the, the shift, the, the billion dollar tax increase on working families. I know there's been conversations about removing that. And if that were to be the case, I, I might support that, actually. But if we don't remove it, then I, I think I would still be opposed to it. Here are the things that I still support, and I-- hopefully, that we're being really mindful of. The frontloading and the other, and the other Ed bill and the hard caps, I am actually in support of that. I have been fairly-- trying to be consistent that I've been in support of reducing and putting limits on spending, and making sure we're putting more additional resources in education. The only thing that I have pause with-- the main pause with, is the sales tax increase. So the removal of sales tax increase is a good, is a good thing. But I don't want to see any sales tax increase go into this. My, my main concern is down the road, in the next 7 days, that there aren't other revenue offsets or, or finders that are found. And as a result, there will have to be an increase in sales tax, which I won't support. There are other exemptions which I, I know are not universally supported in the Rotunda, necessarily, but I could live with and could be a way-- pathway forward, to make sure that we are actually moving forward, but without having the sales tax removed. That's the-- my biggest heartache because it's on working families, and primarily, given that a lot of my individuals in my district that are renters aren't seeing the impact of the property tax relief. And I don't want it to be on the backs of them and working-class, middle-class families. So I just wanted to make sure that that was clear. There are some exemptions, which I would be OK with. It's heartache, it's heartburn, but at the same time, the majority of the revenue is coming from the 1% sales tax increase. So whatever solution is found, they would still need to find \$1 billion in revenue generation from somewhere in this-- in FY '26 and FY '27, to be able

to fund this idea and, and this bill. I'm not sure how they're going to do that. But if it did successfully remove the sales tax increase, that's a good step in the right direction. And I would support that. I yield the remainder of my time. I appreciate the work on this. And I'm happy that we are removing a very significant increase, a regressive tax on working families, if that is indeed done in here in General File.

KELLY: Thank you, Senator Vargas. Senator Dorn, you're recognized to speak.

DORN: Thank you. Senator Lieutenant Gov-- Mr. Lieutenant Governor. I noticed one thing in the queue, that if you talked an hour ago or 2 hours ago behind certain people like Senator Blood and Senator Vargas, well, guess what? An hour or 2 later, you still get to talk behind them. Exact-- because we all go and punch back in. I will make this comment. Appreciate the body working on this, having the discussions. I see a lot of conversations going on in different groups. Hear a lot of things, hearing a lot of comments about what could possibly come about, and how maybe we can get this across what I call the General File, so that we can have some proposals again, come forward on Select File for some funding and some other things. I am in favor of LB388 today. The way it is, I sit there and will-- mentioned that before. I am against the postpone motion, but I will support some of the discussions. We'll see what they end up like. To get it across, I call it across the line to Select File, so that now we can have a good fiscal note. Because I've talked several times on the mic, about our green sheets and what they're showing, and I know there's been work done on that so that we don't have some of that big negative number we have out there in 3 years. But it would be interesting to see, in these closing days, what the discussion ends up being, what we end up as a body voting on. I find it really interesting, though, that there are different senators that this over here constitutes a tax increase. And for other ones, this over here constitutes a tax increase. And then there's other senators, no, we're not doing a tax increase. It's on your perspective, on your viewpoint, and it all boils down to have we been doing a good job as a Nebraska Legislature in the laws, the bills that we passed over the years. If they were perfect, we probably wouldn't be back here. We could have every-- second year session, which I think Speaker Arch would probably like. He wouldn't have to work the 6, 6 weeks-- or, or 60 days that we have this session. But, but we, we have issues always come before us, whether we pass something on this bill, whether we pass something on, I call it the bills that are coming with us. And I know Senator John Cavanaugh

mentioned this, that he was very much for that frontloading of the income tax/property tax credit. And then there's another bill or 2 from Education yet, that will be part of a package. Unless they all fit together, unless they all are something doable, not only for enough of us, but also for I call on our fiscal notes, also for the people of the state of Nebraska, we probably won't get across the finish line with all of these, either or whatever. And I know-- this morning, I think I had somebody tell me, if you put in 10 hours a day, count today, we have 80 hours, if we stay here for 10 hours a day. So there's this much time. And how do we, as a body, get through all of those discussions and come together in enough of a group? Will we have meaningful property tax relief or not? If we don't, what others don't pass or what passes-- I will go back to that green sheet, that fiscal note though. And I know many people have been-- had, had visits about where we're at. I still go back and look. And right now, on Select File and on, on, on Final Reading, if we pass it the way it is today-- which we can, because in the current year, we're not below our minimum reserve. We're \$400 and some million above it. But all of the-- all of you that are coming back, all the new senators that are going to be elect-- re-- elected-- we have 15 of you term-limited out or won't be here.

KELLY: One minute.

DORN: Thank you. We still have that in front of us providing those numbers. And I said-- I commented that the revenue and the appropriations, those are plugged in numbers. So we have to-- if they change, that will change that ending number. But as it sits here today, right now, we would be \$442 million, that we would have to find funding for appropriation-- we couldn't appropriate money next year when we come make our 2-year budget. Because next year, that third year out, that's going to be the second year out. And as we do the appropriations, as we come forward with a budget, if you have thoughts or ideas next year of bringing a bill that's going to require funding, you better think again. Because if we end up with a \$400 million deficit at the end of this year, there won't be any money next year. Thank you.

KELLY: Thank you, Senator Dorn. Senator Day, you're recognized to speak.

DAY: Thank you, Mr. President. And good evening, colleagues. I know that there is ongoing conversations about LB388 and the different components of it. I know Senator Linehan is diligently working on the

bill and all of the different pieces in it, to hopefully come to some kind of a compromise and a decision of how to be able to move this forward. And I appreciate all of the work that has gone into this. Despite all of that, I currently am opposed to LB388 as it is written. I know there has been a lot of discussion about the increase in sales tax that's included in this. That is 1 piece that I am opposed to. Also, the 100% CBD hemp tax is incredibly problematic, as-- I think it was Senator Dungan, mentioned driving businesses out of the state. I, I think sometimes, we often miss the point when we're talking about taxes, relative to some of these other bills that we discuss-- social policy and the other things that continue to drive people out of the state of Nebraska. Taxes is one of them, yes. But we had a bill that passed last year that a whole long list of hundreds of businesses, including the Chambers in Nebraska, told you would be bad for the state, and could potentially result in billions in losses in economic development and potential revenue. And everyone voted for it. So if we can remember what we're talking about, taxes and fair taxation is always an effort to balance that with state revenue. So if we are not working to ensure that we are keeping people in the state, we are working on preventing brain drain, we're not implementing other types of policies, social policies that drive people out of the state, that's another piece of it. Implementing-- legalizing cannabis would be a huge source of revenue for the state of Nebraska-- is another potential solution to finding some more money, to work on balancing out the high expense of property taxes for taxpayers in the state. I'm glad that there is at least a couple of senators from Sarpy County that have mentioned the detrimental pieces of LB388 to Sarpy County, in particular. My district, Senator Holdcroft's district, specifically, could be very negatively impacted, in particular by the cap on the political subdivisions. And I just wanted to read a little bit from-- I got some correspondence from both the mayor of La Vista and the mayor of Gretna, discussing why the cap on political subdivisions is a really big problem. And I'm just going to read a little bit of that into the record here. This is from Mayor Evnens-- Evans, excuse me, from Gretna. With LB388, certain impacts would be realized. And I'll touch on 2 specifically: growth and emergency services. Over the last 3 years, Gretna valuation has increased approximately 180%. This is not a straight line increase because of our community's small to medium size. A typical annexation, annexation-- excuse me-- brings higher growth percentage increases, i.e. a 20-acre annexation has much greater impact to a 60-acre community than it does to a 600-acre community. Applying the proposed legislation in Gretna's real annexation example, Gretna would receive

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Rough Draft

\$3.8 million in year 1, \$9.4 million in year 2, \$5 million in year 3, and \$4.2 million in year 4. So in year 1, Gretna would be able to serve approximately 5,500 residents--

KELLY: One minute.

DAY: --with around-- thank you, Mr. President-- with around \$3.8 million. In year 4, Gretna would receive just \$400,000 to serve an additional 4,000 people. This also includes the additional hundreds of miles of infrastructure and emergency services. If Gretna grows at just 7% over the next 10 years, 70% versus the last 180%, Gretna would receive \$1.2 million more tax dollars to serve almost 9,000 residents. This reflects doubling the size of our community and increasing the property tax resources by only 31%. Implications from the proposed LB388 severely affect services, jeopardize safety, and disincentivize replacing older infrastructure. There's more that I'm going to read here, but I think for me, addition-- in addition to the sales tax, the revenue caps on political subdivisions is the most problematic part of this bill. And I will yield the rest of my time. Thank you, Mr. President.

KELLY: Thank you, Senator Day. Senator Jacobson, you're recognized to speak. And this is your third time on the motion.

JACOBSON: Thank you, Mr. President. Well, I thought I'd rise and kind of discuss, again, a little bit of what's been talked about so far. I'm a little flabbergasted by some comments from Senator Blood, and I just want to address those, suggesting that the Legislature should do nothing to control the spending at the local political subdivision, but rather we should let them create more revenue. Well, school districts represent 60% of most local political subdivision budgets, and I don't know that they're producing revenue. I don't know where that revenue is coming from. The problem we have and what's in L-- what's going to be in LB1331 are hard caps. That could be o-- that would be overridden in very limited circumstances. If we can't stop the growth of spending, nothing we do here today or in the future is going to matter. Senator von Gillern was right on point when he suggested this is a spending problem. It starts with a spending problem, but we also understand that we've got inflation. Thank you, Mr. Biden. We have continual cost escalation in labor, insurance, fuel, you name it. So yes, I understand our school districts are going to continue to see increases in costs. So to sit here and say that we're going to put a hard cap of zero, seems kind of ridiculous. Because we're cut-- we're not going to get there. But we're going to

have to have a hard cap of some kind across the board, and we have to make allowances for growth. I get that. And that would be in the bill, as well. The problem that we continue to have here is that by doing nothing, we ensure that property taxes go up. I get a kick out of people that say, well, this is a property tax shift. No, the shift has been that we've been shifting more of the burden to property taxpayers because guess what? Local political subdivisions, they're the ones who assess all, all of our property taxes. All. The state does not assess the property tax. The state can help reduce property taxes and property tax levies, levies by providing additional assistance, which is what LB388 and LB1331 are designed to do. My personal view? I would rather it be a direct property tax credit. We talked about that last summer. I would rather raise the additional dollars, use it as a direct property tax reduction, because what's happening today? We have \$12.3 billion that needs to be raised to run the state. \$2.3 billion was raised at the state level in sales taxes last year. Now, we've heard some people talk about the EPIC tax, or I like to refer to it as the EPIC myth. So we're going to, we're going to leave the rate at 7.5, and we're going to raise \$12.5 billion-- \$12.3 billion, when we're raising \$2.3 billion today? Run that math for me and let me know what that rate needs to be, or how broad does this base have to be? Well, I'll tell you how broad the base has to be. The base has to be broad enough, as it says in the second component of the EPIC option, which is the only, the only exemption to the EPIC tax would be groceries purchased at the grocery store. All other new goods and services would be taxed. What would be on that list? Well, let's start with apartment rent. Those of you that are living in apartments--

KELLY: One minute.

JACOBSON: Yeah, you'd get to pay a tax. Is this tax going to be 7.5? No. Most things we're seeing, it's, it's 21. But let's say it's 10. You pay a 10% tax on that. Prescription drugs, clothing, food at restaurants, new equipment, new cars, new houses. We heard that a new house-- we could lower the cost of the house. That would help. No, it wouldn't help. \$300,000 home down-- \$60,000 down payment, 10% tax, another \$30,000, \$90,000 down. Lower the price of the house by, by \$30,000, buy it for \$270,000. 20% down is \$54,000, \$27,000 tax, that's \$81,000. You save \$9,000. Do you have-- do you have \$81,000 for a down payment on a \$300,000 home, or a \$270,000 home? I don't think so. That's the problem. We need to do this incrementally, but we've got to keep making progress. And if we don't, we're going backwards. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Senator Fredrickson, you're recognized to speak.

FREDRICKSON: Thank you, Mr. President. Good afternoon colleagues. Good afternoon Nebraskans. So for folks who are watching at home, and I think anyone in here in the Chamber is kind of a bit of a buzz right now. And it's I think a really-- clearly it's an exciting time. There's a lot of negotiations going on, and I will say, there-- I, I, I genuinely believe there's actually some very good faith negotiations happening here. Just to echo what a lot of my colleagues have already said, I, I don't think, you know, I'm not going to be a broken record here, but I think there certainly is some consensus around the facts that we do need to do something about property taxes. That's, that's nothing new here. And I, I said this earlier and I'll say it again, I really respect the executive branch trying to tackle this in such a big way. This is a huge task. The Revenue Committee has had a huge task in front of them this year, as has the Appropriations Committee, so I continue to appreciate the work of all of our colleagues here. I understand that there are some-- a lot of conversation about possible changes to this bill. And until those changes happen, I'm going to remain-- I'm going to remain open minded based on those changes. I will say I remain opposed to the bill as it currently stands in its current form. So, one thing I had mentioned earlier, and I just want to kind of touch ba-- base-- touch back on this again is, you know, we're kind of constantly being told that everyone's a winner here, right? So if you're a low income renter, if you are a person of means who has no mortgage, if you are in Beatrice, or Omaha, or Thurston, or, you know, wherever you are in the state, we're hearing that every single person is getting a tax cut. And my question continues to be, who, who is who's paying for this? Where is the money coming from? Is it-- is it the sweeps that just happened? Is it, you know, it's-- there's, there's not a lot of clarity there. No one's-- it's kind of like, let's tax the person behind the tree, maybe. I mean, there's the-- someone's got to pay for something. And so that's the question I continue to have, and I think it's continued to be unanswered. That said, I am going to continue to listen to what's happening behind the scenes here in the negotiations. I'm open minded to, you know, some of the things I've been hearing, but until we see something tangible or concrete related to that, I remain opposed to the bill as it is currently written. Thank you, Mr. President.

KELLY: Thank you, Senator Fredrickson. Senator Slama, you're recognized to speak.

SLAMA: Thank you, Mr. President. Good afternoon, colleagues. It might surprise some of you to know this is the first time I've spoken on this bill. I do stand in support of Senator Cavanaugh's motion to IPP this bill. Just to set the table with where we're at with less than an hour to go until cloture. There are a few different proposals being floated around on how we can get to 33 on this package to get it on the next round. 'Tis the season with that in the Legislature in the last ten days, it always becomes silly season. And I was a no on LB388. I'm a purist when it comes to increasing taxes. When you increase taxes to cut taxes, you're not actually cutting taxes. And I think that all of the numbers we've seen so far show that we're not actually really cutting taxes in any measurable form. And a big problem with this bill, and what you'll find in the Education Committee bill, is we have \$1 billion out there with the Education Committee bill that we need to find money to fund if we're going to fund it. And the idea with this bill was to use the sales tax increased, getting rid of exemptions, and a few other things to provide those funds. Well, now what's being pitched is taking out the sales tax increase, going forward with exemptions. But nobody has shown-- any, anyone, like this is just an idea that's come up over the last couple of hours. We don't have the numbers that show this is sustainable. We don't have the numbers to show that this wouldn't compromise the property tax relief. And moreover, the property tax relief that we're supposedly getting with this bill isn't for the long term. Without hard caps for the majority of your property tax bill for schools, like you're not going to get long term property tax relief out of this. You're not, you're just not. And so I really push back against the assertion that this is the one thing that we must do. It will fix all the property tax issues our state faces. Property taxes are the number one issue our state faces. I know it firsthand. I have three other states, all with lower property taxes that border my district. But I'm not going to get up here and just say we're giving out property tax relief. We've done that before in Nebraska state history, where we've increased sales taxes to provide property tax relief. And without proper spending controls in place, we blow it up within a couple of years. So yeah, sure, if you want to get up and say that you did something for property tax relief on your mailers that are going to go out for this election cycle, do it. But the problem is, is if you're up in the next cycle, so 2024-- not 2024, it is 2024, 2026. That relief will be gone and people will be stuck with higher sales tax rates. So I am a no on LB388 and support the current effort to kill this bill. I think that we can have a, a good solution for tax relief. I think there are enough people with their hearts in the right

place. And I'm all for, bringing the band back together and doing a special session, if that's what it takes. But policymaking like this, where we're just trying to find \$1 billion in two hours worth of debate, it's just not good policymaking. So I, I do oppose cloture at this point in time, and I yield the remainder of my time back to the Chair. Thank you, Mr. President.

KELLY: Thank you, Senator Slama. Senator Murman, you recognized to speak.

MURMAN: Thank you, Mr. Lieutenant Governor. I still am in support of LB388, and against the motion to indefinitely postpone. I do agree with Senator Slama that we do need the extra funding to fund the schools if we're going to provide property tax relief, in other words, decrease the funding from property taxes from the schools. We've got to find a replacement for that to, to provide more support from the state. And that's exactly what this bill attempts to do. I think, you know, it's not like we've just worked on this in the last couple of hours. There were committees during the interim that worked on it. You know, it's been worked on by the Legislature, by the Revenue Committee, the Education Committee, and the Governor's Office. And this is the proposal that most could agree on. And that is why this is the proposal that's on the floor right now. I didn't mention last time when I was talking about school funding. Senator Linehan did allude to it that if we don't do anything about providing property tax relief right now, in a year, I think some schools, some of the larger schools in, in the Omaha area will be unequalized, and, and then in a couple of years, I believe LPS will be unequalized. So, as those schools become unequalized, they will need to provide more of their funding from the local property tax payers, and that is only going to make the situation much more difficult. I look at the situation we're in right now with property taxes as, as really an emergency situation. It's kind of been an emergency situation for 15 years in greater Nebraska, most part of greater Nebraska. But, it will only continue to be emergency situation. And I think it'll be a crisis situation within a year or two, not only in, in the urban areas, but also in greater Nebraska, if the rural economy does not turn around. I think the rural economy right now is on the downswing. And even there, we're going to run into problems within-- even worse problems within a year or two if we don't do anything about it. We do have at least somewhat of a good opportunity right now to address the property tax situation, because revenues are in-- increasing. And I think we've taken all precautions to make sure we'll have revenue going into the future, adequate revenue and adequate cash reserve. The Appropriations Committee has

done a good job of controlling spending. So with the increase in revenue, we do have the perfect opportunity, well, maybe not perfect, but a good opportunity right now, to address the property tax situation as best we can. So I continue to support LB388. You know, I'll look at alternatives if need be. But, we do need to have the adequate revenue to support our schools and take the huge burden off of the local property taxpayers going forward. Thank you, Mr. Lieutenant Governor.

KELLY: Thank you, Senator Murman. Senator Day, you're recognized to speak.

DAY: Thank you, Mr. President. I'm going to reiterate what I said last time. We cannot get up and talk about caring about property taxes and taxes in the state of Nebraska, and then not care about implementing policies that continue to drive people and businesses out of the state. So we get up and talk about caring about how high our property taxes are today. But then when we have other bills that businesses are directly telling you are causing them and or their employees to leave, you vote for it. We can't do both. The problem we have with taxes in Nebraska is partially a revenue problem. We cannot continue to implement public policy that exacerbates brain drain, and that exacerbates the problem of people leaving and businesses leaving the state of Nebraska, and then talk about how we're we're doing nothing to solve the property tax problem. There's a lot of different solutions to the issue of property taxes in Nebraska. And I think that it's clear, over the course of this eight hour discussion, that a lot of us do not believe that LB388 is the answer, and that we think that we need to go back to the drawing board and start all over. I will tell you that, you know, when there's discussions about property taxes or tax policy or tax solutions that don't happen on the floor, many of us are not included in the discussions at all. So when people get up and they're like, well, we discussed this, it was it's been more than just a couple of hours. For who? Certainly not for me, certainly not for a lot of the other people on this floor. We were not consulted on any of this stuff. So no, we haven't all been involved in this discussion. And a lot of the people that I'm representing today that I'm speaking on behalf of were also not involved. Going back to what I was reading earlier about Gretna. If Gretna grows at just 7% over the next ten years, which would be 70% versus the last 180% that Gretna has actually grown, Gretna would receive \$1.2 million more tax dollars to serve almost 9,000 residents. This reflects doubling the size of our community and increasing the property tax resources by only 31%. Implications from the proposed 3-- LB388 severely affect services,

jeopardize safety, and disincentivizes replacing older infrastructure. In 2023, Gretna's volunteer Fire department made over 1,500 calls, including accident calls throughout the Gretna area as well as on I-80, stroke and heart attack victims, life saving transport to area care facilities, and many others. All truly heroic. In support for the fire district, Gretna City Council approved a 7-- excuse me, approved \$750,000 to hire 12 full time emergency medical responders. Even with the proposed 6% allowance for emergency medical, Gretna would have received approximately \$230,000, amounting to \$500,000 short of what was needed. The following year, the city would still incur the same, if not higher, expenses and lose the \$230,000. Even with growth allowances and no further expenses, even with the growth allowances and no further expenses, Gretna would have a \$700,000 shortfall--

KELLY: One minute.

--in, in year two of the full time Emergency Medical Response Service. Year two. The growing department will likely require over an additional \$1 million of trucks, radios and other equipment in the near future, which is still capped. There is no allowance for equipment or infrastructure in this bill. Additionally, Gretna is currently served by the Sarpy County Sheriff's Department by interlocal agreement. The expanding Gretna community is expected to move to a different law enforcement model in the upcoming years. Creating a police department will require millions of dollars, not only in equipment, but reoccurring expenses, qualified personnel, and startup. Just as with the fire department, year one is accommodated. However, the maintaining a properly functioning department is penalized year after year and to the detriment of our local residents, property owners, and businesses. Thank you, Mr. President.

KELLY: Thank you, Senator Day. Senator Erdman, you're recognized to speak, and this is your final time on the motion.

ERDMAN: Thank you, Mr. President, I appreciate it. So I listened to Senator Jacobson, and he continuously, continuously tries to talk about the example of a new house. And I thought perhaps by now he had gotten it, but obviously he has not. And so I'm going to run through this real slow so everybody can get it. So under the consumption tax, you would not pay the sales tax on the items or the material you build the house with. So if you bought the house in Lincoln, a \$300,000 house, there's \$13,500 with the sales tax included in the price that the contractor paid when he bought the materials. So you subtract the \$13,500 from the \$300,000. And then that price would be \$286,500

times-- and we're going to use Senator Jacobson's number of 10%. So a 10% consumption tax on the \$286,500 is \$28,650. You add those together, and it comes up to \$315,500 for the House under consumption tax. Under the current proposal the House would sell for \$300,000. You would then have a property tax in Lincoln of about \$6,500 per year. So what I did is I went to the little handy dandy calculator, amortization calculator, and I figured out what the payment would be on a \$300,000 house, and a 200-- and a \$315,000 house over 30 years at 6.5%. So here's what I did. You take the consumption tax, you add that to the \$286,000, you come up with a price of \$315,000, the amortization on a loan at 6.5% for 30 years. That payment is \$1,994 a month. Under the current system, the amortization said that the the amortization payment would be 800-- \$1,896. And remember, you got to pay the \$6,500 in property tax. So you add the \$537 per month, your payment is \$2,423. I would rather pay \$1,994 than \$2,423. So at \$6,500 a year in property tax, it would take you less than three years to pay the consumption tax, and then you would actually own your home. Under our current system, your first payment, monthly payment, would be \$2,423 until the second year when they raised your property tax, and it would be more than that. So if I was a financial institution, and I was making a loan to someone, and I could guarantee that the the principal and interest would be \$1,994 for 30 years and not go up, I would be interested in doing that opposed to having a payment of \$2,423 and not knowing what it is going forward. So I hope that I have made some sense of Senator Jacobson, and he understands what we're trying to do and what would happen under the consumption tax, because he has misunderstood it every time that I've tried to explain it. So hopefully this will bring it to his attention that it is absolutely an advantage to buy something, a new house, under the consumption tax as opposed to our current system. That is the explanation about a new house under the consumption tax proposal. And those of you who are listening, I am quite confident that you'd like to pay \$500 less a month on your mortgage payment under the consumption tax, and when your mortgage is paid, you finally own your property. Because you don't own it now, you keep renting from the government. Thank you.

KELLY: Thank you, Senator Erdman. Senator Slama, you're recognized to speak.

SLAMA: Thank you, Mr. President. Good afternoon, colleagues. So again, I've been kind of listening to debate, wanting to see how it unfolds. We're now in the last 20 minutes of eight hours worth of debate that spanned a couple of weeks. Nebraska is unique in that we have a balanced budget requirement. I think it's a wonderful part of our

state's constitution. Nebraska is very unique in that respect, and I think it really forces state policymakers to be thoughtful in how they're budgeting their money. I have a concern. So sales tax increase aside, all the policy increases-- all the policy arguments aside, I, I do have a concern that a key component of this tax increase is going to be not upheld by the courts. And the baseline in my issue with this is the millions of dollars we're depending on in revenue from LB1354. And this is a tax on digital advertising. It's very unique in how we're proposing approaching this. We're only the second state, to look seriously at doing this. The tax on digital advertising is responsible for millions in this plan. We need it in order to balance things out, have the proposal work out in terms of our constitutional requirement to have a balanced budget. However, this tax-- the only other state to have approached a tax on digital advertising in this way is Maryland. Right now, the Maryland tax is under court challenge. It hasn't moved-- the lawsuit on it hasn't move forward in state court, it is moving forward in federal court. And all signs point to this tax being held as unconstitutional. Now if the Nebraska advertising tax is held as unconstitutional, or even if there's an injunction filed against it to halt the collection of that tax money, our budget isn't balanced. That means that we have to be dragged into a special session anyways to find where that money is going to come from in our budget. So there's not only a problem in terms of policy and negotiating it at the last second, we do have a constitutionality issue with this potential tax. And I see that there's nobody else in the queue, so I will hop out, get us to a pause in the action, and-- Senator Meyer. All right. So while we're talking, because Senator Meyer did just put on his light, which I appreciate, he has done an outstanding job in this session. Every time-- I know we're on opposite ends of this bill, but every time he gets on the mic, he says something worthwhile and people listen. So before I turn things over to Senator Meyer, I would just like to thank him although your time in the Legislature has been brief, you really have made an impact. Thank you, Mr. President.

KELLY: Thank you, Senator Slama. Senator Meyer, you're recognized to speak.

MEYER: Thank you, Senator Slama. Flattery will get you everywhere. But I'm going to yield my time to Senator Jacobson, he had some important points he would like to make again. So I'll yield my time.

KELLY: Senator Jacobson, you have four minutes, fifty seconds.

JACOBSON: Thank you, Mr. President. I just want to make one more comment on EPIC, and then I hope we can just forget hearing about it. I really hate giving free ads for a bill that's really-- for a concept that's not going anywhere. But let's be clear. I don't care how much the payment is if I can't come up with the down payment. The down payment. That's what Senator Erdman's missing. Anybody's got an extra \$30,000 to pay an upfront tax to buy a home probably isn't borrowing money. OK? There's the handicap. But the bigger issue with the EPIC tax is all local control goes away. All local control goes away when it comes to funding. The way this is set up, if it would hit the ballot in November, we'd have to come back in January and the Revenue Committee would have to come up with putting this concept together, and then we would lose all of the taxation come January 1st of 2026, and then the Appropriations Committee would have to take the budgets of every political subdivision throughout the state of Nebraska, all of those would come to Lincoln, and the Appropriations Committee would have to then figure out how it's going to go and get spent, and it'll come to this floor. How do you think that would work out, folks? If you're in rural Nebraska, are you thinking that this is a good place, a good group of people to figure out how much should come in your small town to fund your local roads and your local school district? I don't think so. That's the insanity of EPIC, OK? That's the pure insanity of the EPIC tax. And that's why it's not going anywhere. Because people have figured that out. So thank you, Senator Meyer, for yielding time. I want to just echo one thing that Senator Slama mentioned, and that is I do have a lot of concerns about the digital advertising tax. I'm very concerned about the constitutionality of it. I'm very concerned that because of the way it's crafted, there are discrimination issues that would go with it that I think would be very, very unique. And so I don't think it's something we could count on. What I think we could count on is a lawsuit. And what we could count on is probably losing that lawsuit. So I would like to see us, as we move this forward, to go away from this digital advertising and really focus in how can we make this work. In a perfect world, we would also not be factoring this through the political subdivisions and school districts in particular. We would have this as a direct property tax credit to everyone throughout the state on your gross property tax bill, leave the mill levies where they're at and, and, and/or drop it, but we'd be getting a tax credit instead, and then putting caps in place that are subject to certain growth parameters. I think that's a concept we talked about last summer. That's what I'd like to see in a final bill. We'll see where this goes, but I think at this point we need to move forward the shell bill and move it to

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Floor Debate April 2, 2024

Rough Draft

Select File, give Senator Linehan and the Revenue Committee an opportunity to re craft this legislation to try to get something done so we can try to get something out this year. My concern still comes back to, if we do nothing, we're going to see property taxes going higher. That's unacceptable to me, and that's why I'm fighting so hard to keep something in this session that's going to provide property tax relief. Thank you, Senator Meyer, for yielding time. Thank you, Mr. President, for the time.

KELLY: Thank you, Senator Meyer and Jacobson. Seeing no-- Seeing no one else in the queue. Senator Machaela Cavanaugh is recognized to close on the motion.

M. CAVANAUGH: Oh, yeah. I swear there was somebody in the queue when I went to the restroom. OK. This has been interesting because I put this motion up, I don't know when I did it, I think last year, actually. And people have wanted me to pull the motion and I was like, well, just let it-- let it ride. Just let it ride. And, then people who support LB388 filibustered and took all the time to get us here, so. OK. So we're going to go to a vote on M0552 [SIC M0550], indefinitely postponed. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Members, the question is the motion to indefinitely postpone. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 8 ayes; 29 nays on the motion to indefinitely postpone the bill, Mr. President.

KELLY: The motion fails. Mr. Clerk.

ASSISTANT CLERK: Mr. President, I do have a priority motion. Senator Slama would move to reconsider the vote just taken as it relates to the indefinite postponement of LB388 pursuant to Rule 6 Sect. 3.

KELLY: Senator Slama, you're recognized to open.

SLAMA: Thank you, Mr. President. Out of collegiality, I will yield my open to Senator Linehan. We are close to cloture, and I want to give the bill introducer some time to-- she hasn't had the chance to chat for a while, and I definitely want to give her the chance to make the last pitch before we take a vote. So with that, I will yield the remainder of my open to Senator Linehan.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

KELLY: Thank you, Senator Slama. Senator Linehan, you have 9 minutes, 35 seconds.

LINEHAN: I won't need that.

JACOBSON: Oh good.

LINEHAN: So I want to thank you, Mr. President. Thank you all, colleagues, for being here. It's very nice. And this is how it gets at the end, it gets very tense. And when you're not on the floor and we can't find you, it's stressful. So I appreciate very much all of you being here. This is the agreement I think we have worked out. We are going to go to cloture. We need 38 votes on LB388, which is a shell bill. It changes a date. And then we need 25 (I'd like it if we got a little more than 25) on LB388 to send it to Select. And we will work very hard over the next few days with everybody, anybody who's got ideas, I'm open. Anybody on the Revenue Committee is open to any ideas that you might have. And if we don't, I will make this commitment to all, if we can't get to an agreement, I will ask the Speaker not to bring it back. Hopefully in the next-- we did in Education today-- would Senator Murman, would you yield to a question?

KELLY: Senator Murman, would you yield?

MURMAN: Yes.

LINEHAN: Senator Murman, we-- at 11:00 this morning, the Education Committee Execed, right?

MURMAN: Yes.

LINEHAN: And we kicked out the companion bill to LB388, we sent it to the floor, I should say.

MURMAN: Yes, we did.

LINEHAN: So that bill, and there's been some confusion. I understand that that bill needs to come to the floor so people can see how this-- how the money will be spent. And then once we see actually what we're doing, maybe some people will change their minds, and maybe some miracle we don't have to do the sales tax. We did try, I had a floor, or Senator Bostar had a floor amendment to pull out the penny increase, which we had enough votes to do, but we're not going to get to that amendment. So we'll see what other things we can do between now and if this comes back. But I will say we won't try to bring it

back if we don't have an agreement. Thank you, Mr. President. Thank you, Senator Murman.

KELLY: Thank you, Senator Linehan and Murman. Turning to the queue, Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Oh, thank you, Mr. President. I didn't think I'd get another chance to talk. Well, I have been pretty firmly on record opposed to the sales tax increase.,But as others have said, I also oppose increasing taxes. And I was just pointing out to one of my colleagues over here that we fall back on a crutch of the saying of picking winners and losers. And I think there is a certain aspect of that in the proposals in this bill, and I oppose that as well. I look forward to seeing the bill that came out of the Education Committee. I know a lot of people have hung their hopes on voting in favor of this bill because of what may be in that bill. So some people maybe will think differently about things at that point. But I think it's important that we have these debates where we talk about what our problems are and get to a place where people understand how seriously people feel about opposition to things like a sales tax increase and the other portions of this bill. I think that a lot of people would like to see additional property tax relief, but not on the backs of the poorest Nebraskans who do have to pay sales tax. It's not just discretionary. There are a lot of things that people have to pay sales tax on. And just by saying you don't pay sales tax on this, you don't pay sales tax on that, is not an answer to that question. People have to pay sales tax on some things that they have no choice in purchasing. And sometimes you have to pay it at a time when you really have no choice, like an emergency purchase of some kind of, of a new washing machine or something along those lines. So that's my opposition to this. I know this-- we're getting to cloture here in a few minutes. So we'll see how everybody else feels about Senator Linehan's proposal, but I still will remain a no on cloture, because I've been down this road before. I've been down the road where we've been told we're going to get some concessions to the people who have opposed the idea, been around long enough, now four years, that I've had this conversation many times where we've had a debate, there was no compromise, it was take it or leave it. And then we get to cloture and said, well, we'll get to Select and we'll fix it. So I have the benefit of experience, and I oppose this bill in principle. I oppose the tax increases on Nebraskans that it, it, it includes. And so for that reason, I'll be a red vote on cloture. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. And good afternoon again, colleagues. I do rise in favor of the motion to reconsider and again, in favor of the motion to indefinitely postpone, as well as against LB388. I think cloture is at 4:10, and so it's possible that this might be the last time that we're talking on this bill. And I just wanted to take this opportunity to do a couple of things. First of all, I wanted to thank everybody's hard work on this. I know this is a very tense thing. As Senator Linehan said, when we get to the end of these debates, there's a lot of questions and a lot of tension. But I will say that genuinely, I think everybody here is working to achieve the same goal ultimately, which is the reduction of property tax for all Nebraskans. I stand in favor of reducing property taxes through any number of different things that have been considered throughout this entire session. In Revenue Committee, we had hearings on homestead exemptions that I think work to have targeted property tax relief. There were so-called circuit breaker bills that provide property tax relief for individuals who can't afford to pay their full property tax. There's been conversations in Revenue about the front loading of LB1107, which I believe is contained in that education bill we just heard about, LB1331. So there are a number of things that we can do to help everyday Nebraskans. And there's a number of ways that we can do it in the near future for people to see actual relief. What I stand opposed to was the myriad of things contained in this potential package that ultimately are going to have a negative effect on Nebraskans, my neighbors in L.D. 26, by raising their sales tax and also broadening the sales tax base on items that that could ultimately be problematic, ultimately passing that cost on to the consumers in Nebraska. And so I've said, since the beginning of this debate, when I had an opportunity to talk about that, there are-- there are multiple reasons I stand opposed to LB38-- LB388, I'm sorry. But I do appreciate that there's been conversations regarding solutions to that. And my hope is that regardless of what happens here today, we continue to work together as a body to try to find some solutions that don't disproportionately hurt Nebraskans. We could dive down into the conversation again about the various facets of this bill that are an issue. But at the end of the day, when I talk to my friends in the industries that we're addressing here, and when I talk to my friends in the business community, representing the mom and pop shops that we have around L.D. 26, as well as a number of other businesses around Nebraska, my genuine belief is that a raise in the sales tax that was

being proposed is a problem. Whether it's \$0.25, \$0.50, \$1.00, \$1.50, \$2.00, no matter what we're talking about, to shift that burden over to Nebraskans and businesses creates a problem. And so regardless of what ultimately gets worked out here, we have to make sure that we're doing it in a responsible way, a fiscally responsible way for Nebraska to ensure that moving forward, as Senator Dorn has talked about multiple times, the green sheet, our, our budget green sheet is balanced. We need to make sure that we're not doing a disservice to Nebraskans down the road. We have to make sure that we are being judicious in the decisions that we make. And we ultimately have to make sure that we are helping every single Nebraskan when it comes to reducing their property taxes and not disproportionately hurting our working class and our middle class folks. I think that we've all talked about this quite a bit. I think cloture was, in fact, at 4:10. So, colleagues, I would encourage you yet again to vote no on cloture. I understand this is a, quote unquote, shell bill moving forward, but I would tend to agree with Senator John Cavanaugh that ultimately, we don't have anything set in place to know what's going to come down the road with this. And so I think we should go back to the drawing board and try to figure something out down the road. Here, for the remainder of this short session, we've been told time and time again that things do get worked out oftentimes at the last minute, and my hope is we can figure something out that helps everybody and doesn't shift that burden to the folks that are ultimately going to have a disproportionate harm. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Mr. Clerk, you have a motion on the desk.

ASSISTANT CLERK: Mr. President, Senator Linehan would move to invoke cloture pursuant to Rule 7 Sect. 10.

KELLY: Senator Linehan, for what purpose do you rise? There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 39 ayes, 3 nays to go under call.

KELLY: The House is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Wayne, please return to the Chamber and record your presence, the house under call. All

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Floor Debate April 2, 2024

Rough Draft

unexcused members are present. Members, the first vote is the motion to invoke cloture. All those in favor, vote aye-- there has been a request for a roll call vote. Mr. Clerk.

CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Blood not voting, Senator Bosh voting yes. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Conrad voting no. Senator Day not voting. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Erdman not voting. Senator Fredrickson not voting. Senator Halloran not voting. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe not voting Senator McDonnell voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould. Senator Riepe not voting. Senator Sanders voting yes. Senator Slama voting no. Senator Vargas voting no. Senator von Gillern voting yes. Senator Walz voting yes. Senator Wayne voting yes. Senator Wishart voting yes. Senator Erdman voting yes. Vote is 33 ayes, six nays, Mr. President, on the motion to invoke cloture.

KELLY: The motion is adopted. Members, the first vote is on the motion to reconsider. All those in favor, vote aye, all those opposed vote nay. Record, Mr. Clerk.

CLERK: 9 ayes, 32 nays. Mr. President, on the motion to reconsider.

KELLY: The motion fails. Members, the next vote is to advance LB388 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 28 ayes, 12 nays on advancement of the bill, Mr. President.

KELLY: LB388 is advanced to E&R Initial. Mr. Clerk for items. Raise the call.

CLERK: Some items, Mr. President. Your Committee on Education, Chaired by Senator Murman, reports LB1331 to General File with committee

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate April 2, 2024

Rough Draft

amendments. Additionally, amendments to be printed from Senator Holdcroft to LB876A, Senator Linehan to LB388, Senator Bostar to LB388. Committee report from the General Affairs Committee concerning a gubernatorial appointment to Nebraska Commission on Problem Gambling. Excuse me. Several appointments to the Commission on Problem Gambling. In addition, an appointment to the State Racing and Gaming Commission, the State Electrical Board, Committee report from the Education Committee concerning several gubernatorial appointments to the Coordinating Commission for Post-Secondary Education, as well as the Board of Educational Lands and Funds, and the Nebraska Educational Telecommunications Commission, The Technical Advisory Committee for Statewide Assessment. New LR, LR462 from Senator Jacobson. That'll be laid over. That's all I have this time, Mr. President.

KELLY: Mr. Clerk, next item on the agenda.

CLERK: Mr. President, next bill, LB388A introduced by Senator Linehan. It's a bill for an act relating to appropriations; to appropriate funds to aid in carrying out the provisions of LB388. Bill was read for first time on March 26th of this year, placed directly on General File.

KELLY: Senator Linehan, you're recognized to open.

LINEHAN: OK, I've been here. I'm confused because we just passed a bill that does nothing. But we need an A bill to follow this in case we get an agreement, then we've got a bill, then we can't get a fiscal note. So I'd appreciate your green vote on this, though it's an A bill that says zero. So it's safe. Zero. So green on A bill. Thank you.

KELLY: Thank you, Senator Linehan. Seeing no one else in the queue, you're recognized to close. Senator Linehan you're recognized to close and waive. Members, the question is the advancement of LB388A to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 35 ayes, 1 nay on the motion to advance the bill.

KELLY: It is advanced to E&R Initial. Mr. Clerk, next item.

ASSISTANT CLERK: Mr. President, the next bill, LB1073, which was introduced by Senator Slama. It's a bill for an act relating to the Third-Party Administrator Act; amend section 44-5807; change provisions relating to onsite audits of the operation of third-party administrators; repeal original sections. Bill was introduced on

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate April 2, 2024

Rough Draft

January 9th of this year. It was referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File with committee amendments. Those amendments are pending. In addition to that, when the bill was considered on March 28th, Senator Slama offered AM3085 to the committee amendments. That amendment was divided. The first Division was AM3285, which now is pending.

KELLY: Senator Slama, you're recognized for a one minute refresh.

SLAMA: Thank you, Mr. President. Good afternoon, colleagues. You all probably have very fond memories of LB1073. It was brought last week, and we simply ran out of time. It is the insurance Christmas tree of the Banking, Commerce and Insurance Committee's committee bills. They all came out 8-0. We had a great summary from all the billing producers who have bills in this package. I'm sure they'd be happy to provide you with a summary if we need it to get there, but I would encourage your green vote on LB1073. Thank you, Mr. President.

KELLY: Thank you, Senator Slama. And now you're recognized for a one minute refresh on the committee amendment.

SLAMA: Oh, boy. We're just having fun here. I won't take the full minute. Just again, every single bill in this package came out 8-0, I'd encourage your green vote to keep this train rolling.

KELLY: And now you're recognized for a one minute refresh on the first Division.

SLAMA: 8-0. Thank you, Mr. President.

KELLY: Thank you, Senator Slama. Seeing no one else in the queue, Senator Slama, you're recognized to close on-- and do close and do waive. Members, the question is the adoption of AM3285. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 37 ayes, 0 nays on the adoption of AM3285, Mr. President.

KELLY: AM3285 is adopted.

ASSISTANT CLERK: Mr. President, Senator Slama would now offer AM3286.

KELLY: Senator Slama, you're recognized, and waive opening and closing. Members, the question is the adoption of AM3286. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

ASSISTANT CLERK: 38 ayes, 0 nays on the adoption of AM3286, Mr. President.

KELLY: AM3286 is adopted. Seeing no one else in the queue--

ASSISTANT CLERK: Mr. President, Senator John Cavanaugh had moved to amend AM3085 [SIC, AM3285], but I have a note he wishes to withdraw that.

KELLY: Without objection it is withdrawn.

ASSISTANT CLERK: In that case, Mr. President, there is nothing further pending to the committee amendments.

KELLY: Seeing no one else in the queue. Senator Slama, you're recognized, and waive closing. Members, the question is the adoption of AM2568. All those in favor vote aye; all those opposed, vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 38 ayes, 0 nays on the adoption of the committee amendments.

KELLY: AM2568 is adopted.

ASSISTANT CLERK: Mr. President, I have nothing further on the bill.

KELLY: Senator Slama, you're recognized and waived closing. The question is the advancement of LB1073 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 38 ayes, 0 nays on the advancement of the bill.

KELLY: LB1073 is advanced to E&R Initial. Mr. Clerk.

ASSISTANT CLERK: Mr., Mr. President LB1073A offered by Senator Slama. It's a bill for an act relating to appropriations; to appropriate funds to carry out the provisions of LB1073 and declare an emergency.

KELLY: Senator Slama, you're recognized to open and waive opening. No one else in the queue. You waive closing on-- And the question is the advancement of LB1073A to E&R Initial. All those in favor vote aye; all those opposed vote nay.

DeBOER: Mr. Clerk, please record.

ASSISTANT CLERK: 38 ayes, 0 nays, Madam President, on the advancement of the A bill.

DeBOER: It is advanced. Next item.

ASSISTANT CLERK: Madam President, the next bill, LB196, offered by Senator Bostar. It's a bill for an act relating to retirement; change provisions relating to the Nebraska State Patrol Retirement System and benefits provided by the death of an officer after retirement and annual benefit adjustment calculations as prescribed; harmonize provisions; repeal the original section, declare an emergency. The bill was introduced on January 9th of this year. It was referred to the Nebraska Retirement Systems Committee. That committee placed the bill on General File with committee amendments.

DeBOER: Senator Bostar, you're recognized to open on LB196.

BOSTAR: Thank you, Madam President, and good afternoon, colleagues. LB196 is legislation that addresses the benefits of the members of the Nebraska State Patrol. The legislation was introduced last session, and the Retirement Committee and I have been working to find a compromise that would accommodate the needs of both our State Troopers and minimize the fiscal impact to the state. The committee amendment represents that compromise and sets the contribution that each officer of the Nebraska State Patrol makes to the State Patrol Retirement Fund to 10% of each officer's monthly compensation, and increases the contribution of the state to the State-- the State Patrol Retirement Fund to 24% of each officer's monthly compensation. Reaching sufficient staffing levels has become increasingly difficult in the last six years for our police departments. While recent increases in pay are appealing, many departments are not yet seeing a corresponding increase in recruitment numbers. According to the International Association of Chiefs of Police, nationally, 78% of police agencies reported having difficulty recruiting qualified candidates. 75% of police agencies reported that recruiting is more difficult now than six years ago. 65% of police agencies reported having too few applicants for open positions, 50% of police agencies reported having to change policies and qualifications for candidates, and 25% of police agencies reported having to reduce services. In recent years, the State Patrol vacancy rate has continued to climb. Of the 482 authorized personnel, there are currently 72 vacancies. That's up from 69 in 2023 and 54 vacancies in 2022. Nebraska is losing members of the State Patrol at an alarming rate, and in order to maintain our State Patrol workforce, we must look for new ways to recruit and even more

importantly, retain the troopers already serving the state of Nebraska. The Lincoln Police Department, for example, off-- Lincoln Police Department officers, for example, currently contribute 8% for their defined benefit pension. And while Omaha Police Department officers pay 16.1% for their pension, they also receive full post-employment health care until death. I have heard this described as 8% for the pension and 8% for the post-employment health care. Establishing competitive contribution rates will go far in attracting and retaining our state police workforce. I thank all of you for your time and attention. I would encourage your support for LB196. Thank you.

DeBOER: Thank you, Senator Bostar. As the Clerk mentioned, there are committee amendments. Senator McDonnell, you're welcome to open on the committee amendment.

McDONNELL: Thank you, Madam President. Good afternoon, colleagues. LB196 was heard by the Retirement Committee on March 2nd of 2023. At the hearing, there were questions about the cost of the package. And following the hearing, the troopers suggested some changes that might lower some of the fiscal impact. During the interim, an actuarial report was commissioned on, on the suggested amendment, and the hearing on that report took place on November 9th, 2023. This year, LB196 was designated a Retirement Committee priority bill. LB196 was advanced to General File with AM3100. The vote on both the amendment and the advancement to General File was 4-2 from the Retirement Committee. AM3100 is a committee amendment. LB196 makes some substantial changes to the original version of LB196. The amendment strikes proposed changes to the surviving spouse benefit, and also eliminates the proposed cost of living changes. The remaining component for the reduction in employee contribution and the correspondence increase in the state employer contribution remains, but is reduced by the committee amendment. The original bill reduced the employee contribution from 16 or 17%, depending on what tier, to 8%, and increased the state employer contribution to 7-- from 17% to 26%. After discussions with the troopers' organization, the Governor's Office and the committee members, AM31 [SIC, AM3100] reflects an agreement to reduce the trooper contribution to 10%, and increase the state contribution as employer-- as the employer to 24%. As with any legislation that impacts a retirement system, an actuarial study is required prior to passage. You should have received last Monday via email the first day-- the first day of-- last day of LB196 appeared on the agenda, an actuarial report that covered all of the topics in the green version of LB196. You should have also received a second email

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Floor Debate April 2, 2024

Rough Draft

last Thursday that contained an updated report dated March 25th, 2024 that reflects only the contribution changes as contained in AM3100. You also should have received at your desk last Thursday copies of both actuarial reports. If you do not have a copy of either study and desire one, I do have a few extra copies available. Based on the most recent report, the estimated cost for the contribution, the change to 10% for the employees and 24% to the state is approximately \$2.5 million. Should AM31 [SIC, AM3100] be adopted, a new fiscal note will be produced. To summarize, AM3100 removes the surviving spouse benefits, increases the COLA-- and removes the COLA changes, and adjusts the proposed contribution rate changes. I'd like to thank the Retirement Committee members. I'd like to thank the troopers, Senator Bostar, and also the Governor and the Governor's team for coming to an agreement that was reflective in AM3100. Thank you, Madam President.

DeBOER: Thank-- thank you, Senator McDonnell. Mr. Clerk, for an amendment to the committee amendment.

ASSISTANT CLERK: Madam president, Senator Clements would move to amend with AM3195.

DeBOER: Senator Clements, you're recognized to open on AM3195.

CLEMENTS: Thank you, Madam President. The-- in the Retirement Committee, I voted no on the AM3100 proposal. The amendment I have-- AM3100 would have the officers paying reducing from 16% of pay to 10% of pay, and my amendment would reduce them from 16% to 12%. They are currently at 16%. They originally asked for 8%. And my-- the 12% amendment I'm offering would split the difference from what they asked for to what they currently are paying. And the-- I think it's a reasonable compromise. The Retirement Committee amendment would reduce their contribution by 37%. My amendment would still reduce their contribution 25%, and the state portion is still going up 37%. And the, the pay increase they received last July 1 was 22%, that, that's a-- that's \$4.6 million additional pay that the officers are getting. If you look at the handout, the committee amendment would add another \$2.5 million of state contribution. The 12% amount for the officers will still have the state paying 22% to the retirement, and you, you'd still have a \$1.8 million effect. Part of the problem we have is this is-- this will be an A bill that's not in the budget, and it's going to use up some of the money that's available to the floor. And I think offering halfway between what the original proposal was and what the current contribution rate is, is a fair compromise. I, I would have voted for that out of committee, but we weren't offered that at the

point-- at that point. So I'd ask you to support AM3195, which is a reasonable compromise, it's still increasing the amount the state pays for retirement from 16% to 22% and reducing the officers from 16%, down to 12%, of pay. Thank you, Madam President.

DeBOER: Thank you, Senator Clements. Senator Conrad, you're recognized.

CONRAD: Thank you, Madam President. Good afternoon, colleagues, I rise in support of LB196. I understand that the committee amendment, which I supported in a good faith effort to get it out of committee, is a strong attempt at negotiation with the executive branch and all stakeholders involved, even though I am reticent to support it, because I think the original measure should have moved forward as is. And I am in opposition to my friend Senator Clements' amendment, which is on the board and before you today. You've heard me talk about this measure before on the mic, including when we were engaged in budget deliberations very recently. And I have had the opportunity to open up a dialog with many of you. Moving around, putting together a vote card and talking about the important substantive pieces in this legislation and talking about what was left on the table in negotiations to get the bill out of committee. You absolutely can and should look deeply at the dollars and cents, through the actuarial reports, the fiscal note, and related estimates that Senator Clements has brought forward in regards to his amendment. But I want to make sure to focus on another aspect of the bill, in addition to the dollars and cents, that I feel it's really important to give voice to and bring forward today. So as a committee member, and you're all well familiar with this endeavor, you have a chance to observe witnesses, observe citizens who come in to testify on measures before your jurisdictional committees, and you have the chance to learn more about how this legislation impacts their life. You have an opportunity to ask questions. It provides you an opportunity to forge relationships with citizens that maybe you didn't know before and learn about their perspective on the issue and about their life. And I will tell you that the hearing that we had on this measure and the interim study hearings that we had on these measures, related measures, were perhaps some of the most compelling hearings that I've been a part of now for my 10th year in the Legislature. And we heard very heartfelt testimony from our brave men and women in the State Patrol and their family members about the commitment and sacrifice that they make to advance our shared public safety goals, and how we have made important strides in recent years, and credit to the Governor for his leadership in that regard, in finally making upward adjustments on compensation. But we need to

finish the job to ensure that our benefits package is competitive. We all know our workforce challenges in Nebraska. We know that our top candidates for the State Patrol are in high demand amongst the cities of Lincoln, the cities of Omaha, county sheriffs, etc. So this is one small but important thing that we can do to retain and recruit a top quality workforce for our State Patrol. I really hate to give up the COLA and the surviving spouse benefits, and I want to also give voice to the surviving spouses who came to testify and who have shared a lot of their experiences with me in their email and other communications. And I will tell you that by not making those--

DeBOER: One minute.

--adjustments-- Thank you, Madam President. --and leaving that off the table, it's a real disappointment. And what we are doing is, you know, asking brave people who put their lives on the line every day to retire without access to basic resources in dignity to care for them and their families, and particularly those surviving spouses that don't have adequate resources to take care of daily life needs. So I'm disappointed that the COLA and the surviving spouse piece had to be eliminated to move the bill forward. I understand that is part of the process, and thank Senator McDonnell for his negotiations in that regard. But I'm asking this body to please reject the Clements amendment, and please work together to make sure that we're keeping our commitment to working men and women and those who put their lives on the front lines to keep us all safe here.

DeBOER: Time, Senator.

CONRAD: One thing to have a campaign slogan, it's another thing to--

DeBOER: Time, Senator.

CONRAD: --put your vote where your mouth is. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Senator Vargas?

VARGAS: Thank you very much. I'll be brief. Thank you to the Chairman of Retirement, Senator McDonnell, for negotiating this work. I stand in opposition to Senator Clements' amendment. Although I understand the intent and appreciate the intent and support the amendment, support the underlying bill also. The negotiation was done by Senator McDonnell as part of an effort to make sure that we are moving in the right direction. Removing the surviving spouse benefits and

eliminating the changes to cost of living were a concern, but I know that we are trying to move forward on something that is-- we heard incredible testimony from individuals, from law enforcement, from families, and we want to make sure that we are supporting them and doing everything we can. Thank you to Senator Bostar for the introduction of the bill, and for his leadership and his work on this as well. So please vote against the amendment AM3195. I understand the intent, and it's the intent with every single one of our bills, our A bills in particular, which is every single funding priority that we spend from here on in, is a new funding to our General Fund obligation. And this is no different. We are spending more money. However, this feels inherently different. We talk a big game about making sure we're supporting law enforcement. And I think this is following through on that commitment to supporting law enforcement and finding the revenue, finding the cost savings, and figuring out how to make sure we can balance the budget, it's why I supported some of the cash fund transfers from other bills. Because there are things like this that I think are integral, important, and are standing by our values. And that's the reason why I'm against amendment AM3195, and in support of the underlying amendment, and ask you to vote green for AM3100, and LB196. Thank you.

DeBOER: Thank you, Senator Vargas. Mr. Clerk, for an announcement.

ASSISTANT CLERK: Thank you, Madam President. The Judiciary Committee will hold an Executive Session under the south balcony now.

DeBOER: Thank you, Mr. Clerk. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. Well, I rise in support of AM3195, the Clements Amendment. Let me first of all be very clear. I fully support the State Patrol. I fully-- really fully get the risks that they take every day. I understand all of that, and I sincerely appreciate all the work that they do. I also sincerely appreciate the work of our veterans, of our local sheriffs, our police departments, who also do the same thing. We just got done eight hours talking about spending, or talking about taxes and talking about how can we provide property tax relief, and how could we make savings? Well, it starts with what we spend. Because I can tell you, although this will be a state expenditure, it's less dollars that we have available to utilize for property tax relief. I can also tell you that this stuff tends to run downhill. If we're going to give a 22% increase, which is what we did for the State Patrol, 22% salary increase, and now a huge increase in benefit package as well. And so where does that leave our counties

and our local cities with police departments? What pressure does that put on them now to do the same thing? And consequently, how do they pay for that? Well, I can tell you how cities and counties are going to do it. They're going to have to raise your property taxes. So I think it's a matter of what seems to be the right balance here. What's the right thing to do? Where's fairness? I think Senator Clements has struck a good balance here. Senator Clements has recognized that we will do something to make additions, and acknowledge the issues that we have there. But where do we go overboard? And I think his balance is the right one. If we're truly serious about providing property tax relief and tax relief as a whole, we've got to get a handle on spending. And we could make the case to everyone that everybody should be paid more, including ourselves. But that isn't going to help our tax situation. We've got to make tough decisions. We've got to make decisions that seem to be more appropriate. And I think that's what the Clements amendment does. We're going to have an amendment com-- we're going to have a bill coming up later on firefighters, which would be a huge unfunded mandate to municipalities and class one cities. We're going to have to address that as well, because if we're going to continue to pass unfunded mandates to local municipalities, how are we going to reduce property taxes? So we can all talk a good game about we want to lower property taxes, and we want to lower income taxes, we want to lower sales taxes, we just want to reduce the tax burden. But it starts with spending. It starts by controlling our spending. That's a good place to start. Thank you, Mr. President.

DeBOER: Thank you, Senator Jacobson. Senator Blood, you're recognized.

BLOOD: Thank you, Madam President. Fellow Senators, friends all, I stand opposed to Senator amendment-- Senator Clements' amendment, and opposed to the retirement amendment, but we'll likely have to vote for it in order to see the bill get passed. I agree with Senator Conrad, the bill was good as is. I'm appalled that you changed the part for surviving spouses. And I got to tell you, friends, until I came into this body and Justin, Senator Justin Wayne, you didn't really hear a whole lot about unfunded and underfunded mandates. You heard a little bit from Senator Crawford. You hear a little bit from Senator Deb Fischer when she actually cared about things like that when she was in the body. But until the last 6 to 8 years, we really didn't start talking about this much on the mic. Those aren't words that we just throw out when we're trying to justify how we don't want to spend money on bills like this. There are certain things that we have to spend money on. If we are worried about unfunded and underfunded mandates then stop passing those bills that pass the costs down to the

political subdivisions, it's that easy. But we make it hard. We like to talk about it. And especially when bills like this come up and we want to justify why we have watered this bill down. But good Lord, people, when we talk about our first responders, when we talk about these people that are running towards danger, not away from danger, that make our lives better where we live, that makes our-- make our lives safer where we live, I don't understand how we can justify having to water it down so much just to get it passed. And although I do support that, passing something is better than nothing in this one case. Where does it stop? Because we know that we have other issues like this that we're going to be dealing with. Well, I won't because I won't be here, but you'll be dealing with it in the future, including our firefighters. But I, I, I'm on board with Senator Conrad. And I think it's really appalling that you no longer included that change for the surviving spouses, and I, I think it's kind of insulting that we're nickel and diming it. And, yes, we are trying to save taxpayer dollars, but there are certain things that we have to sometimes bite down hard on, right? We have to have a little grit here and decide that one thing is right and, and watering it down is wrong. And I think about the things that we've spent money on, the lake and the canal, and I'm not saying neither of those are bad ideas. But if you look at the magnitude of money we spent on those two things and will be spending on those two things, this pales in comparison. And last year we're a big old ATM, and we gave money out to so many projects, and now we're saying we're sorry that we can't do this as it was initially intended, and this is the best that we can do. And yet Senator Clements comes in and says we can do even better. So I am against the amendment from Senator Clements. I know his intentions are good and I know why he's doing it. I'm against the amendment of the Retirement Committee's amendment, and I am in full support of the underlying bill, as is. Thank you, Madam President.

DeBOER: Thank you, Senator Blood. Senator McDonnell, you're recognized.

McDONNELL: So thank you, Madam President. So let's. Let's go back to over a year ago when Senator Bostar was approached by the troopers and they discussed what they were needed, what they wanted, what they were trying to do. And we can talk about retention and recruitment and, and comparabilities, and you have that. Over the last week, it was handed out to you in contributions. And so they start off and they started talking about the, the widows' benefit. They tal-- start talking about a cost of living. And then the contributions, based up-- based on the idea of comparability. Now, over that year plus, we asked them to take

a step back asking for those three things. COLA, well over \$3 million. The adjustment to try to keep above the health of 84%, 85%, at the total contribution of both sides of 34%. And then the idea of right around \$900,000 for the idea of the death benefit. So they go back to the table, they discuss it amongst themselves, they come back. We ask them to please meet with the Governor's team. They do. They come up with a plan for getting rid of two of the three things they were requesting that would definitely make a difference in their members' and their families members' lives. They make the agreement. We, as the Retirement Committee, vote it out 4-2, at about \$2.5 million with the actuarial study. Senator Clements' idea in AM3195 does help. It's just not what they agreed to. It's not what we voted out as a Retirement Committee. It's out about \$1.8 million versus the \$2.5 million out of a \$5 billion plus budget. So you start talking about that difference in, in dollars. But we should be talking about what a difference in the, the troopers lives it's making per individual because of the contribution. And again, back to the comparability. The reason I'm opposed to AM3195 is because the Governor, his team, the troopers, the Retirement Committee, everyone worked together to come up with a compromise. And that compromise is AM3100. I don't want you to forget how much they took a step backwards based on what they originally asked Senator Bostar to introduce in LB196. So the sacrifice is there financially, but we also know as first responders what their true ultimate sacrifice can be. And that is giving their life. This is not a huge dollar amount for us as a state, even though every taxpayer dollar's important. But I feel the taxpayers' dollars are being well invested in these troopers based on the service they provide for every citizen in the state of Nebraska. I'm opposed to L-- AM3195. I'm in favor of AM3100 and LB196. Thank you, Madam President.

DeBOER: Thank you, Senator McDonnell. Senator Bostar, you're recognized.

BOSTAR: Thank you, Madam President. And thank you, colleagues, for listening on to this debate. I appreciate a lot of what's been said. I want to just highlight a couple points and really draw them out. I understand the intention behind AM3195, introduced by Senator Clements. I do. And the idea being that you're choosing the midpoint between what they asked for and what they have now. But the reality is actually different than that. The midpoint between what they asked for in LB196 and what they're getting, when what, what they have now is significantly different because what else was cut out in AM3100 is the surviving spouse benefits and the cost of living adjustments. Those were given up. So it isn't-- it isn't appropriate to just look at one

out of the three pieces and say, I'm going to pick the midpoint of that and call it a fair balance. It isn't. It isn't at all. The other point that's been mentioned is that this was a negotiation between the Governor and the Patrol, between the employer and the employees. We have a lot of legislation that gets introduced that would address wages, benefits, things of that nature. And what we hear on the floor a lot is that it's inappropriate. It's inappropriate for the Legislature to get to stand in between the employer and their employees as to what has been negotiated and agreed upon. Not everyone makes that argument, but a lot of people make that argument. So what I would say is, if you're someone that feels it's inappropriate for the Legislature to stand between the employer and their employees as to what was mutually agreed upon through negotiation, then AM3195 is a bad amendment. The State Patrol deserves better than that. Honestly, the State Patrol deserves better than AM3100, but that's what they agreed to. That's what they agreed to in conjunction with their negotiation with the Governor, their employer. So, colleagues, I would ask you to vote down LB3195. The difference between AM3100 and AM3195 is not a lot of money. I'm sure we're going to hear more about it. I see the queue. I see what's coming. But let's not stand between the Governor's Office and the State Patrol. Let's honor the agreement that was made. Thank you, colleagues.

DeBOER: Thank you, Senator Bostar. Senator Dorn, you're recognized.

DORN: Thank you. Thank you, Madam President. Was asked about this bill several times over the last couple of weeks. Did not come in front of Appropriations, so you learn about things as they get closer to discussion on the floor and all those type of things. I am in favor of a AM3195, Senator Clements' amendment. I also will be voting for AM3100 and LB196. I'm going to come about this from a little different perspective. When I sat on the county board and this was happening ten, fifteen years ago already, one thing that we learned is we were getting, I call it, short of fire-- not not firemen, but policemen, and we were getting short of those. What's happened out there in the industry is, I call it, people from Gage County were being given higher pay, higher jobs, offers to go to Lancaster County, because now they're a bigger county, they can pay more. Also, we lost patrol-- we lost policemen to Sarpy County, we lost policemen to Douglas County. I've heard or heard from various people also that we have put people through our State Patrol training, and within a year or two years, they're also going to those higher counties. So from that perspective, we need to be aware of, and definitely, be in tune with so that we pay our individuals enough that we keep qualified people there while

training people, and that we support them very much. But I also-- I also want to point out the fact that Senator Bostar mentioned that this is what was agreed to by the Governor on that negotiations. I can also tell you, we just spent eight hours talking about a tax proposal, and I could sit up here, and I didn't hear nobody talk about this was negotiated with the Governor. So that didn't go very long or whatever. And don't mean to make it sound bad, what Senator Bostar said. They worked on this for a year, and I'm fine with that. But we also have other things here. We also have other things that-- I talked about the green sheet, and I'm catching some static for that. But when we come back next year, we're going to be probably in the hole. We're probably going to have to find funding from somewhere. And yet that doesn't seem to resonate with a lot of people. I hear people that they want to spend money on different bills. And I also sit there and I look at this bill and I-- Senator McDonnell and Senator Bostar, what they've done and worked on this. If this bill would have been up early in session, would have gone through with probably no issues, no comments, no nothing. I don't think it's fair for them because of where their bill ended up at here, I call it, on the time schedule of what we're doing here in the Legislature to say, I'm going to vote this down or whatever. That's why I'm in favor of the bill. I thank them for the work they've done. I do, though, want to be mindful of what we are spending. And, I have over the years, not gotten up, gotten in the queue and talked about spending. This year I keep telling myself here, about a week ago, I said, that's it. We're going to talk about spending. So we keep that in front of people that we have dollars that are not there. Money does not grow on trees. That's what you learned. And we have to make sure that we are spending our money wisely, and not just because of the feel good things. But I will be supporting LB196, AM3,100, and Senator Clements' AM195. Thank you.

DeBOER: Thank you, Senator Dorn. Senator Hardin, you're recognized.

HARDIN: Thank you, Madam President. I stand in support of the amendment, AM3195. I'll point out that Nebraska is unique. I'd rather be us than them. Who's them? I'll get to that in a second. NACFR is an annual comprehensive financial report. Municipalities prepare those from little towns all the way up to state governments. If you've never pulled one of those beauties from the internet, they all work about the same. They all have bad news. It's always buried about 85% of the way through the document and what's buried there? The unfunded liability of that state or municipality is buried there. I've got good news. Nebraska is just one of six states that does not have an unfunded liability. The reason I'd rather be us than them. Because we

are number 6 of 50 states at retiring our management, our retirement commitments. But let me tell you about the five states who rank ahead of us. They all have something in common. They're all energy states. They all have natural resources nebraska does not have. Kudos to our fiscal conservatism. I'd rather be us than them. Additionally, I do believe we need to do review of retirement plans more frequently and make smaller lifts when we do make them. That's exactly what AM3195 is setting out to do. We need to do it more often, smaller lifts when we do it. Our first responders are deserving, and frankly, they are worthy of not looking over their shoulder when they're well under their retirement years, when they could be living in fear of their promised retirement being phony down the line. I have worked with public sector workers who live with that fear daily. There are 44 states to choose from behind us. I would rather be us than them. Thank you, Madam President.

DeBOER: Thank you, Senator Hardin. Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. I rise in support of LB196, and against AM3195. Look, I have all the respect in the world for, for Chairman Clements, and I recognize the position he's in as Chair of Appropriations Committee. With that said, there are priorities that we have to make as a state in terms of how we are going to invest public dollars, and this should be a priority, colleagues. In fact, if it were up to me, we would pass LB196 without any amendment. But I understand and will respect that there was an agreement made, and a compromise made that resulted in AM3100, and I, I expect the-- respect the process that went into that. Colleagues, public safety is one of the number one priorities of government. And so when we're looking at all of the different things that we're deciding to invest in this year, this should be at the top of the list. And by further cutting an investment in supporting the people who have put their lives on the line to make sure our communities are safe, that is a clear message that, that they are not a priority of ours in terms of the budget. And I don't care at what point in time during the session that this bill falls. We should all be supporting this bill. It may be hard for people to understand unless you have a family member who has been in law enforcement how challenging that job is. How many li-- how many years of your life it probably takes off because of how stressful that job is? I know because my husband was a police officer for five years. I know how tough that job is, watching him every day and the things that he experienced on that job. And you think about the people that have committed to this for their life, for their career, and they deserve to have a good retirement, and they deserve to have a state

that is going to support them fully in that retirement. So, colleagues, I am really, I, I cannot say enough that when we're looking at everything that we're prioritizing this year in terms of the budget, don't let this be the thing that you decide to cut. Thank you.

DeBOER: Thank you, Senator Wishart. Senator Bostar, you're recognized.

BOSTAR: Thank you, Madam President. So I-- you know, as this conversation is continued, I think that there's a couple of things that I want to respond to. Senator Dorn talked about how, you know, we've been working on a tax bill and the Governor had a proposal, and we didn't-- we didn't pass it as the Governor, I guess, intended. And so that should be a sign that this should be treated similarly, that, that the agreement with the Governor should be viewed the same. The difference is, is we're not the employees of the Governor. And when we talk about the arrangement between the Governor and the State Patrol, that is an employer employee relationship. That's different. That's different than the Governor wanting a piece of policy, and we disagree. We can still disagree. But we have a lot of conversations on this floor about the Legislature meddling in employer employee negotiations as it relates to their compensation and their pay. That's, that's what LB-- sorry, AM3195 is. It's us meddling in between what the employer and the employee have agreed to. And, and I do appreciate the Appropriations Committee, I appreciate the work that Senator Clements does, I appreciate the work that Senator Dorn does, and I know I've given him a hard time for his remarks on the green sheet, and he pointed that out, and he's not wrong about that. And I don't mean that personally. But it also is true to what Senator Dorn talked about, which is that we're having this conversation because we're talking about this on General File toward the end of session. This bill is two years in the making. The reason it's two years in the making is because it has to be, because when you introduce something like this, you have to do it in the long session year. You have to do an actuarial study over the interim, you have to get everything put together, you have to have all the numbers align, you have to have the negotiation, and then you have to get to this moment we are in right now. So it takes time. There aren't many bills that fundamentally require a multi-year approach. They have to be dropped in the long session, and they can only be passed in the short session. That's basically how this works. So yes, we're at the end of the session. We have more spending on our sheet than we have money available. That's absolutely true. But let's not arbitrarily, just because we're at the end of a line here, start cutting things. Let's put everything on the

same line and make our decisions. I don't think that's unfair. And as far as whether or not the, the health of the retirement fund is in question, the Trooper, the Trooper Retirement Fund, Retirement Fund is, is actually pretty healthy. I think we should all be proud of that. This will not imperil it. AM3195 will not make it better, AM3100 will not make it worse, LB196 will not change that. Because we're keeping the ratios appropriately established to ensure that the fund remains solvent so that our troopers, when they retire, don't have to worry about whether or not we are going to live up to our end of our bargain. They'll be taken care of after a career of service to our state. So I didn't want anyone to think that there was some question as to whether or not--

DeBOER: One minute.

BOSTAR: --we're at risk of-- thank you, Madam President. We're at risk of having an insolvent situation within the fund. Colleagues I urge you to vote against LB3195 [SIC, AM3195]. Thank you very much.

DeBOER: Thank you, Senator Bostar. Senator Dorn, you're recognized.

DORN: Thank you, Madam President. I want to thank Senator Wishart and Senator Bostar for some of those comments. That part about how it had been negotiated for two years, I guess if, if that part had been part of the discussion, I missed that part somewhere. I realize that there is a lot of work in this bill. I realize that it's-- in no way am I, when I vote for AM3195 am I voting against the job our troopers do, our policemen do. I am very, very supportive of them. And I made that comment that if this bill would have been up earlier, that it most likely would have gone through with, I call it, a higher fiscal note and those types of things. But I think we also need to be aware of as a body, yes, we need to make sure that our public servants are well taken care of, but we also have a lot of other things that we need to make sure are well taken care of, or-- Senator Machaela Cavanaugh always talks about the provider rates, and, and what we do with developmental disabilities and all of those. When we make the budget, every one of those is up there on a line. And then we choose, as we bring the budget to the floor, what some of those are funded at based on our revenue and what we can appropriate. And I just want to make sure people are aware of that when they look at some bill like this and how they vote. No, I am supportive of LB196. I thank them for the work they did, and I thank them for the negotiations that they did. I'm supportive of the AM3100. I just am going to vote for Senator Clements' bill, amendment, just because that personally, that's where

I want to stand today in this body or whatever. We have a lot of decisions to make yet in the last 7 or 8 days. And many of those will involve funding. This bill would have come up three weeks ago, it would probably be sitting on Final Reading now with the full amount. May very well be that way after we vote on this. I just want to make sure people are aware of where all our fundings are coming at, where our revenue is coming, where our appropriations are, and how we will look out in two years out there to make sure that when we come back, this body doesn't sit here next year, and the first thing we have to look at, or Appropriations Committee, the first thing we have to look at is we're \$400 million in the hole, now, how are we going to come up with that? Because then even this aspect of this bill, everything is going to be out there again. So I, I don't mean in any way that I'm not supportive, I'm very supportive of our policemen. Found out a lot of that when I was on the county board, and the issues and the struggles they go with. But I also want to make sure that we have part of that discussion, and I thank Senator Bostar very much for bringing some of the comments forward that he did, that we have that discussion here so that people are aware of it and can make up their, their opinion or their vote then. Thank you much.

DeBOER: Thank you. Senator Dorn. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam Chair. I would just like to reiterate again that I'm not opposing taking care of the State Patrol, and I fully understand the risks that they take every day. But I do want to ask the question, how much is enough? We did a 22% salary increase. Should we have done 50? How about 100? What, what's it-- what's the number? Same thing's true on retirement benefit, what is the number? What's the number to be enough? I mean, we made a 22% salary increase, which by itself will increase the retirement benefits because you're being paid more. Nobody's making any cuts here. We're increasing. We're increasing the salary, which has already been done. And we're significantly increasing the benefits in Senator Clements' bill, in his amendment. This isn't a one time cash transfer. This is a permanent General Fund expenditure that will go up with cost of living moving forward until we raise it again. This is real money. This is money that's going to go every year. So to me, we are doing something. We're making it sound like that we're cutting it out. We have-- we have people that are here today on the Patrol that have been working for 22% less money. Now they're making 22% more, and now they're going to get increases in their retirement benefits. But it's not enough. So what is enough? I think Senator Clements' amendment is a great trade off, and I think it allows us to be somewhat careful that we aren't

going to upset the balance with all other law enforcement across Nebraska. Yes, we want to recruit more. I can tell you right now, if I'm a state patrolman in Minnesota, I couldn't get to Nebraska fast enough to get out of the chaos that goes on there and in other states. And I think that's why we have some of the state patrolmen that we do here today, because this isn't a bad place to work. So I would just say, let's do something that's reasonable, that's increasing benefits, which I believe we're doing, but yet being fiscally responsible as well. So I again, I support Senator Clements' AM3195. I support the bill. I just think we have to be incremental in terms of what we're doing. We need to be conscious of the balance of how much do we expend this year. There will be another bill, another budget next year. We'll have other opportunities to continue to make adjustments. But let's don't do it all in one big swing. And let's be mindful that we do have a limited amount of dollars, and that we are, at least we say, we're conscious about reducing tax liability in the state of Nebraska. The only way we're going to do that is being more conscious of how much we're spending and how much is enough for any single year can move numbers higher. Thank you, Madam President. Mr. President, now.

ARCH: Sen McDonnell, you're recognized to speak.

McDONNELL: Thank you, Mr. President. Doing it in one big, big swing. We've discussed the widows' benefits. We talked about the COLA cost of living adjustment. That's no longer being discussed on the floor today, because it's been taken out of LB196, because we asked the troopers to go work out an agreement with the Governor and his team. So now let's just narrow it down and focus on the contributions. So, Senators Cle-- Senator Clements' AM3195 does keep it to a total of 34%. All right. So if you look at what's been handed out to everyone, the actuarial study that was done on March 25th, we did the actual-- actuarial study on the 10 to 24, still a total of 34. So it keeps the total amount at 84.55% of funded ratio. So-- but what I think we're missing is how much the troopers have negotiated and how much they have compromised. Because if you look at the other hand out on retirement contributions, and it uses Indiana, Iowa, Kansas, New Mexico, North Dakota, Wyoming, Oklahoma, Utah, Minnesota, Colorado, Missouri, South Dakota, Wisconsin. So for the employer, the state, they're contributing, the mean is 23%, median 23%, and midpoint, 23%. Employee troopers are at 7%. So they've agreed to go 10. So this isn't still where they should be according to their comparability. They're 3% above what the median point is based on the states I just read. I can't tell you how reasonable the troopers have been during this process, and how much they have given from what originally they said,

we need, to retain and recruit troopers in the state of Nebraska, and using comparability from around the country. So I appreciate that AM3195 would make improvements. There's no doubt there. It's about \$1.8 million. AM3100 is about \$2.5 million, but AM3100 is what was agreed upon. That's what was negotiated with the Governor and his team. I think Senator Bostar did a , a great job talking about the process, how this starts in a 90 day session for retirement, based on that, you have to introduce it in a 90 day session. The idea that they cannot do this at the table, this has got to come through us, as a Legislature with the Governor, Governor and his team being part of it and working out the agreement with the troopers like they have on amendment AM3100. I'm asking you today to not vote for amendment AM3195. Respect the process, and vote for AM3100 and LB196. Thank you, Mr. President.

ARCH: Senator Wishart, you're-- you may speak.

WISHART: Thank you, Mr. President. Again, colleagues, I rise in opposition to AM3195, and in support of the underlying bill. We had a chance this year in Appropriations Committee to make a vote in, in terms of a specific position within state government who came in and appealed for having additional dollars for their salary within the Department of Motor Vehicles because they were having trouble recruiting people into these positions. And as a committee, we seriously considered whether this is something we would do. And part of the discussion we had was, well, wait a second. This is part of a broader process in negotiation that happens between the union and, and in the Governor's office. And it would be unprecedented for us as a committee to take this stance. And I would-- I would echo that it would be unprecedented, colleagues, for us to be differing from an agreement that has been made over two years between the administration and the troopers, which is AM3100, and I don't think we should take that step. We have this process in place for a reason. This is not something that we should do within a day. This is something that has been done for two years in the working, and has come in front of us today. And I will say, having been on Appropriations, that when you make a decision to cut something or to fund something, you are making a decision as to how you support that as a state. And I do not think it is smart for us as a body to not be choosing to prioritize in terms of our investment people who have committed their lives and careers to our public safety, not being able to have as robust a retirement as possible. And I know a lot of times we compare ourselves to different states and we look at how we're doing. And I think in this case, we shouldn't try to compare ourselves to other states. We should make a

commitment as a state that we want to be-- we want to invest as much as we possibly can in terms to our law enforcement officers across the state. So I encourage you, colleagues, to, to reconsider ,those who are thinking about making this cut, and reconsider that, and consider supporting our state troopers with your vote in support of AM3100, and LB196. Thank you.

ARCH: Senator Bostar, you're recognized to speak. This is your last opportunity.

BOSTAR: Thank you, Mr. President. Thank you, colleagues. There's a couple of things I wanted, that, that came up in the discussion that I want to talk about. But I think first, you know, this, this is an issue that I'm very passionate about. And so I can seem passionate about it when I'm talking about it. But I want to be clear, this isn't-- and I, off the mic. I talked to Senator Dorn about this, it's not, it's not personal. I think the amendment's bad, but that's not a-- I don't want someone to get the impression that, that I'm trying to make a judgment against Senator Clements or Senator Dorn or-- who else has been speaking against this? Senator Jacobson. That's not the case. We disagree on this, evidently, we see it differently. So a couple things that were said. One is, is, you know, what's enough? And actually, I think that, that's, that's a fair question. I think enough is when, at the very least, we've stopped the bleeding in our own State Patrol force strength. Let's shoot for that, at least. Even if it might not be possible to get up to full strength, let's at least stop the bleeding. When we have 72 vacancies, and we had 69 last year, and 54 the year before, we're going in the wrong direction. So enough to me would be let's try to turn this around. It matters. And yes, we're working hard to try to turn that around. There's other things that are happening. There is pay increases. And that's not different from what you're seeing anywhere else. This is about just trying to keep up. And actually this doesn't even do that. As I said before, Lincoln PD contributions 8%. That's what the troopers asked for. That's what folks in Nebraska are basically at. They're at 8%. The troopers wanted to be on parity. I don't think that's wrong. I think they should be. But through negotiation, they agreed to still be above, to be worse off, to be less competitive. So I think that's enough, I think, I think not having massive vacancy numbers in our State Patrol is a worthy objective for those of us in this body. I see we're about to go on to some other business. We'll probably have to pick this back up after we get through the consent calendar. And I hope in that time, if there are questions about the process that we undertook to get to where we are today, the two year process, some

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Floor Debate April 2, 2024

Rough Draft

people are asking me about that. A lot of folks didn't realize that that's how you have to do these bills. I'm happy to talk about that. So we'll have a little bit of time here to discuss this. And I, I would look forward to having those of you in this body engage on this a little bit as you have available time, for us to continue this conversation. Thank you, Mr. President.

ARCH: 5:30. Mr. Clerk, we will now proceed to the General File consent calendar agenda per, per the agenda.

CLERK: Mr. president, pursuant to the agenda. General File LB1085, introduced by Senator Holdcroft. This is bill for an act relating to the Nebraska Juvenile Code; eliminates provisions relating to the establishment of separate juvenile court districts and separate juvenile courts by a vote; rename certain separate juvenile court districts; changes provisions relating to the number of judges in certain such districts; repeals the original sections and repeals section 43-2, 112. Bill was read for the first time on January 9th of this year, and referred to the Judiciary Committee. That committee placed the bill on General File with committee amendments, Mr. president.

ARCH: Senator Holdcroft, you're welcome to open on LB1085. Senator Holdcroft waives open. Mr. Clerk for committee amendment. Senator Holdcroft, you're welcome to open on the committee amendment.

HOLDCROFT: Thank you, Mr. President and colleagues. Thank you for the opportunity to discuss AM2369 to LB1085. I would like to thank Speaker Arch for adding this bill to the consent calendar. This amendment to the bill is offered at the recommendation of the state's Judicial Resource Commission, in an effort to ensure that the state's allocation of judicial re-- juvenile courts reflects the needs of the district served by the judge who-- the judges who serve in those districts. Under Nebraska law, the Judicial Resources Commission is obligated to meet and make recommendations on an annual basis with regard to changes or allocations of the state's judicial resources to best serve the Nebraska justice system. Currently, being passed around or has been passed out is a copy of a letter authorize-- authored by the Judicial Resources Commission in late 2023 and submitted to Speaker Arch, Governor Pillen, and Chief Justice Heavican as part of its annual statutory charge. As outlined in the letter, the commission has recommended for the past 2 years in its 2022 and 2023 letters that the state address the increasing populations in Sarpy and Lancaster counties, and the fact that the statute allocating juvenile judges is

tied to a county's population. The letter cites the existing statute-- statutory structure for determining the number of judges in each judicial district and explains. Because the population in Sarpy County and Lancaster County were approaching statutory threshold-- thresholds that would appear to require adding two more separate juvenile court judges in each county, the commission determined it is appropriate to inform the Legislature that neither the fiscal year 2023 weighted caseload reports, nor the historical caseload data suggest a need for additional judges in any of Nebraska's existing separate juvenile courts, courts. LB1085 with amendment-- with the-- with AM2369 remedies this predicament by increasing the population thresholds in statute to avoid a situation where new judges are added and expenses incurred without the data necessary to justify it. At hearing, the bill saw support from the Nebraska State Bar Association, and was subsequently advanced from the Judiciary Committee with no opposing votes. There is no fiscal note associated with this bill. I would like to thank Chairman Wayne and the members of the Judiciary Committee for allowing LB1085 and AM2369 to come to the floor. I would appreciate your green vote. Thank you, Mr. President.

ARCH: Seeing no one in the queue, Senator Holdcroft, you're welcome to close. Senator Holdcroft waives close. Colleagues, the question before the body is the adoption of AM2369. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 35 ayes, 0 nays on adoption of the amendment, Mr. President.

ARCH: AM2369 is adopted. Seeing no one in the queue, Senator Holdcroft, you're welcome to close on LB1085. Senator Holdcroft waives close. The question before the body is the advancement of LB1085 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 36 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB1085 advances to E&R Initial. Mr. Clerk, next item.

CLERK: Mr. President, consent calendar, General File, LB903, introduced by Senator DeBoer. It's bill for an act relating to the Alzheimer's Disease and Other Dementia Advisory Council; changes provisions relating to the membership of the council and the State Alzheimer's Plan; and repeals the original section. The bill was read for the first time on January 4 of this year and placed directly on--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

excuse me, and referred to the Health and Human Services Committee. That committee placed the bill on General File.

ARCH: Senator DeBoer, you're welcome to open.

DeBOER: Thank you, Mr. President. Good day, colleagues. I'm here to open on LB903. I'd like to thank the Speaker for putting LB903 on consent calendar and for the Health and Human Services Committee for Execing on this bill at my request. LB903 is a super simple cleanup bill with no fiscal impact, which came out of the committee 8-0. LB903 makes two changes to the Alzheimer's Disease and Other Dementia Support Act. I introduced the act, some of you may remember in 2021, it was passed in 2022 as part of LB752. The first change then is to adjust the terms of the members of the Alzheimer's Advisory Council, formed as a result of the act. Currently, the terms of all members will expire at the same time. With LB903, members will have their terms expire on a staggered basis ensuring continuity of the council. The second change is to adjust the statutory deadline for the first report. The council was unable to meet until December 2023, which was the same month the first report was due. LB903 moves the deadline for the first report to December of this year. Thank you for your time and I would ask for your green vote on LB903.

ARCH: Seeing no one in the queue, you're welcome to close on LB903. Senator DeBoer waives close. Question before the body is the advancement of LB903 to E&R Initial. All those in favor vote aye; all those opposed, nay. Mr. Clerk, please record.

CLERK: 39 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB903 does advance. Next item, Mr. Clerk.

CLERK: Mr. President, consent calendar, General File, LB1326, introduced by Senator Dungan. It's a bill for an act relating to the Nebraska Housing Agency Act; changes the tax assessment provision; and repeals the original section. The bill was read for the first time on January 17 of this year and referred to the Revenue Committee. That committee placed the bill on General File, Mr. President.

ARCH: Senator Dungan, you are recognized to open on LB1326.

DUNGAN: Thank you, Mr. President. Good evening, colleagues. I'm here to introduce LB1326 which is a very simple cleanup consent calendar bill dealing with housing authorities and property that they own. Our current law is that properties that are jointly owned between a

housing agency and a wholly owned controlled affiliate is exempt from property taxes. All this bill does is cross out the words wholly owned. The intent behind that is to encourage more public-private partnerships, wherein developing companies are going to be more likely to engage with housing authorities to create more housing authority buildings. Given the fact that the housing authority would not have to wholly owned the controlled affiliate, it's going to allow the developers to have a bigger part in that process, essentially encouraging the growth of Housing Authority buildings in addition to opening up access to federal tax credits. And so we are-- this came out of Revenue 8-0, it is on the consent calendar. I would encourage your green vote of LB1326. Thank you, Mr. President.

ARCH: Senator Jacobson, you are recognized to speak.

JACOBSON: Thank you, Mr. President. I would have-- ask if Senator Dungan could yield to a question?

ARCH: Senator Dungan, will you yield?

DUNGAN: Yes.

JACOBSON: I just was glancing at the bill, I guess I felt generally OK with the bill. My question is, is this for new projects or is this going to involve any existing projects and thus have a fiscal note, at least not fiscal note for us, but impact the counties in some way by removing some off the tax rolls?

DUNGAN: That's a good question, Senator Jacobson. The intent is obviously moving forward. I can work with the housing authorities to talk about that. But currently, the goal behind this is to incentivize that public-private partnership for the future development, because what we're trying to do is ensure there's more units being developed for affordable housing and Housing Authority. So that's my understanding of the bill.

JACOBSON: Thank you. And that was my concern, I, I agree, I wholly-- I, I feel very good about new projects. I get a little concerned about removing things that are on the tax rolls today. Thank you.

ARCH: Seeing no one in the queue, Senator Dungan, you're recognized to close. Senator Dungan waives close. Question before the body is the advancement of AM1326 to E&R Initial. All those in favor vote aye; all those opposed, nay. Mr. Clerk, please record.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

CLERK: 40 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB1326 advances to E&R Initial. Mr. Clerk, next item.

CLERK: Mr. President, consent calendar, General File, LB1214, introduced by the Health and Human Services Committee. It's a bill for an act relating to the Uniform Credentialing Act; changes requirements relating to a criminal background check as prescribed; and repeals the original section. The bill was read for the first time on January 16 of this year and referred to the Health and Human Services Committee. That committee placed the bill on General File.

ARCH: Senator Hansen, you are recognized to open.

HANSEN: Thank you, Mr. Speaker. LB1214 amends Nebraska Revised Statute 38-131 to reflect additional changes requested by the Federal Bureau of Investigation regarding national criminal background checks on certain critical healthcare workers. As some of you may remember from last session, LB431 also addressed required changes in Nebraska statute, which we successfully incorporated into the HHS Committee priority bill. LB1214 addresses additional concerns raised by the FBI by removing a blanket statement that fingerprints are required for every licensed profession which is authorized to prescribe a controlled substance, and specifically list out the same list of professions. Those professions include physicians, osteopathic physicians, physician assistants, dentists, optometrists, podiatrist, veterinarians, advanced practice registered nurse-nurse practitioners, advanced practice registered nurse-certified midwives, or advanced practice registered nurse-certified registered anesthetist. LB1214 is another simple fix to ensure that background checks continue in the same manner for the same list of professionals as they currently occur. The bill had no opposition and was advanced unanimously by the committee. Thank you, Mr. Speaker.

ARCH: Seeing no one in the queue, you're welcome to close. Senator Hansen waives close. Colleagues, the question before the body is the advancement of LB1214 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 39 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB1214 does advance. Next item, Mr. Clerk.

ARCH: Mr. President, consent, consent calendar, General File, LB1070, introduced by Senator Bostar. It's a bill for an act relating to the

Nebraska Political Accountability and Disclosure Act; changes closing dates and filing deadlines for campaign statements filed by a ballot question committee as prescribed; repeals the original section; declares an emergency. The bill was read for the first time on January 8 of this year and referred to the Government, Military and Veterans Affairs Committee. That committee placed the bill on General File, Mr. President.

ARCH: Senator Bostar, you're welcome to open.

BOSTAR: Thank you, Mr. President and colleagues. LB1070 aims to streamline reporting deadlines for ballot question campaigns, aligning the schedule of both committees and organizational contributors. Currently, these groups follow different timelines for reporting to the Nebraska Accountability and Disclosure Commission, NADC, leading to confusion, administrative burdens, and delays in public transparency. LB1070 simplifies this by mandating uniform reporting periods and deadlines, enhancing consistency, efficiency, and transparency. Under the current system, there's a discrepancy in reporting periods that can lead to a 2-week to 1-month lag in public transparency. LB1070 corrects this by adjusting committee reporting to match the existing B7 filings for organiza-- organizational contributors, setting a calendar month reporting period with submissions due on the 10th day of the following month. This change promotes clarity and predictability in campaign finance reporting. The NADC testified in support of the bill, which faced no opposition and was advanced from the Government, Military and Veterans Affairs Committee with a 7-0 vote with one member absent. I would-- I would encourage your support of LB1070. Thank you.

ARCH: Seeing no one in the queue, you're recognized to close. Senator Bostar waives close. Colleagues, the question before the body is the advancement of LB1070 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 40 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB1070 advances. Next item, Mr. Clerk.

CLERK: Mr. President, next item, LB-- consent calendar, General File, LB910, introduced by Senator Riepe. It's a bill for an act relating to emergency medical services; authorizes emergency care providers to provide emergency medical care to injured law enforcement canines; harmonize provisions; repeals the original section. The bill was read

for the first time on January 4 of this year, referred to the Health and Human Services Committee. That committee placed the bill on General File with committee amendments. There is an additional amendment, Mr. President.

ARCH: Senator Riepe, you're welcome to open.

RIEPE: Thank you, Mr. President and senators. LB910 is a bill I brought at the request of Senator Slama, who was contacted by Sergeant Chris Richardson, a K9 handler in Nebraska City. Current state law does not allow an EMT to put even a bandaid on a police dog if needed. LB910 amends both the Emergency Medical Services Practice Act and the Veterinarian Medicine and Surgery Practice Act to permit, but not obligate, EMS to perform emergency medical care on a canine that is owned or employed by a local law enforcement, the Department of Corrections, or local fire or State Fire Marshal, which is aiding in the detection of criminal activity, flammable materials or missing persons or enforcement of laws, investigation of fires, or the apprehension of criminal offenders. Furthermore, EMS will be permitted to transport the dog to a veterinarian clinic or similar facility. Importantly, a human patient always has priority over a canine patient, and it is only when the humans are treated and transported that EMS will treat or transport the canine. DHHS will be tasked with promulgating the rules and regulations, including training expectations, logistics, safety protocols, eligibility for receiving facilities, procedures and everyone's favorite topic, the paperwork. LB910 advances 7-0 from the HHS Committee and has no fiscal impact. It is supported by the Nebraska Board of EMS, the Nebraska Volunteer Firefighters Association, emergency veterinarians across the state, and numerous multiple emergency forces who utilize police dogs. I ask for your green light support on LB910. Thank you.

ARCH: Senator Hansen, you're welcome to open on the committee amendment.

HANSEN: Thank you, Mr. Speaker. The standing committee amendment is a white copy amendment that makes two small changes to the underlying legislation. The first amendment-- the first amendment splits out the criminal civil liability language in Section 3 to form a new section to clarify the immunity being provided. This addresses the concerns voiced by the Nebraska trial attorneys that testified in a neutral capacity at the public hearing. Second, the amendment adds an operative date of July 1, 2025. This was at the request of the DHHS to give adequate time for creation and adoption of rules and regulations.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

As amended, LB910 was voted out of committee unanimously, and I would urge the body to adopt AM2389 to LB910. Thank you, Mr. Speaker.

ARCH: Mr. Clerk, for an amendment.

ASSISTANT CLERK: Mr. President, Senator Riepe would move to amend with AM3303.

ARCH: Senator Riepe, you're recognized to open.

RIEPE: Thank you, Mr. President. I'm opening with AM3303, which is a quick technical change requested by DHHS. On page 12 [SIC], line 14 of AM2389 it says, and I quote, emergency care provider, end quote, when referring to transport. Under DHHS regulations, it is not the emergency care provider who is licensed for transport, but instead the emergency medical service, the ambulance operator. This is a quick fix to make sure that LB910 operates as intended, and I'll ask for your green vote on AM3303 and on the underlying bill LB910. Thank you, Mr. President.

ARCH: Seeing no one in the queue, Senator Riepe, you're welcome to close. Senator Riepe waives close. Question before the body is the adoption of AM3303 to AM2389. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 39 ayes, 0 nays on adoption of the amendment, Mr. President.

ARCH: AM3303 is adopted. Senator Hansen, you're recognized to close. Senator Hansen waives close. Question is the adoption of AM2389. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 38 ayes, 0 nays on adoption of the amendment, Mr. President.

ARCH: The amendment is adopted. Senator Riepe, you're recognized to close on LB910. Senator Riepe waives close. Question is the advancement to E&R Initial of LB910. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 36 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB910 does advance. Next item, Mr. Clerk.

CLERK: Mr. President, consent calendar, General File, LB1029, introduced by Senator Conrad. It's a bill for an act relating to

education; changes provisions relating to compulsory attendance relating to illness; and repeals the original section. The bill was read for the first time on January 5 of this year and referred to the Education Committee. That committee placed the bill on General File, Mr. President.

ARCH: Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. Good evening, colleagues, I'd ask for your favorable support of LB1029 and want to thank my friend Senator Dungan for bringing this measure to my attention this year as a member of the Education Committee. I know he worked very diligently with young people over the interim period who are very interested in becoming more engaged in the legislative process. And this measure was a part of their classwork to try and make positive improvements for youth in Nebraska. I deeply appreciate their activism and engagement. They have also discussed this measure with Governor Pillen and want to thank these young people for their commitment. We had a great hearing on this measure before the Education Committee. I'd like to thank my fellow members of the Education Committee for advancing this measure unanimously. What this bill does, colleagues, is simply to help raise awareness, reduce stigma, and provide clarity, ensures for purposes of absenteeism, we're treating physical and mental illness the same. And most schools typically do that, but not always. And so this is, I think, a very important update to ensure that we advance those shared policy goals. And I'd also like to give a shout out to my friend Senator Blood for her leadership in 2020, bringing forward a similar related statute. And this just harmonizes between her effort and another section of law which needs, needs similar attention to ensure parity for mental illness and the impacts that can have on school attendance and, and related-- and related issues. So there's a zero dollar fiscal note. There was no opponents at the hearing or online and would definitely be happy to answer any questions. With that, I'd finally like to thank the Speaker for designation as a consent calendar measure at this stage of our session. Thank you, Mr. President.

ARCH: Senator Blood, you're recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I do support the underlying bill, but would ask that Senator Conrad yield to a question, please?

ARCH: Senator Conrad, will you yield?

CONRAD: Yes, of course.

BLOOD: Thank you, Senator Conrad. Senator Conrad, I just want to get on record the major difference between the two, because I've had a lot of people ask me about it. So as you, you said, LB75-- LB751 was my bill in 2020 and my bill changed statute 79-209 and added mental health to the list of recognized barriers to attendance when a collaborative plan is created between a school and parents or guardian to help a child improve on their school absences. Yours says: expands the definition of illness to include mental and physical illness as accepted excused school absences. So it sounds redundant, but it's not redundant. What makes it not redundant?

CONRAD: Thank you, Senator Blood. And you're exactly right. So this opens up separate areas of statute. It basically provides some harmony and clarity to your, your effort that you led forward in 2020 and helps to ensure our shared public policy goals that we are treating mental illness the same as physical illness for purposes of school absences, carries forward in each of the relevant sections.

BLOOD: And so is this something that's usually caught in E&R? Like, when we adjourn, especially, aren't they looking to see what other parts of state statutes sometimes we miss in bills like this? Is this is something that you felt that maybe should have been caught between my bill and your bill or is that just something that you think that it's our job to catch?

CONRAD: Well, I would never be one to throw Bill Drafters under the bus, so I'm--

BLOOD: No, Bill Drafting does a good job.

CONRAD: --not going to provide any sort of criticism of their-- of their good--

BLOOD: I, I am not criticizing.

CONRAD: --of their good and important work. But I do think that perhaps, and I apologize, Senator Blood, I don't have your original measure in front of me so I don't know if it touched upon each of the relevant statutes or if it was simply an issue that required a technical cleanup after you worked your bill through the process the last go around. But either way, the bottom line is we don't need to point fingers, we can fix it. And this measure fixes it together to advance our, our shared goal.

BLOOD: And I think the reason I ask is I think maybe we need to go through Chapter 79 to see if it's in other parts of that chapter. Because, obviously, this is the goal and it's always been voted through with unanimous support or fairly unanimous support. I think we need to make sure that we tweak that out of everything in that, that part of state statute, so.

CONRAD: Very good.

BLOOD: With that, I would yield back anytime I have to the Speaker. Thank you.

ARCH: Seeing no one in the queue, Senator Conrad, you're welcome to close. Senator Conrad waives close. Question before the body is the advancement of LB1029 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 40 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB1029 does advance. Senator Hansen, for what purpose do you rise?

HANSEN: Personal privilege.

ARCH: You may-- you may proceed.

HANSEN: Thank you, Mr. Speaker. Colleagues, I appreciate you giving me a minute and my colleague, Senator Wayne, who will speak after me, the ability to briefly, very briefly, just speak on the life of two previous state senators who recently passed away, one in my district and one in Senator Wayne's district, which you might be able to tell by the handout that we gave out earlier on who that is and I'll let Senator Wayne elaborate on that. But I-- a recent state senator who is in District 16, Frankie Korshoj, some of you may not remember him. He was here back in, I believe, the '80s-- well, I'll elaborate on that a little bit more-- and the '90s, but definitely had an eccentric personality. Frankie Korshoj was born on October 17, 1932 in Herman, Nebraska. He was the youngest of five siblings. He graduated from Herman Public Schools in 1950, Frank joined his father in the retail lumber business after saying no to his father's insistence that Frank go to college, where he remained until he sold the lumber business in 1994. And, ironically, my friend Trenton Hansen just purchased that in Herman, Nebraska, and no relation. In 1953, Frank was drafted in the United States Army, where he was sent to basic training at Fort Riley, Kansas, and for 16 weeks before his rifle company received orders to

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate April 2, 2024

Rough Draft

Korea and then was sent to Germany for his final year in the Army, where he, he was assigned to headquarters 1st Infantry Division and worked in G-1 personnel. In 1986, he ran for the Nebraska State Legislature, where he won in a 6-person race and served one term from 1987 to 1990, and after his third session he threw a free summer picnic on July 23, 1989, in the Herman ballpark and called it a "fun-raiser" where 3,000 people attended. Frank earned several awards over the years, including the Ak-Sar-Ben Good Neighbor Citation, the Dana College Community Service Award, the Mid-American Lumber Association, Association Outstanding Lumberman, and the Independent Lumber Dealers Association Golden 2X4 Award-- I didn't know they gave those out-- in recognition of the 44 years of continuance-- continual service. Frank was a lifelong member of the First Lutheran Church in Blair, Nebraska, and a member of the American Legion Jackson Peck Post 274 in Herman since 1955. Frank Korshoj, at the age of 91, passed away February 1, 2024 at Good Shepherd Lutheran Community in Blair. I had the privilege of knowing Frankie Korshoj. And if anybody has ever met him, you will never forget him. I think at one point, maybe when he was having a good discussion with Senator Chambers on the floor, he actually brought a butcher cleaver on to the floor and held it up, which is now enshrined at the Herman VFW, talked about how he was going to cut taxes. I think ever since then, we're not allowed to bring weapons on the floor anymore. So we can thank, maybe, Frankie Korshoj for that. So with this resolution, the Legislature recognizes and honors the extraordinary life of Frank Korshoj and his contributions to the Herman community, Legislative District 16, the State of Nebraska, and the United States of America. Thank you, Mr. Speaker.

ARCH: Senator Wayne-- Senator Wayne, for what purpose do you rise?

WAYNE: Personal privilege.

ARCH: You may proceed.

WAYNE: So today was also a resolution for-- I was laughing and joking until right when I got ready to talk and then tears started coming. My friend, Scott Lautenbaugh-- I wouldn't be here if it wasn't for Scott. He's the one who convinced me to run. In my first year, did tons of work to help me be successful and learn this place. The reason I handed out cigars to all-- you all is he passed the cigar bar exemption bill. And he's the only one that I know who has a drink named LB355, because that was the, the bill that was passed. And afterwards, they-- I still don't even know what's in it, but it's a

drink that you can get at any cigar bar in Omaha, LB355. He was a, a guy who was larger than life, not because he wanted to be, but because the times that-- and the issues demanded him to be. We got close when we worked to shrink the Omaha Public Schools Board and set a new direction for that institution. My first year, he was the one who taught me the rules and how to manipulate-- I use that word, that's what he used to say, manipulate the floor and the rules to figure out how to get things done. He was a master at that. And to watch him and Senator Chambers go at it was a, a pretty awesome thing. He died at the age of 59. It was unexpected, and he left behind his two [SIC] children and his favorite pets, pets and his longtime girlfriend Laura. I won't read the whole thing, but I'll just say there are people who come in this body who put issues over politics. And he, oftentimes, stood up to his own party on gambling, horse racing, cigars. And every year I brought a bill, he made me bring in every year to lower the cigar tax. It never came out of committee, but we always joked about it. And one thing I learned after his passing is we're a limited time here. Let's make the most of it and put the issues that we need to do to make our community better over politics. He was the one who would always tell me to keep my powder dry or to calm down and leave the floor, because there was always something bigger that you could figure out a way to get it done. And so I wanted to make sure I paid tribute to him and to pass out a cigar to him and take just a moment to think, because we are down here and people don't know how hard this grind is. And it's a very unique club that we are in. And he died way too young, but he gave his life as an Election Commissioner before coming down here. And he was one of those rare appointments. And when he was appointed, he actually represented part of Douglas County, but also Senator Hansen's district today. It got redistricted into where kind of DeBoer is now. So I just wanted to say thank you all for listening, but also more, thank you, Scott. He reached across political lines, racial lines, ideology, and he wanted to do what was best for his community and for Nebraska. And if we could take a little bit of that, we'll be better off. Thank you, Mr. Speaker.

ARCH: Mr. Clerk, for items.

CLERK: Thank you, Mr. President. Communication from the Governor, gross LB857, LB857A, LB607, LB644e, LB644Ae, LB834, LB839e, LB894, LB906, LB1004e, LB1102, LB1204, LB1204A, LB1215e, LB1313, LB851e, LB877e, LB998, LB1118, LB1143, LB1162, and LB1188e were received in my office on March 28, 2024, and signed on April 2, 2024. These bills were delivered to the Secretary of State on April 2, 2024. Signed

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Floor Debate April 2, 2024

Rough Draft

Sincerely, Jim Pillen, Governor. Amendments to be printed from Senator Wayne to LB348, from Senator Fredrickson to LB856, Senator Ibach to LB1368A. New LR, LR463 from Senator Walz, that will be laid over. New A bill, LB631A, introduced by Senator Wayne. It's a bill for an act relating to appropriations; appropriates funds to aid in carrying out the provisions of LB631. That's all I have at this time, Mr. President.

ARCH: Colleagues, the body will now stand at ease until 6:40. We will resume at that time.

[EASE]

SERGEANT AT ARMS: Attention, senators. The Legislature is scheduled to reconvene in 5 minutes.

DeBOER: Members, we're about to reconvene, please return to the Chamber. Members, if you could please check in. Members, as you return to the Chamber, can you please check in. Colleagues, we're now going to return to where we were before we left for consent calendar. So we're returning to the debate on AM3195, the amendment to AM3100, which was the committee amendment to LB196. Seeing no one else in the queue, Senator Clements, you are recognized to close on AM3195.

CLEMENTS: Thank you, Madam President. Thank you for the debate. I do thank the State Patrol for their good work and I do want to, to let you know that we do prioritize the State Patrol. We have-- we have prioritized them in 2023 with a 22% pay increase, with another 5% coming July 1. And with my amendment, the-- their retirement contribution drops from 16% to 12%, which is a 25% reduction in payroll deduction. I was doing a calculation on take-home pay and with my amendment after the July 1 pay increase, they'll have a 34% increase in 1 year of take-home pay with my amendment. And, and I do believe that we have prioritized the Patrol pay well and my amendment isn't taking away, it's reducing the-- reducing the amount the, the officers have to contribute by 25%. And it is a matter of something as Appropriations Chair, I'll be reminding you in the future, we still have probably over \$100 million of requests for \$20 million of funding available. We have a lot of priorities. The dentists are losing money on Medicaid patients with everyone they treat. The pharmacists are losing money on every Medicaid prescription they fill. And those people need treatment. And so there are a lot of asks for the money that's available. I'm willing to go ahead and give a decrease in the contribution amount for the Patrol. My bill splits the difference

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate April 2, 2024

Rough Draft

between the 8% and 16% payroll deductions that were negotiated. I did check with the Governor. The Governor is neutral on this, is not opposed to my amendment. And so the-- I don't think I'm going against what the Governor would want. I checked on that. And so I would appreciate a green vote on AM3195, that will still give an increase-- a major increase in what the state is contributing from 16% to 22% of officer pay and retirement plan. And with that, I'd like a call of the house before we vote.

DeBOER: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 27 ayes, 4 nays to place the house under call, Mr. Pres-- Madam President.

DeBOER: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators McKinney, Lippincott, Walz, Hughes, Wayne, and John Cavanaugh, please check in. The house is under call. Senator McKinney, Senator Lippincott, Senator Walz, Senator Hughes, Senator Wayne, please return to the Chamber. The house is under call. All unexcused senators are now present. The question before the body is the adoption of AM3195. All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Record, Mr. Clerk.

CLERK: 24 ayes, 16 nays on the adoption of the amendment, Madam President.

DeBOER: It is not adopted. Next amendment. I raise the call.

CLERK: Madam President, Senator Bostar would move to amend with AM3151.

DeBOER: Senator Bostar, you are recognized to open on your amendment.

BOSTAR: Thank you, Madam President. AM3151 simply changes the deadline to file for line-of-duty deaths benefits for the family members of an officer who dies in the line of duty. The Department of Justice passed the Public Safety Officers' Benefit, PSOB, in 1976. While Nebraska's In the Line of Duty Compensation Act closely mirrors the PSOB, the time frame to file for the death benefit does not. Nebraska's deadline to file is 1 year, while the PSOB is and has been 3 years. This

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Floor Debate April 2, 2024

Rough Draft

amendment brings Nebraska in line with federal guidelines, and gives the families of officers who die in the line of duty greater time to get affairs in order and make their applications. Thank you all for hearing this. I encourage your support of the amendment. Thank you, Madam President.

DeBOER: Thank you, Senator Bostar. Senator McDonnell, you're recognized.

McDONNELL: Thank you, Madam President. Thank you, Senator Bostar, for bringing this amendment. It's a tragic story of a, a Grand Island police officer that goes through a line-of-duty death based on a cardiac event. There's a team that's filling out the paperwork, volunteer team. Again, as Senator Bostar mentioned, it changes the 1 year to 3 years. Also, adds a sentence from the Attorney General's Office about this section and the claim arising after January 1 of 2022. But it is a tragedy based on the, the group that was helping this widow, crossed over the 1 year, now this harmonizes with, potentially, this amendment with the 3 years of Senator Bostar. I ask you for a green, green vote.

DeBOER: Thank you, Senator McDonnell. Seeing no one else in the queue, Senator Bostar, you are recognized to close on AM3151. Senator Bostar waives closing. The question before the body is the adoption of AM3151. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record. Mr. Clerk.

CLERK: 42 ayes, 0 nays on adoption of the amendment, Madam President.

DeBOER: It is adopted. Next item, Mr. Clerk.

CLERK: I have nothing further at this time, Madam President.

DeBOER: Returning to the committee amendment. Seeing no one else in the queue, Senator McDonnell, you are recognized to close on AM3100.

McDONNELL: Thank you, Madam President. As we discussed earlier before dinner-- and I want to correct that, before supper, Senator Erdman-- that this was what we worked on with the Governor's team, the troopers' retirement was voted out 4-2. And, again, it does not change the benefits at all for the troopers. It does change the amount of contribution. And the agreement was to stay at 34% total, so it would be 24% and, and 10% from the, the troopers keeping us up above the 84% funding. And it was an agreement, again, between the, the troopers, the Governor's team and, and after up to their discussions, it was

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

voted on by Retirement. I'd ask you to vote-- for your green vote on AM3100.

DeBOER: Thank you, Senator McDonnell. The question before the body is the adoption of AM3100. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 45 ayes, 0 nays an adoption of the committee amendment, Madam President.

DeBOER: The amendment is adopted.

CLERK: I have nothing further on the bill, Madam President.

DeBOER: Seeing no one else in the queue, Senator Bostar, you are recognized to close on LB196.

BOSTAR: Thank you, Madam President, and thank you, colleagues, for the discussion and debate over the course of considering LB196. I do appreciate it. I do appreciate Senator Clements bringing the amendment and having that conversation. I think that-- through that discussion, I think we were able to uncover a lot about how this process works, particularly how it works to have legislation that impacts this. I think what would normally be, be considered part of labor negotiations, but because of how this works and because of State Patrol, this is a statutory thing. And so I'm not sure a lot of people consider that or really think about that. So I think this conversation actually has been helpful. And like everything, you know, we have to make sure that everything fits. And I appreciate Senator Dorn and, and Senator Clements and Senator Jacobson making sure that we are being mindful of the green sheet, of the budget, of what's available and what's not available. And those conversations are going to continue. So thank you all and, and thank you to the Retirement Committee. Thank you, Senator Conrad, for being a champion for this as well. I appreciate all of your considerations and I would ask you to advance LB196 to Select File.

DeBOER: Thank you, Senator Bostar. The question before the body is the advancement to E&R Initial of LB196. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 44 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: It is advanced. Next item, Mr. Clerk.

CLERK: Madam President, General File, LB196A, introduced by Senator McDonnell. It's a bill for an act relating to appropriations; appropriates funds to aid in carrying out the provisions of LB196; and declares an emergency. The bill was read for the first time on March 25 of this year and placed directly on General File.

DeBOER: Senator McDonnell, you're welcome to open on LB196A.

McDONNELL: Thank you, Madam President. It's basically a placeholder at, at this time based on, as I mentioned earlier when we handed out the actuarial report, this, this will be adjusted and changed before we get to Select, so please-- it's a placeholder for now, and please vote green on LB196.

DeBOER: Thank you, Senator McDonnell. The question before the body is the advancement to E&R Initial of LB196A. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: It is advanced. Mr. Clerk, for the next item.

CLERK: Madam President, LB-- General File, LB870, introduced by Senator Machaela Cavanaugh. It's a bill for an act relating to the Sexual Assault Victims' Bill of Rights Act; provides for rights of notification and information for victims of sexual, sexual assault as prescribed; requires preservation of sexual assault forensic evidence as prescribed; and repeals original section. The bill was read for the first time on January 3 of this year and referred to the Judiciary Committee. That committee placed the bill on General File. There are committee amendments, Madam President, as well as an additional amendment.

DeBOER: Senator Cavanaugh, you are welcome to open on LB870.

M. CAVANAUGH: Thank you, Madam President. My notes say good morning. This has been on the agenda for a week now. Thank you to Speaker Arch for using a Speaker priority for LB870. LB870 is about the maintenance of rape kit-- of rape kits and the informing of victims and survivors of legal proceedings at the request of the survivor. I want to thank the Judiciary Committee for advancing the bill out unanimously and to Speaker Arch for prioritizing. I also want to thank Josh-- and I'm not going to say his last name because I know I will butcher it-- Sh-- Christolear-- Shasserre-- thank you-- I phoned a friend-- Josh Shasserre with the Attorney General's Office for helping review the

bill, as well as Anne Boatright for her review and comments on the bill and her work on the Sexual Assault Kit Tracking Program and on the payment program for healthcare providers doing the exams, as well as working with the stakeholders on these sensitive issues. And I would just pause for a moment to say, if you have not gotten to meet or know Anne Boatright yet, you should, she is a treasure to the state and she has done some really amazing work around this specific issue. Thank you to the Nebraska Coalition to End Sexual, Sexual and Domestic Violence, the Omaha Women's Fund, and the Joyful Heart Foundation for their input and collaboration. LB870 makes small changes to the current statute relating to the rights of victims of sexual assault. The goal is to give more information to the victims of sexual assault. It increases their rights in two ways. It asks law enforcement to notify a victim 60 days before the intended destruction of a sexual assault kit and gives the victim the right to request that it not be destroyed and that it be kept for an additional 20 years. It will provide the victim updates when the case is reopened or closed or has some other change in status. There's a committee amendment coming so I will wait to explain the changes to that. Thank you, Madam President.

DeBOER: Thank you, Senator Cavanaugh. As the Clerk mentioned, there are committee amendments. Senator Wayne, you are recognized to open on the committee amendment.

WAYNE: Thank you, Madam President. As we cross over to the seventh hour after lunch, this becomes a wonderful time. LB870 was heard by the Judiciary Committee on January 26, 2024. The committee voted 8-0 to amend the bill with AM2533-- there we go-- and advanced the bill to General File. The amendment makes two changes. The first change is that law enforcement would not be required to provide notice to the intended destruction of sexual assault forensic evidence when the evidence was provided anonymously. Second change is that the victims' rights to be informed of a change of their status in their case would be initiated by the victims' request. With that, I will yield the rest of my time to Senator Cavanaugh. Vote green.

DeBOER: Senator Cavanaugh, you are yielded 9 minutes.

M. CAVANAUGH: Thank you. Thank you, Senator Wayne. Yes, so the fact that if they're collected anonymously, it would be very, very difficult to contact the person 20 years later to see if they wanted it retained. And then the part of it coming at the request of the-- a victim, was a very helpful change that came from the advocate community, in that we want to give them the right to have it extended.

But we don't want-- we don't know what their circumstances may be so we want them to let us know if they want to have that option to be contacted for an extension. There is a fiscal note. It is for extra refrigerators. And with that, it looks like Senator Arch, did you want time? OK. I think that's pretty much it. So thank you and vote green.

DeBOER: Thank you, Senator Cavanaugh and Wayne. Seeing no one else in the queue, the question before the body-- Senator Wayne is recognized but waives. The question before the body is the adoption of AM2533. All those in favor of vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 46 ayes, 0 nays on adoption of the committee amendment, Madam President.

DeBOER: It is adopted. Mr. Clerk, for the next item.

CLERK: Madam President, I have AM2179 to the bill with a note that Senator Machaela Cavanaugh would withdraw that amendment.

DeBOER: Without objection, so ordered.

CLERK: Madam President, I have nothing further on the bill.

DeBOER: Seeing no one else in the queue, Senator Cavanaugh, you are recognized to close. Senator Cavanaugh waives closing. The question before the body is the advancement to E&R Initial of LB870. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 43 ayes, 0 nays on advancement of the bill, Madam President.

DeBOER: It is advanced. Next item, Mr. Clerk.

CLERK: Madam President, LB870A, introduced by Senator Machaela Cavanaugh. It's a bill for an act relating to appropriations; to appropriate funds to aid in carrying out the provisions of LB870. The bill was read for the first time on March 19 of this year and placed directly on General File.

DeBOER: Senator Machaela Cavanaugh, you are welcome to open on LB870A.

M. CAVANAUGH: Thank you, Madam President. This is for the refrigerators that some of the law enforcement said that they might need an extra refrigerator. So it's, I think, \$8,700. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Dorn, you're recognized.

DORN: Thank you, Madam President. Would Senator Machaela Cavanaugh yield to a question?

DeBOER: Senator Cavanaugh, will you yield?

M. CAVANAUGH: Yes.

DORN: Yes, I saw the cost of the freezers in there, but what is a remote sensor monitor? Each of those was \$270 for the-- I didn't--

M. CAVANAUGH: I, I honestly don't know. Oh-- but I think that if you would ask Senator Slama to yield to a question.

DORN: OK, I'll-- we're going to-- Senator Slama-- Senator Armendariz raised her hand, too, so I just-- Senator-- would Senator Slama yield to a question?

DeBOER: Senator Slama, will you yield?

DORN: You heard the question, what's--

SLAMA: Yes.

DORN: --the remote?

SLAMA: Yes, those remote sensors are actually key to ensuring that the evidence stay at the refrigerated temp. If it goes above that-- like, if the refrigerator goes up, you could be compromising the evidence. So having one of those remote sensors ensures that somebody's not there in person checking on the temperature of the fridge at all times.

DORN: So it, it will set off an alarm somewhere for somebody if, for whatever reason, the electricity goes off or something or what?

SLAMA: Yes.

DORN: Is that what it--

SLAMA: Yes.

DORN: --yes, it does. So like on your phone? OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2024
Rough Draft

SLAMA: Yeah, something like that. Yeah.

DORN: Something like that. OK. Thank you very much.

DeBOER: Thank you, Senator Dorn, Slama, Machaela Cavanaugh. Seeing no one else in the queue, Senator Cavanaugh waives closing. The question before the body is the advancement to E&R Initial of LB870A. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 39 ayes, 0 nays on the motion to advance the bill.

DeBOER: It is advanced. Next item, Mr. Clerk.

ASSISTANT CLERK: Madam President, next bill, LB399, offered by Senator Brewer. It's a bill for an act relating to the Nebraska Power Review Board; to amend Sections 70-1014.02, 70-1015, Revised Stat. Cum. Supp. 2022; to eliminate legislative findings; change and provide procedures relating to board approval of an application for construction of a privately developed renewable energy generation facility; change provisions related to unauthorized construction of facilities; to harmonize provisions; repeal the original sections. The bill was introduced on January 12 of this year [SIC]. It was referred to the Committee on Natural Resources. That committee placed the bill on General File with committee amendments.

DeBOER: Senator Brewer, you are recognized to open on LB399.

BREWER: Thank you, Madam President. Good evening, fellow senators. Tonight, I want to introduce LB399. This bill was brought to me on behalf of the rural Nebraskans that are dealing with issues with renewable energy. This has been a long struggle to get all of our public power. We had numerous meetings with NPPD, OPPD, and the Power Review Board to get everyone into a neutral position. So tonight as we go through this, there are some things that I would ask you to keep handy. All of you should have gotten-- by now probably ended up in the trash-- a handout from me. Inside there are the documents you need to include AM2702, the amendment, and also a copy of the power agreement. So with that said, I'd like to thank Senator Bostelman for making this his personal priority. I would also like to thank his LA Riley for keeping track of the many changes in this bill. The bill that you hear tonight is very different from what started in the committee hearing on LB399. During the drafting, we had four different amendments that were put in. Since then, after we advanced the bill from General-- to

General File, we've added two additional amendments. So in case you get confused, AM2912 was the first of those amendments, but the most recent and the amendment that you need to look at is AM2702 to LB399. LB399 doesn't stop or restrict renewable energy in Nebraska. It simply adds two things to existing law. First, LB399 requires that the renewable developer, public or private, must hold one public meeting with at least one board member present in the county where the project is going to be located. All right, so the bill does two things. And the first one is simply to have a meeting with the individuals that are going to be affected by the project. In the western two-thirds of Nebraska, it is customary for citizens to want to meet their neighbors. Considering the fact that these rural citizens have no choice to be the neighbor with these industrial renewable energy facilities, I don't think it's asking too much. Our Public Power Board members do it all the time with their projects all across Nebraska. I can't imagine a renewable energy company not wanting to meet those individuals that are going to be affected and simply be a good neighbor. The argument that you'll hear in the Rotunda is that there is already a public meeting required for a conditional use permit by the county board of commissioners. The problem with that is your audience, a county board meet-- meeting with citizens to address a conditional use permit is elected officials who have little knowledge of one of these type of projects. What we're asking is that you meet with the people that are building the project. The meeting that I want to have happen with LB399 is renewable developer addressing the people, his facility will make new neighbors with. Now the second, and remember we only have two issues we're changing with this bill. The second and last requirement is the LB399-- with LB399 is that the renewable developer has a power purchase agreement, a PPA, with Nebraska Public Electrical Utilities. That is what was handed out to you a little bit ago, the requirement for them to have that agreement. Now, keep in mind that your power purchase agreement is going to be a confidential document between the power company and the landowners so that we cannot give those-- one of you tonight. It's the concept that you're supposed to understand here that they have a power purchase agreement. Nebraska is not like any of the states around us that we border. We're the only state in the country that decided almost 91 years ago that electrical utilities in Nebraska would be 100% owned by the public. This idea was made popular by Senator George Norris at the same time he had the idea of the Unicameral. The Legislature believed in this idea so much that we passed the first public power bill in 1933. We created a whole new echelon of state government with election-- elected boards to operate our public electric utilities. In

1933, the Legislature decided Nebraska was going to allow-- was, was not going to allow for-profit electrical utilities. We do not have a public utility commission in Nebraska. Now, I need you to listen carefully on this one because it's easy to get confused. We do not have a public utility commission. What we have in Nebraska is what's called a Power Review Board. And, again, we're the only state that has one of these. So we're very unique in many ways. The way we deliver electricity to citizens in Nebraska is profoundly different than how it's being done anywhere else in the United States. It is, therefore, not a good idea under this unique Nebraska way of doing electricity to allow a private developer to operate intermittent generation to sell their electric-- electricity in competition with Nebraska's Public Power Utilities. It defeats the purpose of Nebraska being 100% public power state. Again, this is a slippery slope that I don't think this body wants to go down to if you want to preserve public power as we know it. So once again, this bill was written after numerous meetings with the Power Review Board and Public Power over the last summer and fall. There have been six total amendments to LB399 so that we could get Public Power and the Power Review Board to come together and agree. I would like to thank and recognize Mark Ludwig from the Revisor's Office, who has been very patient with my staff-- that would be Tony-- in the revising of this bill over and over again. Nationally-- and I think you need to listen to this carefully-- nationally, Nebraska is ranked number 1 in residential electrical reliability and they're number 5 overall for cost of electricity. It is clear to me that a lot of what public power does in Nebraska is working well and we need to protect it. We need to be careful to not lose sight of the fact that states-- that our state has electrical generation, transmission, and distribution, very differently than the rest of the country. The bottom line with this bill is this body has-- had, had no idea the uniqueness of this Public Power System that we developed almost a century ago, would someday have to accommodate privately owned intermittent generators. This bill finds the right fit for renewable energy in a one-of-the-kind Public Power System so Nebraska can enjoy the benefits of both. Despite what you may have heard in the Rotunda, this bill does not stop renewable energy projects in--

DeBOER: One minute.

BREWER: --Nebraska. Thank you. It adds two steps to the process, adding the power purchase agreement and one public meeting to the law. I don't think that's too much to ask. Thank you, Madam President.

DeBOER: Thank you, Senator Brewer. As the Clerk mentioned, there are committee amendments. Senator Bostelman, you are recognized to open.

BOSTELMAN: Thank you, Madam President. Good evening, colleagues. Committee amendment AM2702 is the white copy amendment to LB399. The amendment was worked out from the time of introduction last year in [INAUDIBLE] office, the Power Review Board, and my office over the entire summer and February of this year, there were meetings, email exchanges, and phone calls to get a draft of AM2702 agreed to by the stakeholders. With AM2702, we can ensure the same public input and review on both public power and private development energy facility projects prior to construction. AM2702 requires notice of public meetings for either private or public proposed projects, and sets guidelines and procedures for those public meetings. AM2702 provisions apply to industrial facilities and private development projects generated greater than 10 megawatts of electricity, and requires that each developers have a noticed public meeting with an opportunity for public input and interaction with a developer. Under AM2707-- AM2702, private developers joined Public Power in making application to the Power Review Board before beginning construction of the proposed project. Both follow the same hearing and other procedures and provides that if a private developer follows the list of requirements that are already in Nebraska law and has a notice of public hearing and provides a report such as minutes to the Power Review Board and has a power purchase agreement with the Nebraska Public Power Utility, the Power Review Board shall approve-- shall approve the project. I yield the rest of my time to Senator Brewer to tell you about his goals in introducing this bill and to explain his amendment which will follow. Thank you.

DeBOER: Senator Brewer, you are yielded 8 minutes, 6 seconds.

BREWER: Thank you, Madam President. Well, to understand a little where we come from in this bill. It has been an 8-year struggle to work the many issues that we've had in my district with renewables. I will look forward tonight to those that stand up sharing their personal experience in their district and the effects of wind energy or solar energy, because what we tend to forget is that in many cases, what's happened is we've torn communities apart. We've torn families apart over these issues. That's not what this bill is about. And that shouldn't be what the fight tonight is about. Tonight we are going to discuss two minor changes to the law to allow people to have a say, to have a little bit of local control with a project that's going to affect their lives, their children's lives, and everybody in the

community. So I would ask that tonight to listen carefully, and we're going to see if this is too much to ask of the renewable companies. Thank you, Madam President.

DeBOER: Thank you, Senator Bostelman and Senator Brewer. Mr. Clerk, for a priority motion.

ASSISTANT CLERK: Thank you, Madam President. Senator John Cavanaugh would move to recommit the bill to committee.

DeBOER: Senator Cavanaugh, you are welcome to open on your motion.

J. CAVANAUGH: Thank you, Madam President. Well, colleagues, I know you're all very surprised to see me standing in opposition to a bill by, by Senator Brewer and Senator Bostelman. We're such-- we're such a-- like, three peas in a pod, usually. But I, I say that as a joke, but in part it's-- I-- I've really appreciated my 4 years here working with Senator Brewer and Senator Bostelman. Senator Bostelman is the Chair of the Natural Resources Committee. I've learned a lot from him and I've had a lot of great times working with Senator Bostelman as both adversaries and allies and same goes for Senator Brewer. I've been on opposite side of as many issues as I probably-- well, probably been on the opposite side of more issues than I have been on the same side with Senator Brewer, but I always enjoy being on the same side more. So it's not-- I don't oppose this bill lightly. And, and I appreciate Senator Brewer's, we'll say, very understated explanation of what the bill does. So, first off, where we're at right now is AM2702. So a lot of the things that Senator Brewer talked about will be in an amendment that we might get to at some point later, which I believe is AM2912. And that's relevant because the reason for my recommit to committee is that the, the thing that's being sold here is not a bill that had a hearing in, in our committee, a requirement that a private company sell all of its product to the state is essentially what, what is being proposed in AM2912, that they have to have a power purchase agreement with the local entity. So if that is something that the folks in this body would like to do, my position is that there should be a hearing on that. So that's, that's why I chose to recommit to committee and not an IPP to prevent us from getting to the amendment or a bracket. This is a sincere recommit to committee. I know we're short on time, but we still have-- we should still do our job the way we should do it. So-- but to go to, I guess, Senator Brewer's "understatedness" of what this bill does. And I'm going to talk about AM2702 because that's what's up there. AM2702 requires a meeting in the county in which part of the project is being built by

at least one member in person and then 50% of the board via video conference. While-- I, I don't disagree with having meetings-- with having open meetings with requiring accountability and requiring, you know, people sometimes just to get yelled at, honestly. But that's an important function of government. I, I don't think anybody opposes a meeting requirement. The problem with AM2702 and the problem with this bill is that it requires or it shifts from permissive, meaning that if renewable developers check certain boxes in the current statute, then they can build their project. This requires that the Power Review Board approve that and puts in, in between them a, we'll say, maybe potentially capricious group. And that is injecting politics and that is taking away local control. Because as it stands right now, when somebody goes to build one of these projects, they have to go through a whole host of things. And I know Senator Brewer is trying to make it sound like it's really easy, but there are meetings at the county level that are for zoning and for siting. They do have-- they do engage in willing buyer, willing seller contracts for the land on which they build these projects. And if I'm afforded a digression, I would point out that I worked on a bill this year with Senator Brewer and Senator Bostelman about eminent domain, and it was specifically about both my concerns about how some energy companies behave and Senator Brewer and Senator Bostelman's concerns about that. So I'm not deaf to that concern that Senator Brewer raises about tearing apart communities and causing problems for people and, and dividing families. I, I feel that very strongly to the point where I brought a bill that had every single lobbyist and interest group in this building came and opposed it. If you were in the Judiciary Committee that day, you saw that. And I brought that bill because I feel strongly about individual rights, property rights, and I feel strongly about not-- the government not intervening in between people and their own personal decisions. And that extends to this as well. This bill, as amended or potentially amended, is telling private businesses who they have to sell to. That's a problem. That should be a real red flag to a lot of folks in here. So this bill will have a conversation about a lot of other stuff, about what maybe-- you know, what the power purchase agreement looks like, what the siting requirements are, what the current statute does, or maybe other proposals. But the one thing-- and I guess I would hit on that Senator Brewer brought up is the amount of work that went into this. And I do appreciate a lot of the work. Senator Brewer has talked to me about it a couple times. Tony has talked to me about it. Senator Bostelman has talked to me about it. And I've talked-- but I've talked with folks in public power about it, and I've talked to folks who build these renewable projects.

Those are the people that Senator Brewer left out of his talking about everybody that got negotiated with. And that's, fundamentally, what the problem with this bill is, is who it affects and what industry it's going to cause to essentially disappear. He's trying to tell you that this will be-- is a very small thing. But when we're talking about eliminating your ability to actually engage in your business, that's a pretty substantial thing to those businesses. Anybody in here who's been in, in a business understands that. So that is why I think this recommit to committee is appropriate, because this bill-- at least the part in, in AM2912 that Senator Brewer was talking about did not have a hearing. I think if you want to move it, you should-- we should require that that happen. And-- but I, I think that an idea that is specifically geared towards essentially destroying an industry is not something we should put forward from this Legislature. So I would encourage your green vote on the recommit, and then we can take it from there. How much time do I have Miss-- Madam President.?

DeBOER: Two minutes, 45 seconds.

J. CAVANAUGH: Two minutes, 45. It's been a while since I've opened on something. So-- Well, since I have some time, I'll go through-- let's see. I'm going to turn on the light. 20-- AM2702, which is up there. So if you are looking at AM2702, I would reference you to, I think it is-- well, I'm missing that page. So AM2702. Well, we'll start at the beginning, since that's the part I have here. OK. So, requires that a private electric supplier-- well, limits who the private electric supplier, what they can produce. And then you go to page 3, which is this meeting requirement that Senator Brewer and Bostelman talked about, which I think the public power companies, this is the part on page 3 of AM2702, applies to public power. I don't think anybody has a problem with that. Requiring that anything over ten megawatts have a meeting within at least-- at least 50% of the governing body of the electric supplier attends either in person or video conference with not less than one member of the governing body physically present. I haven't heard anyone raise that has a concern from the public power standpoint. So then we're going to, let's see, page 4 to 5, a private developer renewable energy generation facility that meets the requirements of this section is exempt from the sections 70-1012 to 70-1014.01. And then it says prior, so crosses out, if not--

DeBOER: One Minute.

J. CAVANAUGH: --less than three years-- thank you, Madam President -- prior to the commencement of construction, so changing it to the

deadlines, commencement of construction of private developer renewable energy generation facility. The owner of such facility shall file an application with the board and receive the board's approval. So this is the change. So it's so pri-- so it's originally less than 30 days prior to construction, the owner of the facility shall notify the board, in writing, of its intent to commence construction of the private developer of renewable generation. So it's changing it from they have to meet certain requirements and notify the board, the Power Review Board, that they are doing this, to they have to get the Power Review Board's approval. And I think I'm gonna run out of time to find the next section. So I'll push my light. I know other folks will have things to say about this, and I see there's a good number of people in the queue. But again, I would encourage a green vote on the motion to recommit. Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President. Good evening, colleagues. I do rise in support of the motion to recommit, and respectfully opposed to AM2702 as well as LB399. I also want to echo the sentiments of appreciation for both Senator Brewer and Senator Bostelman putting a lot of effort into this. I know this is not something they do lightly. And certainly I don't believe it's done, obviously, with any kind of malice, we just have a disagreement about whether or not the ramifications of the requirements contained in AM2702, as well as the additional AM that he's introduced, or the underlying bill of LB399, whether or not those ramifications are going to be small or significant with regards to whether or not Nebraska is going to be at the forefront of renewable energy, or if we're going to lose renewable energy in Nebraska entirely. I'll admit, this is not a subject area that I am as well versed in, perhaps, as maybe some of the other discussions we've been having this week. Talking about revenue, you know, being on the Revenue Committee, that's a concept or a bill that I followed all the way through, and then also talking about issues that are near and dear to my heart with regards to judiciary issues, obviously, that's my, my personal background. So this is something that's a little bit out of my personal wheelhouse. That being said, I've spent, I think, quite a bit of time talking to folks who work within the industry, both within the renewable industry field as well as those in the power field, of public power. In addition to that, I've done a lot of homework and research about what our current process is and what this change is. And, and I did so in order to really understand what the modifications being made here are. I know

that we've heard from a couple of sources that these are small changes, and certainly that these are changes that don't have any kind of major harm when it comes to renewable energy or the ability for private business to operate here in Nebraska. But the more research that I did into how our current system operates versus what these bills could potentially do to change that, I became very alarmed. Both AM2702, as well as AM2912, both of which are modifications of this bill that Senator John Cavanaugh spoke about, they both impose additional red tape for private business to jump through in order to operate in Nebraska. And what's interesting about them is AM2702 implements that red tape in a particular way that I'll dive into more detail about here in a moment. And then in an effort, I think, to address some of those concerns, LB2912 removes some red tape while then implementing red tape in a totally different way. And so I just want to be very clear that both of the amendments that have been proposed with regards to potential solutions on how to modify LB399 hinder private business operating here in Nebraska, albeit in different ways. And so I think that that's important to note. Overarchingly, I believe that we should not be putting too much red tape in the way of certain businesses here in Nebraska. Certainly, we have to do so from time to time in order to ensure public safety, we have to do so in order to make sure that products are made in a way that are safe for consumption. But I mean, look no further than Senator Conrad and Senator Briese's LB16 that we passed as a body earlier this year. We don't believe there should be unnecessary red tape to jump through unless it absolutely serves a purpose without further inhibiting those private entities. My underlying concern about AM2702, which is the one that's currently on the board today, is it does, in fact, create this big hurdle to jump through, which is not the meeting. I would agree that the meeting itself is, while certainly onerous in certain ways, the meeting is not what creates the, the concern, I think, for certain entities. The real issue at hand with AM2702 is that it changes the current law in such a way that creates an uncertainty. And that uncertainty that is created creates a market that is almost unworkable for a private energy producer to invest all of the money they would need to invest in order to get all of their ducks in a row, to even apply for permission to--

DeBOER: One minute.

DUNGAN: --build here, thank you, Madam President, to build here in Nebraska. Only at the end of all of that, to be met with the potentially politicized Power Review Board that could, at their own discretion, deny them the ability to build. So as it currently

operates, there are a certain set of criteria under, I believe it's 70-- the current law, I don't know the exact statute off the top of my head, I'd have to pull it up here. But under the current law, there's certain criteria where if met, then you don't have to submit an application. And upon certification of that criteria, you're allowed to build. What this does is it makes that then an application process, meaning you still have to meet all of those same criteria in addition to additional criteria, at which point in time you may apply. And then it is at the discretion of the Power Review Board whether or not that should be granted. And it allows for subjective analysis. So again, I'll punch in and we'll talk more about that. But AM2702, which is currently on the board, creates an uncertain environment, which is not going to encourage those--

DeBOER: Time, Senator.

DUNGAN: --organizations to come into Nebraska. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Fredrickson, you're recognized.

FREDRICKSON: Thank you, Madam President. Good evening, colleagues. It's always nice to go after Senator John Cavanaugh and Senator George Dungan. Now myself, it's almost like the Three Stooges are, are up here. But I rise today in, in support of the motion to recommit to committee, and opposed to the underlying bill, LB399. So I'm a member, along with Senator John Cavanaugh on the Natural Resources Committee, and we hear a number of bills in there about energy, obviously power production, etc. And I'll, I'll just start by saying this. You know, I, I think that Senator Brewer, I think he has very sincerely held beliefs as it relates to renewable energy. I think that he and his staff, I actually not just think I know, he and his staff have worked very hard on this for, for a number of years. And I, I always admire folks who work really hard on issues that they, they care and are passionate about. And it is-- I think it is correct to say that this bill does not outright prohibit renewable energy development, or the-- or clean power for that matter. But I will s-- I do believe that this bill does discourage private investment in renewable energy in, in our state. And, you know, there's obviously going to be a wide range of views and perspectives on renewable energies and, and clean energy. But I do think it's worth noting that since 2016, renewable energy has been very good for Nebraska from an economic perspective. In fact, you know, we've brought in over \$6 billion, that's 6 billion with a B of

private investment. It's generated over 2,000 good paying jobs. It's provided a steady flow of \$17 million in annual rural landowner income, and it's created \$18 million in annual long term property tax relief. And so if you think about this from strictly a fiscal perspective, there is something to be argued about. The reality is that there is investment happening in renewable energy. And I think-- I'm considering this not only from the context of what's happening in our state, but in this larger context of the conversations we're having this year in the Legislature, the conversations we're having in the state, and what our shared goals are as it relates to property tax relief, as it relates to ensuring that we are diversifying our revenue sources as a state. You know, I said this earlier, we're not going to necessarily love every opportunity for revenue sources in our state, but we have to be open minded to diversifying that if we are in fact going to continue to make significant cuts to income taxes, significant cuts to property taxes, which are important and admirable goals. But we cannot shut ourselves off to opportunities for investment. And you look no further than our neighbor of Iowa and the amount of investment that's happened there in terms of wind energy. You know, Iowa has brought in billions of dollars as a result of that. I also believe that this bill, a major concern of mine, is that it, it unnecessarily, and I know Senator Dungan was talking about this earlier, some of the additional red tape and how we've made efforts from an individual perspective with bills like LB16 to reduce red tape for people getting into the workforce. This is a similar idea, is that this adds an additional layer of red tape for getting into the market for someone who is in private investment in renewable energy. So I don't believe in unnecessarily interfering with the free market. I think of this also from, if you kind of want to take a more global perspective with this, you know, and I, I touched on this a little bit earlier, is that we, we get caught up sometimes, I think, in green energy versus traditional energy sources. And I think we need to think about this more as--

DeBOER: One minute.

FREDRICKSON: --how do we-- Thank you, Madam President. How do we diversify our energy sources? And through the diversification of energy sources, how does that ensure that we have reliable energy, that we are able to have secure energy, and that we are not at risk for some of the shortcomings that happen when you, you limit your, your, your pool of resources? So I'll get back in the queue again to talk more about this. But those are some of the initial concerns that I wanted to get on the record. Thank you, Madam President.

DeBOER: Thank you, Senator Fredrickson. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. So I just wanted to go back to AM2702, which is the amendment that's on the board at the moment. But to remind that I have a recommit to committee, which essentially would send it back to the Natural Resources Committee, where we could redispense of it. And one of the reasons I propose that is because the change that Senator Brewer has proposed in 29-- AM2912, I think is so substantial that it requires a new hearing. But as long as we're talking about AM2702, I'm going to talk about that for a little while. So I was on page 5 of AM2702, wherein talks about-- I'm sorry, the bottom of page 4, a private developer for a renewable energy facility meets the requirements of this section is exempt from these sections. And then it goes on to page 5, the commencement of construction of a privately developed renewable energy facility, the owner of such facility shall file an application with the board and receive the board's approval to commence construction. The owner shall certify to the board in the application that, and then it lists a number of things which were existing in there. So what the current state of the law is, without this, is that a private developer for a renewable energy generation facility that meets the requirements of this section is exempt from 20-- from the previous sections, if no less than 30 days prior to the commencement of construction, the owner of the facility notifies the board in writing of its intent to commence construction of a privately developed renewable energy facility, and certifies to the board, so then it drops down, certifies to the board the facility will meet the requirements of a private developer renewable energy generation facility. And then it goes through these-- the requirements. So essentially we're changing it from a renewable energy project can certify that they meet these requirements to that they have to apply to the board that they-- and have the board determine they meet these requirements. But then the real crux comes when you get to, let's see, it is page-- it's page 7. No, that's the, the public meeting. So you're going on to-- Well, so they have the open meeting requirement that Senator Brewer was talking about. On page 6, the applicant has entered into a power purchase agreement, which is a new requirement on page-- so go to-- I'm sorry, the top of page 6. A new requirement that they must certify. So is first the applicant entered into a power purchase agreement for the output of privately developed renewable energy generation. So that is a new requirement. I would point out that this is a requirement that they enter into a power purchase agreement does not require who they sell

it to, which is different in substance that-- from AM2912. Pretty substantial difference, limiting the market to which somebody can avail their product. So then going on to page, I think it's right, page 7. Within ten days after receipt of the application, complying with subsection (2) of this section, and then it, this is new language, including holding of at least one public meeting pursuant to 2(a)(vi) of this section, if applicable, the board shall approve the application if the board finds that (i) the applicant meets the criteria certified in the application pursuant to subsection (2). So the board has to find that they meet all of these requirements that they certified to previously, and the new additional requirements, including the power purchase agreement. And then next, the applicant-- application will serve the public convenience and necessity, which is subjective. There's no criteria there about what that would be, but be subjectivity of the board, which again, was not the requirement of these businesses to determine whether they want to enter into business. And then--

DeBOER: One minute.

J. CAVANAUGH: --(iii), the applicant can most economically and feasibly supply the electric services resulting from the proposed construction or acquisition without unnecessary duplication of facilities or operations. So that's another concern of the subjectivity of the unnecessary duplication standard there, which is trying to, I guess, I don't know what that means. I think there's a lot of folks, and I probably need to push my light because I'm running out of-- this is not enough time to talk about this, but people have an issue with renewables that they talk about with intermittency, which is that wind turbines spin when the wind's blowing and sun-- solar panels produce energy when the sun is shining. So that is, of course, true in the nature of that energy generation. But they are rated to produce a certain amount of electricity. So I'm definitely going to run out of time here. So I probably shouldn't go down that path. But again, this creates a subjective standard, which is of course the uncertainty for these business entities and the real reason--

DeBOER: Time, Senator.

J. CAVANAUGH: Thank you, Madam President.

DeBOER: Thank you, Senator Cavanaugh. Senator Hardin, you're recognized.

HARDIN: Thank you, Madam President. I stand in support of LB399 as well as AM2702. In mid December, some of our county commissioners indicated a problem to me. A proposed solar energy project for Scotts Bluff County provided a five day notice for a public hearing by the zoning commission. Five days' notice for a proposed \$350 million, 400 megawatt solar project was bad form at least, and vastly dishonest and dangerous to national security at most. I encouraged the zoning commission to hit the pause button on that project and investigate it before jumping in. Thankfully, they did that. For some context. In District 48, we have the Minuteman III intercontinental ballistic missile system. It's being replaced by a new system called Sentinel. Spy work in the 21st century involves three components: lots of electricity; lots of mainframe computers for a data center, or a blockchain mining company, or some other seemingly legitimate reason for vast electrical usage; and thirdly, something nearby worth spying on. Proximity, close to your target, is important. How come? Because a building full of large computers on the other side of the world puts you milliseconds behind in the cyber race. Those milliseconds are the valuable currency, no pun intended, and difference between successful espionage or sabo-- sabotage and striking out. New energy projects catch scrutiny near military complexes moving forward, and they always will catch this kind of scrutiny. In our case, the company that made the proposal in December for what they stated was a \$350 million project, actually turned out to be a \$1 billion proposed project when peer reviewed by another company and further verified by Homeland Security. Additionally, this particular energy company misrepresented that they had an ISO utility interconnect agreement at that time. I took pictures of their slideshow that evening. The listed utility never had an agreement with them for their interconnect. They also had no agreement about who or what would use their generated energy. Given that three months since that initial meeting, we have learned that the \$1 billion project is being proposed by a single person, a non-American, with no employees, operating out of his apartment in San Diego, California. He lacks the permits, the investment, the expertise. It's not a serious offer for energy development, but he did hire a local attorney, and he is threatening lawsuits against the county commissioners if they do not give him the conditional use permit he demands. We know he's marketing several other CUPs that he's already obtained in other places to China, Japan, and India. This is not a person who has the best interests of America, Nebraska, or Scotts Bluff County in mind. It's important to have these public meetings and some time do a deeper dive with any proposed energy project, especially something whose genuine ownership can be hidden in

discrete LLCs from Wyoming or Delaware, or four other states who offer them. I will encourage you to vote green on AM2702 and LB399. Thank you, Mr. President.

DeBOER: Thank you, Senator Hardin. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. I rise in opposition to LB399 and support of M01231. And I'd like to yield my time to Senator John Cavanaugh.

DeBOER: Senator John Cavanaugh, you're yielded 4 minutes, 43 seconds.

J. CAVANAUGH: Thank you, Madam President. Thank you, Senator Machaela Cavanaugh. I guess yielding time is a two way street. So, I, I appreciate Senator Hardin's comments. I would say I-- he came to Natural Resources, we had a very enlightening hearing about these sort of global threats near military installations, and I believe we did report out a bill that would address some of the concerns that he was raising there about proximity to sensitive targets. So I'm-- I, I think that we, we've worked on addressing that specific concern. So in my last time at the mic, I was talking about this specific part, page 7, line 24 through 26. The applicant can most economically and feasibly supply the electric service resulting from the proposed construction and ac-- or acquisition without unnecessary duplication of facilities or operations. So I don't know what that specifically is attempting to get to, but there's-- in my time on the Natural Resources Committee, we've had a lot of conversations about what is-- what's, what's ser-- what does renewables serve? What does wind serve? What does solar serve? And there's certainly folks who like to think that it is a net negative and not a net positive. And that's a difference of opinion for different reasons. But one of the criticisms of renewables are, you might have a, say, one megawatt generation, we'll say solar farm, and it's rated for one megawatt, but it doesn't generate that when the sun is not shining. And so what the difference is, is that that is factored into it's nameplate capacity or it's, well, it's into its capacity. So you might be rated for that amount, that's what it can produce at its maximum, but that's not what it is expected to produce. And sometimes it produces more, which is what we saw. We had a winter event a couple years ago, which was really my first interaction with some of these issues of concerns about intermittency and the Southwest Power Pool, which I think is another concern that is inherent in this debate. But the one thing that was really interesting in that debate to me was that the power generation

facilities that ended up being the problem in that cold snap were natural gas and coal plants that were not properly winterized. So places in Oklahoma and Texas, and I can talk about a little bit more of that in a while, but that, that was the problem in that the wind generation was well over what was expected for that particular time of year and that-- and, and that-- those conditions. So the wind actually overproduced. And so I, I think what this is getting at, and one of the reasons this is of a concern is that it's a subjective standard that's put into the hands of a board of appointees who are appointed by the Governor and approved by this body to determine what is unnecessarily duplicative. And if you say that any renewable is unnecessarily duplicative because it is not necessarily producing all the time, then you could-- you would reject all renewable--

DeBOER: One minute.

J. CAVANAUGH: --proposals. And so the real problem with that, as it pertains to private companies and private developers, are they are not going to develop when there is that level of uncertainty. The amount of investment that they have to put in to get to that stage, to get in front of the Power Review Board with having checked all these other boxes before they put these shovels in the ground to start building these things, the amount of outlay to have that level of uncertainty is going to be prohibitive, and those companies are not going to come to Nebraska. So that is clearly the-- what will be the outcome of passing this bill. It will stop any future development of privately developed renewable energy in Nebraska, which again, to Senator Fredrickson's point, will stop the investment, the jobs, the tax base that it creates. There are a lot of net positives as a result of these projects being built in our communities. I understand some people don't like them. That's a conversation you can have in your community--

DeBOER: Time, Senator.

J. CAVANAUGH: --currently. Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Madam President. Good evening, colleagues. I stand opposed to the recommit motion. I do support the AM2702 and LB399. To answer, I do disagree with Senator John Cavanaugh on the recommit for a hearing. As originally presented, LB399 and AM2023, it

wa-- in was the case in the hearing called for a private industry to make application to the Power Review Board, and subsection (2) required a public power-- a public purchase agreement. And in subsection (3), it required a hearing within ten days. So I would, I would disagree that it requires a, a new hearing. Those areas were all opened up in the original bill and the original hearing. And so for that reason, I would disagree that it does need to be recommitted, and would encourage you to red on that. A couple of things, as we hear folks talking, one we're talking about, as Senator Brewer said, local control. This is about local control. Let people in the area where the project's going to be built, speak. And let those who want to build it hear from the people where, where it's going to be built, proposed to be built at, whatever generation facility it is, whether it be a public or a private facility, and whether it be any source of energy, that generation facility would require a meeting or hearing. What this is is nothing more than check the block. So you do-- you have a hear-- you have a public meeting, you do some minutes, you send it to the Power Review Board, check. You have a power purchase agreement, check. That's all it is. And to say that it's going to stagnate and kill any new construction in the state. I would disagree with that, because privates can only build for wholesale. Retail is done by public power. So if they're going to build a facility in this state, and let's say, pick a company, company X, that's in the state that wants that generation, they have to sign a power purchase agreement with public power. They have to have a contract. They already have to do that. So this really isn't adding any new onerous type of needs to them. It's already required. So what this does is just make sure that's going to be done. If they're going to build something somewhere else, say it's a \$200 or \$300 million facility, they're really going to build it without someone on contract to purchase the power? Who's going to loan them the money to do that? Also, I would like to remind folks that prior to 2016, when LB824, was heard and passed by this body, private's needed to do a whole lot more in front of the Power Review Board. Power Review Board actually had approval/denial process in place. Hearings were required. There was more in there. And in fact, in here it says, the board shall have authority to approve or deny the application. Before approval of an application, the board shall find that the application will serve the public convenience and necessity, and that the applicant can most economically and feasibly supply the electric service resulting from the proposed construction or acquisition without unnecessary duplication of facilities or operations. So what Senator Brewer's bill does, again, this is Senator Brewer's bill, what Senator Brewer's bill does--

DeBOER: One minute.

BOSTELMAN: --is to provide the same requirements, if you will, to a certain degree, on both public and private new construction. It doesn't differentiate between one or the other. I think public actually has a stricter requirement than what private does. What it does on the private side, says check the block. You do these things, check the block, you can build. That's not a denial process. It's just check the block to make sure that you've done those things and that you have a contract on that facility so we don't have a stranded asset at some point in time. Why are we going to build a facility that at some point in time there's nobody to purchase the energy, so now you're now it's sitting there, you, you've built this large facility, generation facility, and you can't sell the-- you can't sell the electricity. So now you've got what's called a stranded asset. You want to make sure that doesn't happen. So these are good things in this bill to make sure it happens. To say that this is going to kill private development--

DeBOER: Time, Senator.

BOSTELMAN: Thank you.

DeBOER: Thank you, Senator Bostelman. Senator Erdman, you're recognized.

ERDMAN: Question.

DeBOER: The-- the question has been called. Do I see five hands? I do. The question is, shall debate cease? There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed, vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 18 ayes, 0 nays to go under call, Madam President.

DeBOER: The-- the house is under call. Senators please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Conrad, please check in. Senator Day, Senator Jacobson, Senator Vargas, Senator Slama, Senator Bostar, Senator Clements, Senator Ballard, Senator Lowe, Senator Riepe, Senator Arch, Senator Aguilar, the house is under call. Please return to the Chamber, the house is under call. All unexcused senators have returned to the Chamber. The question is

whether debate shall cease. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 27 ayes, 9 nays to cease debate, Madam President.

DeBOER: Debate does cease. The question before the body is the motion to recommit to committee. All those in favor, vote aye-- oh Senator, Senator John Cavanaugh, you are welcome to close on your motion.

J. CAVANAUGH: Thank you, Madam President. Well I guess people don't want to hear me talk about this. So. Well, thanks for being here, everybody, we're under call. So, I, I brought a motion to recommit this bill, and I appreciate Senator Bostelman's distinctions between what was in the original bill, what's in the amendment, and what's in AM2912. But I would respectfully disagree with Chairman Bostelman that I do think the requirement that the sale-- there be a power purchase agreement with the public power in the state is a substantial change, because it is limiting who the power can be sold to. So we have a bill here that originally written had requirements of a meeting in, in the district, which again, I said, I don't think anybody really has a problem with meetings in, in the location in which someone's building a project, be that public or private. Private developers do the meetings at the county board, the zoning board, and things like that. I don't think people really have an objection to doing that. And of course, these companies are in it for the money. They want to build projects that they can sell the power. But by limiting who they can sell it to, we are creating an artificial constraint on private businesses. And that's what the problem with this bill is, because that artificial constraint created by this Legislature is going to hamper a private enterprise in the state of Nebraska to the point where it probably will not exist anymore. So I'm sure I'll get to talk a few more times after this. But I would encourage your green vote on the motion to recommit, because I think that this bill, as it was introduced, is different than the bill that we are going to be asked by the introducer to vote on eventually. I think that AM2702, even without the amendment that Senator Brewer talked about in his introduction, is still wrong for Nebraska, and it's wrong for our power industry. I think that we should not be picking winners and losers, to go back to words we talked about earlier. We're trying to force an industry, private developers, out of the state of Nebraska. We have a --we missed, essentially, Nebraska missed the boat on building wind and solar when it first started. When you drive across Iowa, you can see it, wind turbines as far as the eye can see. And whether you like that or not, those are dollars coming into those

farms, into those communities. That is electric generation for those-- for the cities, Des Moines, and I-- and, and Council Bluffs. Those-- that is economic development, whether you like that particular type of economic development or not is a different question. But those are private industries that have chosen, because of the economic conditions, to build that. And we missed it because we didn't have the right statutory structure in place. Since that time, we adopted many changes to our statute that allowed for the development of private renewable generation and have then brought in lots of money into our communities. Most of them are rural communities, to Senator Brewer's point, not really District 9, and I grant that, but it's for the greater good of all Nebraskans to develop this industry and to bring those dollars into those communities. We're having a whole big conversation this week about how do we create property tax relief, and eliminating huge taxpayers who are creating a product for export, by the way, they want to sell and send it out of state, out of the state of Nebraska to bring those dollars into the state of Nebraska. That is the wrong approach. So I brought a recommit to committee because I thought that was the right way to structure this debate and to, to demonstrate that this bill needs--

DeBOER: One minute.

J. CAVANAUGH: --further consideration. That's why I brought this. We didn't really get very far in that conversation, but I'm sure we'll have more time at 8:14 on April 2nd to have that conversation. But again, I would encourage your green vote on the motion to recommit. Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Now, the question before the body is the motion to recommit to committee. There's been a request for a roll call vote. Mister Clerk, please call the roll.

ASSISTANT CLERK: Senator Aguilar voting no. Senator Albrecht voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting yes. Senator Bosn voting no. Senator Bostar voting yes. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Conrad not voting. Senator Day voting yes. Senator DeBoer voting yes. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan voting yes. Senator Erdman voting no. Senator Fredrickson voting yes. Senator Halloran voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting

no. Senator Hughes voting no. Senator Hunt. Senator Ibach not voting. Senator Jacobson voting no. Senator Kauth voting no. Senator Linehan voting no. Senator Lippincott voting no. Senator Lowe voting no. Senator McDonnell voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Raybould. Senator Riepe. Senator Riepe? Not voting. Senator Sanders voting no. Says Slama voting no Senator Vargas voting yes. Senator von Gillern voting no. Senator Walz voting yes. Senator Wayne. Senator Wishart not voting. Vote is ten ayes, 31 nays on the motion to recommit.

DeBOER: The motion is not successful. Mr. Clerk, for a motion. I raise the call.

ASSISTANT CLERK: Madam President, Senator John Cavanaugh would move to reconsider the vote just taken on MO1231.

DeBOER: Senator Cavanaugh, you are recognized to open on your motion.

J. CAVANAUGH: Thank you, Madam President. So, like I said, we'll get more opportunities to talk here on what people think about this bill and the just general concept. I did want-- as we were talking about this, I was thinking about, might call it overly burdensome government regulations. So it reminded me of the, the Governor's State of the State address from the first week or second week of the session. Let's see what the date on it is. Well, where's-- January 18th, 2024. So this year, a couple of months ago, a couple paragraphs in, the Governor said that we need to support the growth of these incredible economic assets. And our chief goals in state government must be to get government out of the way, reduce regulations and bureaucratic hurdles, and empower people and businesses to thrive. In our administration, we call this operation clean out the closets, in which we try to identify every statutory or regulatory mandate that adds needless costs to health care, education, senior care and business of all kinds. We can do much in the executive branch, but we must partner with you to complete the task and stay vigilant against new, costly mandates. So the Governor put us on notice of this back in January 18th. But I would suggest to you all, and this is why I consider-- reconsider is a great opportunity. You have a chance to think this over again, but to stay vigilant against new, costly mandates. That's exactly what LB399 is, AM2-- AM2702 and any other potential proposals. It becomes a new, costly mandate for private developers to have the opportunity to develop in the state of Nebraska, and to that point, to the point where they will not come and develop in the state. And if

you don't believe that, I think there's a few folks who have been here over the last couple of weeks talking to you all, and they will tell you that that is their intention, is that they would not propose new projects here because of the uncertainty created by this new, overly burdensome government regulation. So you all know that I'm not necessarily on the same page as Governor Pillen on a number of things, but in this particular case, putting up a new hurdle that is unnecessary to these businesses. And again, there's-- there are regulations that are reasonable, and there are things you can do that are necessary for regulating industry and businesses. There are health and safety requirements that, you know, say some county wants to have a public meeting about whether they're going to site new hog confinements. That seems like a reasonable regulation for health and safety, local control. Might be something, some sort of government regulation you might not want to get rid of. But to take away the local control to allow counties to site those sorts of things, and put it only at the state level would be a mistake, right? So this is-- we're putting up a new hurdle to private industry to allow folks who want to come to our state, build projects and come into communities to engage in willing seller, willing buyer contracts for land, to engage in willing buyer, willing seller contracts for energy generation, to allow for private businesses to engage in individual contracts with other private individuals. What this bill does is prevents those entities from doing that, and puts up an artificial hurdle that is unnecessary. And I've said it a couple of times, I don't think the meeting requirements are really a problem, though there already are meeting requirements. When somebody goes to site a project in a county, they need to go to the county and get the county's approval. So they are subjected to those public scrutiny and the public coming there. But to require that they go to the Power Review Board and have them make a determination about whether the project is needed, whether the project is-- makes economic sense for the public convenience and necessity. These are private businesses spending private money that they are generally borrowing or financing. So to go back to that point about the power purchase agreement, I think someone said that they already have to have a power purchase agreement. And I would just point you to-- let's see, we're on AM2702, and then going on to page 6. So for private developers that they have, this is new, page 6, line 3. The applicant has entered into a power purchase agreement for the output of privately developed renewable energy generation facility. So that is not currently a requirement. So right now somebody could, if their economic model makes sense, all these guys do-- I'm sure we have some businesspeople here, bankers maybe, who have looked at prospectus

and forecasts, and no one is going to go and spend this kind of money to put in the amount of effort and time for contracts and for purchase of land, leasing of land, building contracts, bringing in the crews, things like that, without being pretty sure they're going to be able to make money off of it. Because these are expensive, large projects, but they can choose whether they want to enter into a power purchase agreement before they build the project, or they can enter into a sell on the spot market, whatever it is economically feasible for them. So that allows businesses to choose what is the business model is right for them without the government coming in and telling you exactly what business model is the right business model for you. Would anybody in here continue to engage in whatever industry they were in, if they could only do it exactly as we decided here? Would Senator Brandt continue to farm, raise hogs if he could only sell them to one buyer, if he had to sell them to, you know, I don't know, Fairbury Franks? Probably would be pretty proud of that, my kids love Fairbury Franks, by the way. They asked me to take their picture with them at the grocery store, which is pretty funny. I sent it to Senator Brandt. But if he could only sell them to Fairbury Franks, he might not get the best price. It might not make the most sense for him. And he might say, you know what? I'm not going to engage in that particular production because it doesn't-- I can't maximize my profit, and I can't do it the way I want to do it. So he's not going to engage in that. That's the same thing for folks in other industries, including renewable energy generation. There are, of course, lots of companies from across the country who want to build in Nebraska currently, and that is a good thing. We want to bring in the, the building jobs, the legal jobs, legal paperwork and all those sorts of thing, contracting. We want to have the maintenance jobs, and we want to have the leases on the land that help pay the property taxes in those communities. All of those things are good. Some people don't like them, I get it. Some people don't like the power lines that are necessary to connect them. I get that too. But there is local control that allows counties to prevent them from being built if the county decides so. Landowners can decide not to let them build on their land because they do not use eminent domain. They don't have the power of eminent domain. Lots of other people do, and I'm happy to talk about the folks that have power of eminent domain that I don't think should have it. But these are not those folks. These are people, companies, that come and engage in a willing buyer, willing seller contract or lease for land. And then they build projects that create economic activity in the state of Nebraska. I'm going to run out of time here. I'll point out one other thing. We did one of the--

DeBOER: One minute.

J. CAVANAUGH: Thank you, Madam President. One of the changes we made to state statute in some point in the last 20 years was allowed renewable projects to get access to state incentives. We did that because it makes economic sense for us to bring in these projects and the jobs and the economic activity that they drive to the state. So I do think you should reconsider your vote on this. I do think we should recommit this bill to committee, but I certainly think that we should not pass this bill because it will have either the intended or unintended consequence of stifling an industry that is growing in the state and creating more jobs, more economic development, and is good for the future of the state of Nebraska. So thank you, Madam President, and thank you, colleagues.

DeBOER: Thank you, Senator John Cavanaugh. Senator Brewer, you're recognized.

BREWER: Thank you, Madam President. Well, I will tell you that Senator John Cavanaugh has taken some real extremes with the truth on some of this. So let's go back and take a look at some of it just to keep folks focused here. First off, what we're talking about is out-of-state and out-of-country companies. Now, you say, well, why, why would we want to do a power purchase permit? If we have public power, and we have folks that are going to want to add to that power grid. Wouldn't we want to know about it? Wouldn't we want to have some oversight? And nobody's taking away the county's ability to go ahead and have their conditional use permit process. All we're saying is give the people a chance to talk to the people building the facilities to understand what's about to happen. Now if we take and set aside the public meeting part of this, let's talk about what we were, I guess, going to go back and forth and have a filibuster over. I think it's ironic. We're going to eat eight hours on a bill that does two things, and one of them is have a public meeting because some people are answering to the lobby. But that's all right. We'll go ahead and have it. Now. This is an online form that was handed out to everybody. So the company will get online and fill that out. Then they're going to have two more checks to make. They had their public meeting. Keep in mind, public power has to have meetings all over when they want to do things. We have power line, or for them to build renewables. For some reason, it's fine for public power to answer to the people. But out-of-state or out-of-country companies don't have to. Somehow that doesn't seem quite right, does it? Now, the power purchase agreement. Again, that is just simply to help public power. I talked in my

opening about why we are so unique in Nebraska. We're all public power. That's a good place to be. We've seen the results. Number one, number five. So there's a lot of innuendos being thrown out there. But please go to the amendment and read. Page 7, line 29. The board shall approve. Not may, shall. As long as you do your homework and check the blocks, it's a done deal. We're not holding anybody back. We're just trying to make them be fair. Madam president, I'd like to yield the remainder of my time to Senator Bostelman.

DeBOER: Senator Bostelman, you're yielded 2 minutes, 15 seconds.

BOSTELMAN: I thank you, Madam President. Thank you, Senator Brewer. I guess my question would be, as what following along with what Senator Brewer's talking about, as you know, where-- what's un-- what's unfair. Public power has to do it, why doesn't a private have to do it? Why doesn't a-- why doesn't a private developer care enough to come to the community that they're going to build in and talk to the people? Don't send your lawyers, because that's what they do now. The lawyer comes, and the lawyers are the ones who come to the area, and the lawyers are the ones who talk. Don't send your lawyers. Send a board member, and the rest can do it virtually. There's tens of thousands, tens of thousands of megawatts already in the queue at SPP for Nebraska and renewables. They've already decided, these renewable companies, they want to build a facility in certain areas of the state, that's already in the queue. What this bill would do is say, talk to the people in the local area, find out what their needs are. We talked about-- Senator Cavanaugh, John Cavanaugh, talked about funding, you know, property tax and that. Well, what about the new community center? What about those type of things as a community might want to have that that board can talk to him about to bring that facility in? Why don't they want to know-- why don't privates want to know what the people in the area have to say and what their interest is? Tens of thousands of megawatts are already being looked at in the state. That's in the queue at SPP. Not all that's going to get built for different reasons. Remind you, 2016, they used to do a whole lot more on renewables in order to build and Power Review Board actually had the denial process to do that. What this bill does is say, have a meeting, have a contract. You're going to build \$200 mega-- million facility, you're not going to have a contract with anybody to buy the power? Now we're talking about stranded assets. Those are the concerns, we should be concerned about that in this state. We don't want to have those fisc--

DeBOER: Time, Senator.

BOSTELMAN: Thank you.

DeBOER: Thank you, Senator Bostelman and Brewer. Senator Blood, you're recognized.

BLOOD: Thank you, Madam President. Fellow senators, friends all, all 12 people I think that are left in the Chambers. I don't disagree with much of what's been said by Senator Brewer and Senator Bostelman. But I don't think it does what-- part of what you're saying. I don't think it gives more local control. I think it takes local control away and adjusts how that local control works. And I'm not sure I'm OK with that. And I agree with some of what's been said-- and by the way, we wouldn't maybe have to go eight hours if we'd actually had full and fair debate on the first motion, but we called the question in under an hour with people who had never even spoken once. I have never seen that happen in the entire time I've been here, by way. So with the free market, the one thing that we always forget to talk about is that's supposed to be with limited government control. And when we talk about limited government control, or without limited government control, I keep thinking about what Senator Bostelman said about 2016, when we did strip powers from the Power Review Board. And then what happened after that? We had a boom, a boom in new projects, and it grew substantially. Now, I know that my part of the state and your part of the state have very different views on things like wind, and I respect that. And I know because I've talked to people in your end of the state about how they feel about it. And it's not that I ignore what they're saying, but I look at what it's done for the state. You talked a little bit about the SPP, and then what that means, Senator Bostelman, is that these out-of-state entities are paying for our energy resources that we develop right here in Nebraska. And what does that translate into? Lease payments to Nebraska landowners, taxes paid to Nebraska counties, jobs in Nebraska communities. So why wouldn't we want to add more renewable energy into the SPP and make it, I think, easier than harder? And I hear what you're saying. I do hear what you're saying, but what we're not really discussing is that public-- excuse me, private developers, when they develop these projects, when they build these projects, it helps our Nebraska ratepayers because it is private capital that they are using, and they are taking on the risk, not Nebraska citizens. What other projects can we talk about that? We are constantly giving money out to big businesses to give them a leg up. This is the opposite of what we do for many of our big businesses. So if a project's planned by a private developer, it does not happen, then that simply means they lost private capital, right? It doesn't hurt us in any way. But if a project planned by a public

power district does not come to fruition, then those capital costs can still be added in the rate base and put on the Nebraska ratepayers, even though they didn't end up using that power. It's just like Senator Cavanaugh said, where is the equity? Why are we having winners and losers? What has happened to the free market in Nebraska? And I have other concerns when it comes to restricting the free market, because, as you've heard other senators already say, we-- what we're doing is we're discouraging economic development in the state of Nebraska, but we're also adding risks when it comes to this sector. Why would you want to come in and do more business in Nebraska with that? Even with those two small changes that they keep telling us are small changes. Because to me, that's the whole point of the bill. After sitting here for eight years and seeing all the--

DeBOER: One minute.

BLOOD: --anti sustainable energy projects that people have tried to maneuver around and subject with additional hurdles here in our body. I'm wondering if these two small changes are really meant to be a big change to encourage people not to come to Nebraska. Because if it really is about development, I don't understand why we're here today, because we already do have public hearings, and if we really have local control, it's up to the local subdi-- political subdivisions to do their job and do their due diligence, because that's what they get voted to do, into office to do. Thank you, Madam President.

DeBOER: Thank you, Senator Blood. Senator DeKay, you're recognized.

DeKAY: Thank you, Madam President. I would just like to say what little I know about the power industry. I've been involved in it for the last 20 plus years, from generation to transformation to distribution. I've seen the whole spectrum of what our power grid works like in this state. Earlier in the evening, Senator Dungan talked about jumping through the red tape. Well, when it comes to the power association, they need, you know, pu-- investor owners need to meet the same criteria as what public power districts have to meet. And if they do, they will be granted the ability to build. The wind-- we talked about purchase power agreements. Prairie Wind, which is owned by a Warren Buffett Company, which is located north of O'Neill, has approximately 260 to 280 towers up and going right now. I don't think Warren Buffett is in the business to lose money. So those purchase power agreements do work both ways. The wind indus-- industry and the solar array are in the state in abundance. There's solar farms in Norfolk, Kearney, Venango, Central City. There's wind in my

district, north of O'Neill, which is Prairie Farms, which is Warren Buffett, Bloomfield, Crofton. There's other wind farms that are owned by public power districts. It's not Nebraska Public Power, it's like, like Loup Power down at Columbus has power wind towers. Elkhorn public power has a solar panels. There's Broken Bow that has wind towers out in the middle part of the state. There's over 600 megawatts, if I understand right, coming in the next 4 or 5 years to the state of Nebraska. Generation will need to be built. Small nuclear reactors aren't going to be on the table at that time, so that gives us some options to go with wind and solar. Some companies that want to locate in the state of Nebraska want renewable energy to be part of the source of their advertising to sell their products. The public power districts have worked with them to make those things possible for them so that there is that ability to have wind generation or solar generation to say that's, that's what their products were generated by. The generation mix by Nebraska Public Power that has part of goes from coal to nuclear to wind, solar, natural gas, hydro. We're working across the whole spectrum of generation mix across the state, and it's worked. With, with those different types of generation, the rates have not raised in, I think, 9 or 10 years. The point is that public power districts aren't opposed to the different types of generation, as long as it's reliable and cost effective and, and have worked, and I would guess would be willing to work with these partnerships in the future. I would yield my time to Senator Bostelman if he wants it?

DeBOER: Senator Bostelman, you're yielded 1 minute, 32 seconds.

BOSTELMAN: You yield me time? Oh, thank you. So, Senator John Cavanaugh and I are sitting around the side talking a little bit about this bill, and I appreciate the conversation, and there are things we can talk about. Maybe, maybe there's some opportunities here that we can work on together to find a way forward that, that maybe addresses some of the concerns or perhaps the main concern that, that those in the private side may have with, with the bill.

DeBOER: One minute.

BOSTELMAN: The thing-- the, the thing is again, the power purchase agreements are in-state, and that's what we're looking at, and, and we're not even, I mean, on AM2702, we're not-- we're not specifically talking about Nebraska Public Power has to, or public power has to purchase, I think that's an additional amendment that Senator Brewer has. But there's tens of thousands, again, there's tens of thousands of megawatts already sitting out there in the queue. So developer's

ready to come in, already found a spot, already has contracts signed, they're sitting there waiting to build it. So they've already talked to the folks. So OK, you come back and talk to the folks in the community again, get those-- get those together, and you report that-- you show that you got a power purchase agreement and you're off and running. So the Power Review Board doesn't say no, it's just a check the block. And that's the part that he's-- that Brewer is getting at with his bill. And again, in 2016 prior to this, it was-- it was far more arduous than this. And in 2016. this was a--

DeBOER: That's time Senator. Thank you, Senator Bostelman, Senator DeKay. Senator Walz, you're recognized.

WALZ: Thank you, Madam President. I yield my time to Senator Dungan.

DeBOER: Senator Dungan, you're yielded 4 minutes, 54 seconds.

DUNGAN: Thank you. Thank-- Thank, Thank you. Thank you, Madam President. Thank you, Senator Walz. I was just waiting there for the mic to be on. Again, appreciate the conversation we've been having here. So I've been digging a little bit deeper into trying to understand some of the ramifications of this. And what I think is interesting is obviously we think about the potential effect to solar, and we think about the potential effect to wind, as it seems like those are some of the two major entities that are being discussed a lot with LB399. What I think is getting lost a little bit in the wash is the potential impact on ethanol, and then also the potential impact on future sort of burgeoning new industries that we've already talked about here this session, like sustainable aviation fuel and other economic opportunities. So talking to some of my friends who work in the ethanol industry, who work in the renewable fuels energy, people from ADM, I've discussed with them this bill and asked how they feel about it. And they've expressed to me great concern. And essentially that great concern is if LB399 goes into effect, either with AM2702 or the other amendment that is currently being contemplated down the road from Senator Brewer, both of those could potentially have a chilling effect, obviously, on renewable energies coming into Nebraska. If you talk to those who were in those industries, they say that it essentially will kill it outright. The reason that affects ethanol is that in order for ethanol to be viable, to receive certain federal credits, there have to be certain conditions they meet. And to oversimplify, many of those conditions involve receiving a portion of their power either from green energies or renewable energies, or they require that the overall net carbon emissions of the production of

that ethanol meet certain requirements. If you were to cut out the entirety of our future renewable fuels industry, renewable fuels rather, if you cut out our entire solar and wind industry, or try to cut that back, you're going to see a huge impact on ethanol being able to qualify for those credits and to continue to operate in the state of Nebraska in the way they currently do. I know many people in this building, obviously, our farmers are there in the ag world, and they work a lot with ethanol, and that ethanol is one of the integral components of our economy here in the-- the current ag economy of Nebraska. So I think there's an unintended consequence of LB399 and the potential AMs that are being contemplated, that it would have a negative impact on the ethanol industry as a whole. So I think we need to be very aware of that. And as I also mentioned, if this is to pass, we could see a huge impact on a lot of these new industries like the sustainable aviation fuel industry. I was just talking with somebody who works with an organization that is trying to come into Nebraska to create sustainable aviation fuel, and their model is that they essentially build wind turbines that directly power their own plant in an effort to create sustainable aviation fuel that is not burning fossil fuels to process that biomass. So they're putting these wind turbines in to power their own plant. They're not selling it to any end user, nor are they then going to make a purchase power agreement or power purchase agreement, rather, with NPPD, or OPD [SIC], or LES or whatever it may be. But if they're required by virtue of this bill to have that agreement for the purchase of power ahead of time, it's going to completely upend their business model, and make it so that in the event that they were to try to locate to Nebraska, it would almost be impossible for them to meet all of the requirements of this bill. I don't think that we should be in the business of standing in the way of these new industries as they come into Nebraska, and I certainly don't think we should be in the business of telling people who are trying to come here to purchase up our corn, our soy, to produce these new fuels that they can't come in. And so I just want to be very cautious to my colleagues when they-- when they read some of these notes, when they listen to some of the debate, it sounds like it's a--

DeBOER: One minute.

DUNGAN: --small change. Thank you, Madam President. It sounds like it's a minuscule change and it's only adding in this, and it's only adding in that. But the unintended consequences of those requirements could be very large. So again in AM2702, we're talking about this application that potentially could be denied by the Power Review Board or in the other amendment down the road, if we get to Senator Brewer's

other amendment, we're talking about potential problems with that intrastate requirement, meaning within Nebraska, for the agreement to purchase power. Either way, there are burdens that are going to harm these industries, and we have to be very cognizant that we as a state don't try to push those out. So again, please listen to the debate. It's, it's more nuanced, I think, than it sounds on the face of it, and I look forward to having more of this conversation. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I support the motion to reconsider, and the motion to recommit to committee, and I oppose the AM and LB399. LB399, for a lot of reasons, poses a lot of issues. As an urban senator, you know, I'm usually not on a side of this, but, you know, just thinking practically about, you know, public power and just energy period, you know, LB399, you know, is anti-business. It will go against years of, like, efforts to-- of compromises for business in our state in wind energy and solar energy represents massive forms of successful rural economic development, you know, and it has been \$6.6 billion in, in, in new tax base in our state. And we have to think about that because we had these discu-- \$6 billion in, in, in new tax bases for our state. And we have to think about this when we talk about taxes this year, and we talk about finding new revenues for the state of Nebraska, and how are we going to balance our budget and how are we going to do all these things? And we-- and we have to think about new energies and new revenues. And this bill poses a lot of problems, especially-- you know, you hear a lot of times about different governments and what's going on and socialism and democracy and things like that. And if somebody produces an energy, why, why should they have to sell it back to the Governor-- to the government? You know, they should be able to sell it on the open market and produce whatever they produce. They shouldn't have to sell it back to the government. If that is such, then why aren't we in Cuba, or Russia, or somewhere else? If you produce the energy, you shouldn't have to sell it back to the government and you should be able to sell on the market, you know? And honestly, renewable energies are a thing that we have to acknowledge. And we can't just put barriers in place just because, you know. Maybe you don't like it and maybe you don't fully support it, but we need different energy sources for our society to survive. And this is an option, and this bill-- renewable energies are an option, but this bill will put up unnecessary barriers to those options, those unnecessary meetings,

those unnecessary barriers, and those restrictions that potentially will be placed for those projects in those communities. It's completely anti market. Why should anybody produce a source of energy and have to sell it back to the government? Why should they have to go through unnecessary barriers to get what they produce to the market? Why should that have to happen? It doesn't ha-- it doesn't happen in any other industry. And this bill will make that happen. And we should have to think about that. You know, we talk about growing a state, we talk about finding new ways to create new--

DeBOER: One minute.

McKINNEY: --tax bases or expand our tax base. But bills like this potentially puts barriers in place that makes that completely difficult and makes us uncompetitive with our neighboring states, and we have to think about that, and we have to look at the macro picture of all this. When we think about laws and things that were passed and in its place, we have to think about it and ask ourselves, are we really trying to grow the state of Nebraska? Are we really trying to compete with the rest of the country? Or are we trying to stay in the Middle Ages? The world is changing, climate change is real, and renewable energies may not be the solution for everybody, but they are an option and we can't deny those options, and we can't restrict the market because we don't like them. The market is the market and we shouldn't be opposed--

DeBOER: That's time, Senator.

McKINNEY: --to it. Thank you.

DeBOER: Thank you, Senator McKinney. Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President. For those following along at home, it's obviously getting a little bit later now, it's kind of quiet in here, it's a little bit dim. I was going to ask the Madam President for a gavel because I thought it would be funny. But I won't do it. I won't make her do that. There's just not a lot of people in the room. But I do think we're having a really good debate. And what's interesting about this issue, what's, I think really fascinating about LB399, and the proposals to go into that, is it's genuinely not a partisan issue. And when I talk to my colleagues around the room about who supports this and who opposes it, you see some real allegiances being formed across the proverbial political aisle, because we all, I

think, see different parts of it that we like or don't like or those concerns that we have. And so I just, I want to highlight that briefly, that this is not your typical, quote-unquote, filibuster, where I think you see people on the left fighting versus people on the right and all those kind of things. And I really like that because it highlights the fact that what we're discussing here tonight are actual issues that we have with this bill. But we also, I think, can cut through some of that partisan divide and really dig into what the actual problems are. So in talking with a number of my colleagues who I think are oftentimes a little bit more on the conservative side of things, they highlight the exact same things that I've brought up in the past year recently, which is that this bill, at its heart is an encumbrance upon business. It's, it's, it's an extra burden on private industry that is trying to come into Nebraska, create a market, or be a part of a market that already exists, and then create a commodity, create a commodity of energy, or participate in the production of our energy that can ultimately benefit all Nebraskans, thereby driving down potentially the costs, the more access to it we have. And so when we put these burdens on the industry, it just, it doesn't jive, I think, with what a lot of us want to see our state doing to up and coming organizations and companies. And then you can swing all the way around on the debate and you can talk about the environmental perspective and that we, I think Senator McKinney did a fantastic job of highlighting this. We have a problem. We have a long term problem, not just in the state, but obviously around the world of what we're going to do once our fossil fuels run out. And we don't have to dive too deep into that, but what I think Nebraska has sought to do is to be a part of the solution, instead of just kind of letting the solution pass us by and funnel into neighbor states, which we've seen happen in Iowa and Kansas and, and across the entire Midwestern spectrum. We, as it's already been pointed out, we were behind the eight ball, and we did not invest early enough as a state in these renewable energies, which has harmed us. But I think right now we see great opportunity. I've talked to a number of people who work in the renewables field, and it really is starting to kind of, amplify, and we're seeing exponential growth in that industry because people are realizing that Nebraska is the hub for a lot of these things that make it, frankly, one of the best places in the country to do a lot of these renewables, whether it's wind or solar or any other number of the new renewables that are being researched and developed, pretty much every year. We're an amazing place to locate those businesses, and we have businesses that want to come here. And if they ultimately decide to make Nebraska their home, that helps us across the board. It

ensures better access to that energy and ensures more reliable power across the spectrum. Because we're diversifying the grid, it ensures that we are being good stewards to our environment. And frankly, first and foremost, it ensures further business for our ag community. And I believe that we should not be in the business of hindering business. So I just want to highlight that again. I think that at the heart of it, LB399 and the AM that is attached to it, whether it's AM2702 or the one down the road, create hoops to jump through that, frankly, I don't think are necessary.

DeBOER: One minute.

DUNGAN: I try to time it when I see you lean forward, so that way you don't have interrupt me, so I try to do my best. But I think that does create hoops that aren't necessary, and they put the businesses in a situation where they have to ultimately meet criteria that we don't put on other businesses. That is, I think, going to create a problem with them continuing to exist in Nebraska. I 100% believe that the people of Nebraska have a right to have their voice be heard in these processes and procedures, and in doing my research and talking with people in the field, I am confident that there is currently a structure in place to ensure those voices can be heard, whether it's at the county board level or any number of other hearings that currently take place. I don't believe there's a situation where the people of Nebraska are being ignored, and I think that creating more of those hoops is going to be a problem ultimately for us. So, colleagues, I hope we continue to have this conversation. I would encourage you to vote green on the motion to reconsider, and ultimately, green on the motion to recommit to committee. Thank you, Madam President.

DUNGAN: Thank you, Senator Dungan. Senator Fredrickson, you're recognized.

FREDRICKSON: Thank you, Madam President. Good evening, colleagues. As we are entering the 9:00 hour shortly, I continue to rise in support of the reconsideration motion, and opposed to the underlying bill, LB399, for a number of reasons that have also been stated earlier. And again, you know, taking a more global perspective with this big picture, I want to just bring us back to something I referenced earlier, which is a lot of the theme in the conversation we've been having in this Legislature is around revenue, and around taxes, and around property taxes. And the question has been all year, how do we make significant cuts to property taxes? How do we provide that much

needed property tax relief in a way that's sustainable, in a way that is responsible as a state? And if we are actually serious about that, while still maintaining our state's-- all the needs that we have as a state, you know, in terms of road maintenance, in terms of funding public safety, all of the essential things we need, we need to be open minded about revenue sources. And so, again, one of my biggest concerns about this bill is that this will close us off to opportunities for revenue as a state. And I don't think that that is a fiscally responsible decision to make. I was actually looking a little bit into the legislative, a little bit of legislative history around this bill. And I always think that that's interesting to do. And one of-- my predecessor, actually, Senator John McCollister, who represented the district I represent currently before I did, he brought in 2016 LB824, which, you know, which was passed into law then, and it really made Nebraska on par with a lot of our sister states in terms of regulations and in terms of having opportunities for private investment in renewable energy. And so in 2016, this-- so the concern with LB399 is that this would take us back to where we were prior to 2016. And as Senator Dungan has pointed out, that puts us at a competitive disadvantage with our sister states and gets us-- potentially loses business opportunity and investment in the state. So the other thing that hasn't really been mentioned too much is, is the idea of, of private landowner rights. Right? So, you know, what do individuals have who own the land to enter into contracts with private investors, how much government, government interference do we want in that process with this? And I was looking at some of the comment letters that came into the committee on this bill. And, you know, a number of the small business owners reached in who were involved in the renewable energy field. One came from an individual who resides in actually District 36. They said, as a small business owner in the state of Nebraska who works solely in the development of renewable energy projects within the state of Nebraska, I oppose LB399 as it currently stands. I have worked in renewable energy development for over eight years in the state of Nebraska. I am proud to have successfully developed and seen the operations multi-- multiple current wind farms across this great state. I have had the privilege to work hand-in-hand with so many landowners throughout the state, creating relationships and friendships. Renewable energy is a-- is a simple technology with free fuel, an economic boom for small communities, a technology that provides economic, efficient energy to our grid. As our world changes, and the desire for new energy becomes more prevalent, why muddy the water for development? We continue-- we continue to work hand in hand with the prospective landowners, county

officials, and other local leaders assure-- to assure that we are abiding by county and state regulations. We provide insight and feedback to lawmakers throughout the process. As it stands, the system is not broken. Why try to fix it? I feel very strongly that private landowners reserve the right to make educated decisions and work with private energy companies as they see fit.

DeBOER: One minute.

FREDRICKSON: LB39-- Thank you, Madam President. LB399 creates an additional layer that is unnecessary. LB399 would damage communities, and it truly doesn't represent the people of the state whom you were elected to represent. So this kind of, I think, puts a little color to some of the conversation we're having about the actual impact this has, not only on Nebraskans, on jobs that are here, but on people who are doing business here and creating jobs. And so, you know, adding unnecessary extra burdens, taking us back to prior to 2016, which, again, to remind folks, since 2016 we've had over \$6 billion of investment of private investment in renewable energy sources in our state. That's real money. That's real property tax relief. These are the things that we're looking for, big picture goals. So I would encourage folks to be red on LB399. Thank you, Madam President.

DeBOER: Thank you, Senator Fredrickson. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President, colleagues. Now, after 9:00-- is this the latest we've gone so far? Somebody could tell me. 9:03, April 2nd. So, a lot of things have been talked about, and I did-- I did appreciate it. Had a good conversation with Senator Bostelman off the mic, and Senator Brewer, and I, I do again say that, you know, I have a difference of opinion with both of them about the necessity for this bill and what the right approach is, but I do really appreciate engaging with them, and that they're always in good spirits. Some people, if you watch the Legislature, can see that I'm often involved in, we'll say, conflict. And, some people don't appreciate the style in which I engage in a, a robust conversation. Other people are very collegial about it, and I appreciate that. But anyway, so there's a few things about this bill that I kind of want to talk about. One of them is, we were talking about what, what exactly it does. So-- and AM2702 has this new requirement added of the power purchase agreement before someone can go to the Power Review Board and ask for this approval. And then again, it adds this-- that adds the actual ability for the Power Review Board to deny these contracts. But

there's, I think, some consternation from folks who are in favor of this bill about thinking that it's just too easy, there's not enough things that folks have to do. There are a large number of meetings and approvals that any project would have to get at the local level before they even go to the Power Review Board with their current certification. So under the current statute, any project has to certify to the Power Review Board that they've checked a number of boxes, and I hesitate to say check boxes because it sounds very easy. But there are hoops they have to jump through, there are things they have to do. So they have to go to the local county. They have to get the approval of the county board for zoning. They have to get-- consult with Game and Parks. They have to define the joint transmission agreement. And I think that's an interesting one. When we were talking with Senator Bostelman was talking about the concern of stranded assets. And, for those who don't know, and maybe I'm not the best to explain this, but-- and Senator Bostelman can correct me. My interpretation of his concern there is this one about the intermittency of, we'll say, wind, just to pick one renewable, that when wind isn't blowing, there has to be electric generation because, say, the wind's blowing right now, maybe that's the power we're using to turn on these lights. But in the middle of the night, maybe the wind dies down and we'll probably still want the lights on if we're here for another three hours. So, those-- baseload power is what we call it, are those folks who can generate when the sun is not shining, when the wind's not blowing. So coal, natural gas, and nuclear, which I've said this many times, maybe not this year, I've toured Cooper nuclear down in-- outside Nebraska city. And if you have not done so, you should definitely do it. It's really interesting, enlightening. I went there for my first tour and spent six hours there, asked them every question I could think of about everything, and they answered them all. All the engineers talked with me. And so it's, it's, it was very helpful for me to understand the value of nuclear and the safety of it, which is kind of a thing that people are concerned about. Which of course is a valid concern, a legitimate concern, but it is with the amount of effort we put in to make sure it's safe, you know, they--

DeBOER: One minute.

J. CAVANAUGH: --rest-- put me at ease. But anyway, so the concern, though, as it pertains to this bill and the stranded asset is that O-- NPPD has to pay to continue the operation of Cooper, has to keep it up, has to have it ready to go. Cooper runs for something like 900 days straight, so it's baseload power, but we'll say a natural gas plant peak-- we call it peaking plant, maybe. They have to pay to

build that, they have to pay to have gas ready, they have to have contracts for the gas and all those things. And so those are costs that our public power is undertaking to be ready for if they need to. But-- so part of these interconnections, to go back to what was already currently required, these transmission development agreements do include costs that are paid for some of the existing infrastructure that these interconnected renewable power generators are paying to connect, to make sure that the transmission lines are up to, up to--

DeBOER: Time, Senator.

J. CAVANAUGH: --snuff-- Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. Good evening, colleagues. I'm still in opposition to LB399, and I am still in support of the motion to reconsider the vote to recommit to committee. I was going to check out early tonight because my kids are in spring break, but I was waiting, and waiting, and waiting, because on Thursday afternoon, the Chair of the Exec Board told everyone in front of God and-- that they would Exec on my resolution as soon as possible on Tuesday. It is 9:08 p.m. on Tuesday, and no one has told me what is going on. So what is going on? It's frustrating when you are actively feeling like you're getting rolled. Because I was told today that they were going to Exec on my resolution today. And then I have press telling me that they were told that that wasn't going to happen, and nobody has told me anything that's going on. Just perpetually handling this in the worst possible way at every possible turn. So I don't know, there's a couple of members of the Exec Board on the floor right now. Nobody, nobody's talking to me. Nobody is talking to me. I don't know what's going on. And I got so many text messages and emails from people today asking, have they Execed, have they Execed, have they Execed? When are they going to do it? When's a vote coming? When's it happening? Because the Chair of the committee announced it at the end of the hearing, the hearing that I begged them to just vote on it then. If they're not going to vote for it, put me out of my misery. Just do it. Vote for it. Vote either to move it or to kill it. But vote. Just do it. It's not that hard. It's exhausting. It is exhausting to keep coming here every day to have no resolution whatsoever. It's exhausting. And then to, to exist with nine of my colleagues who signed a letter demanding that the-- my own hearing for my own resolution be canceled. And have to spend all day negotiating with those people who couldn't even come

to me directly and talk to me about it. They just went behind my back and requested that the Exec Board not hold a hearing on my resolution that requires a hearing. If they didn't have the hearing, then it would have to be printed on the agenda, and voted on by unanimous consent. I don't-- This place is broken and I sound like a broken--

DeBOER: One minute.

M. CAVANAUGH: --record. And as hurt as I am by my colleagues who signed the letter, I have been trying very hard to not let that impact legislation. But I don't know what people expect when a person has nothing left. When you take everything, including my dignity, what do you expect me to do? It's not going to be pleasant. I don't understand. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Erdman, you're recognized.

ERDMAN: Thank you, Madam President, and good evening. You know, I've been listening to the debate by John Cavanaugh and Senator Dungan, Senator John Cavanaugh. These, these gentlemen have-- maybe Senator Fredrickson as well, have missed what exactly Senator Brewer was trying to do. I had made this statement earlier, this bill, in my opinion, should have been a consent calendar bill. And the reason I say that is because Senator Brewer, Colonel Brewer, has been working on this issue for eight years. Senator Brewer has worked with everybody involved to try to come to an agreement what makes sense. He's got it narrowed down that the Power Review Board has to make a decision, and then they move forward. Senator Hardin described to you, and some call it a solar farm, it's not a farm, it's an industrial complex in western Nebraska. I was at that hearing. The question was asked, if you-- if you generate electricity, where are you going to sell it? And they said we are working on a contract with WAPA. Working on a contract. So we got a \$1 billion project, and they don't have a contract with anyone to take the power they're going to generate. They're working on it. So after the hearing was over, I visited with the-- with the developer and I asked them if they were close to getting a contract with WAPA, and they said, we're working on it. They don't have a clue what they're doing. If we had a Power Review Board that would review what their permits were and what they were doing and who the contract was with, Scotts Bluff County wouldn't be dealing with these so-called developers who are not developers at all, but they're shysters. OK? They have 7 or 8 other projects, never generated one kilowatt yet anyplace in the United States. So if we had this bill

in place, Scotts Bluff County wouldn't be dealing with the issues that they are today. So Senator Brewer's bill is not restricting so-called green energy to come into our state. And all of these things that we say are fact, like global warming is a fact. Global warming has been happening for a long time, and there's no such thing as manmade global warming. So deal with that as you will. The CO2 levels they claim are the cause of global warming, and they say CO2 used to be 100 and some years ago like 2%. They have no way of knowing whether that's true or not. They didn't have any technology to test it. Now they say it's 4%. And without CO2, you and I don't exist. So all of this is smoke and mirrors. The only reason they build these solar complexes, these industrial parks with solar panels, is because of the tax incentives. Same with wind energy. Same deal. That's why every so often they replace the windmills so they can renew their tax incentives. Senator Brewer, Brewer's bill makes sense. It gives us an opportunity to have that information that's necessary to get the permitting and the process of who they're going to sell it to is open and transparent. We're a public power state. So all of this smoke and mirrors that we're talking about here, the recommit, and the reconsider, or for whatever reason, I don't know what it is, I would have to say, you maybe need to look at the accountability and disclosure--

DeBOER: One minute.

ERDMAN: --of some of the people that are opposed to this. Because it doesn't make any sense. They're not restricting anybody from building anything. They're just asking you to go through a process to make sure that you have the correct permits, and you have an agreement to take the power. That's all he's doing. So I am in support of AM2702 and LB399, and I'm opposed to the recommit and the reconsider motion. And my intention was to call the question. But 19 of us have checked out. And so I don't know if there's enough here to vote. And so we'll continue, I think, till 10:00, and then we'll reconvene tomorrow. And for whatever reason, we're going to continue to waste time. And I think there's another ulterior motive to wasting time rather than just on this bill. But that's for another conversation. Thank you.

DeBOER: Thank you, Senator Erdman. Senator Brewer, you're recognized.

BREWER: Thank you, Madam President. Well, I'd have to agree with Senator Erdman. There's more going on here than meets the eye. So they wound up their talking heads and stuck them in here to talk about this bill to eat time on two little issues. I don't know that it's consent calendar, but it doesn't deserve an eight hour filibuster. There's

ulterior motives. The sad part about it is a lot of them out there in the rotunda were the ones that came in and spoke against the idea of restricting the burying of the blades of wind towers in Nebraska. They're environmental groups, and yet they want you to bury wind blades in Nebraska. And I'll bet you some of the ones that spoke are the ones that are also against the XL pipeline. But you know what? You can dig a great big hole on the Sandhills, fill it with concrete and steel that goes down to our aquifer, and that's fine. So forgive me if I put little value on what they say. The other part about this is they come up and they love to throw innuendos and false statements. Ethanol. Going to affect ethanol. Read the bill. Show me in a bill where it says it's affecting ethanol. That's just a Crazy Ivan that they threw out there to try and poison the bill. So if I seem discouraged, it is because I think we have things that we have a discussion on that really have a purpose and a value, but we're going to sit here and talk about how this is a negative economic issue. We let wind come in. They have an easier time in Nebraska in about anywhere. And let's talk about taxes being paid. I wish Dungan, Cavanaugh, Fredrickson-- I'll ask Fredrickson. Senator Fredrickson, can I ask you a question?

DeBOER: Senator Fredrickson, will you yield?

FREDRICKSON: Yes. Of course.

BREWER: How do the wind companies pay taxes?

FREDRICKSON: Well what happens is they bring industry into-- they create jobs. And so when people are employed, they pay income taxes. And so when they invest money into the state through these jobs, that creates revenue.

BREWER: All right. Nice try, but you failed. All right. Here's how it works. They have what's called a nameplate capacity tax. It's for renewables. Now the catch to this is it was established in 2010 and has never risen. Would it not be nice if your property tax had not risen since 2010? Are they paying their-- paying their fair share if that's where they're at? So as they come up and you throw all these Crazy Ivans out here, I just ask that, first, read the bill. Make sure you understand what it says. Because when I described how it specifically says, shall, when it comes to being approving of the power purchase agreement, that means as long as they meet those requirements, which they're already meeting, they just need to have the meeting, the public meeting, have a member of their board and

notify them ahead of time that you're going to hold it, and then be able to do the power purchase agreement as part of it. Again, that's going to be confidential between the renewable and whoever it's with. They just need to make sure they check it. This, again, is already being done, the one that I had dropped off to you. So all we're doing is asking those two things on the back page again. Now you're trying to make it sound like those are incredibly difficult things to do. They really aren't. You would not have gotten wind-- or excuse me, would not got public power and the Power Review Board to agree to it you haven't. So if you have a question about ethanol or how this is done, Tim Texel with the Power--

DeBOER: One minute.

BREWER: --Review Board-- Thank you. --Is out there. Go talk to him. Ask him the questions. Because I would hate to see us have to do an eight hour filibuster on this bill over something that isn't true. Just look at the simple facts of it, and be sure that what we're discussing is an honest effort to look at the issues within this bill. Thank you, Madam President.

DeBOER: Thank you, Senator Brewer. Senator Blood, you're recognized.

BLOOD: Thank you, Madam President. Fellow senators, friends all, I st-- I do stand in motion the reconsideration. And the reason that I'd like to see it go back to committee is not because I want the bill to die, it's because I want us to be able to come to better terms on, on what we believe it is. I know Senator Brewer has been talking about talking heads. Senator Brewer, I've not gone on the rotunda once during this debate. I believe there's more that we can do to make this better. I don't want to see something you've worked so hard on go away. If we can come to terms with a couple of issues, which is why I've offered an amendment, by the way. And I was against the XL pipeline. So I don't know, I don't know if I don't fall in the group with the other people, but that's kind of where I'm at right now. And I do support local control, especially over the renewable energy projects, especially with respect to environmental concerns. But when you talk about things like Section 3 of the amendment, it recognizes local control as vested in the county board for each respective county, saying this, that I believe it's the best mechanism for protecting our resources. And so we know that renewable energy projects are largely in rural Nebraska, I get that. But they also already face over 50 permitting steps at the federal level, the state level and local levels. So I don't understand why we're adding another

review step, no matter how simple we say it is, because I feel like we're trying to seek out a particular demographic because we don't like what they're doing, and we're just kind of opening the door a little bit when we've tried to open the door bigger in the past. So when we would try to open the door bigger in the past, people were against it. Those bills didn't get through, unfortunately for the people who brought them forward. So now let's just start with a little thing, a little thing that if we open that door, that maybe, just maybe, we can eliminate some of the people that we don't want in our state, because we don't necessarily believe in the free market. So I look at amendments like mine, and I want to make sure that we put renewable energy control back where it belongs, to the local elected leaders who actually know their communities. That's what it's about for me tonight. It isn't about seeing if we can sink Senator Brewer's bill. It's about making sure that the people that have worked so hard in this body to bring alternative energy to Nebraska, that we're not spitting in their faces. You know, in my district is a senator, a previous senator who's now on the city council in Bellevue, and big into Green Bellevue, like Green Bellevue is an outstanding group in our community, and they do so many good things in our community. And he is one of the fathers of wind here in Nebraska, Senator Dan Preister. And we talk about what goes on in the Legislature frequently, about how so often we digress, we go backwards and we forget why we started doing it in the first place. It's about local control. It's about control of your land. You know, we we like to tell people to stay out of our business until we don't like what's going on next door. You know, the NIMBY, not in my backyard? And it may be two small changes, but those two small changes can lead to something that's not good for the free market here in Nebraska. We want to make sure that we're not repeating our sins of the past, that we are continuing to keep things flexible, keep things open, but still above board and still public, which they are now--

DeBOER: One minute.

BLOOD: --without putting on any more additional burdens. If we believe in local control, then let it be. Those elected officials are elected for a reason. It is not our job to tell them how to do business. We're already doing that with that big tax bill we talked about earlier today. I, I don't know when we became such a nanny state. This is crazy. So there's nothing wrong with recommitting it if there really is truly a purpose and they're not trying to kill the bill. So why can't we reconsider this, to recommit it to committee? There's still time. They can have the committee hearing tomorrow, but we need to do

something that makes more sense than what we're doing right now. It's not as simple as I think he think it is, I really, truly believe it opens the door to much more damage that's going to happen in the future. You heard about unintended consequences? I think these consequences are clearly intended, and there's a lot more to it than meets the eyes. Thank you, Madam President.

DeBOER: Thank you, Senator Blood. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I am still in support of the reconsider and recommit motions and opposed to LB399. So I'm reading through the statement of intent. It says the following constitutes the reason for the bill and the purposes which are sought to be accomplished thereby. LB399 changes how privately owned wind generation projects are approved in Nebraska by restoring authority to the Power Review Board and requiring public hearings before wind projects can, can be approved by the board. Then I go to the original copy of this bill, and I see no mention of wind projects in the original copy of LB399, which is interesting. But the statement of intent is to require wind-- requiring public hearings before wind projects can be approved. But if you read the original copy of LB399, you will see that there is no mention of wind projects. So if they're saying that we're confusing the intent of the bill, I think the statement of intent is confusing the intent of the bill, because if you read the bill, there is no mention of wind projects, and maybe I'm just confusing it. So then I go to the AM, and it says some other things, but it's not specific to wind projects. But would Senator Brewer yield to some questions?

DeBOER: Senator Brewer, will you yield?

BREWER: Yes.

McKINNEY: Senator Brewer so I'm looking at the statement of intent for LB399, which states that LB399 changes how privately owned wind generation projects are approved in Nebraska by restoring authority to the Power Review Board and requiring a public hearing before wind projects can't be approved by the board. Why do you want this requirement?

BREWER: Don't you think the people ought to be able to have a say if you're going to install a wind facility in their county?

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McKINNEY: That's not necessarily my question. I'm asking why do you want the requirement?

BREWER: Well, because I've had to live with counties, 13 of them, that have been trying to be able to have a voice so that they didn't build wind generation in their counties and not have any oversight of it, because if they build a wind tower next to your house, you just devalued that house, because nobody's going to want to buy it from you and and look out their front door and see this. So it's not fair to the people if they don't have a say in a way of having a meeting to, to find out what's planned for that particular project.

McKINNEY: So if I develop a particular form of energy, should I be required to sell it back to the government?

BREWER: In Nebraska, where we have public power, you need to have a power purchase agreement so that the power company is aware of the, the taxing that you're going to have to it. Because if you build a wind farm, when the wind farm was generating electricity, if you weren't integrated into public power, and then all of a sudden you're going to have a drain on public power, and they're not going to know it unless you have a power purchase agreement, so they know that there's going to be a spike and a valley and the amount of energy that they need.

McKINNEY: So how do we account for the open market? So if, if, if I generate some energy and I would like to sell it to the open market, and I don't want to sell it back to the government--

DeBOER: One minute.

McKINNEY: --do you think that's fair, that if I generate energy that I should be OK with selling it to the open market, though?

BREWER: Well, I mean, when you sell it to OP-- whoever, you're, you're selling it back to an open market. I mean, they bid daily on, on rates. And so it's not like we can have them build 200 mini, little places that, that generate their own power and then they-- because they have to use transmission lines, which is owned by public power. So if we're going to have public power, we have to be able to have it integrated and coordinated or else there's going to be brownouts and blackouts because it's, it's going to have power that's uncontrolled.

McKINNEY: OK. Do you think this might potentially put up unnecessary barriers?

BREWER: Well, if you just simply-- we've talked about how difficult this is. It really-- most of what they're doing now, it's part of it. So we're not asking a lot more. And the public meeting, everyone seems to get concerned about that, but that's only fair to the people.

DeBOER: Time, Senators.

BREWER: Thank you.

McKINNEY: Thank you.

DeBOER: Thank you, Senator McKinney and Senator Brewer. Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President. Colleagues, I rise again in favor of the motion to reconsider and, ultimately, in favor of the motion to recommit and opposed to the underlying AM and LB. I just came from conversations about sort of where we used to be and where we are now with regards to wind energy, in particular, in the state of Nebraska. And, again, this is not my wheelhouse. I don't have the, the historical context for this, but in talking to those who work within the industry, my understanding is that, you know, for quite some time there was a slight development in the renewable energy field here in Nebraska. 2010, 2013, you saw sort of a slight growth in that industry, and then it was around about 2016, where our laws were modified in order to streamline and sort of acknowledge the process that we currently have here in the state with regards to the development of these renewables. And what's interesting about the graph is it just-- it skyrockets. And what that is indicative of to me is the fact that, you know, the modification that we've made in the past with regards to our laws as they pertain to the process and the procedure for these kind of facilities being, being built is that we've, we've kind of hit the sweet spot. We have put ourselves in a position where we for a long time weren't seeing a lot of benefit, but now we as a state are finally seeing a lot of these companies and these entities come in and decide to produce here. Senator John Fredrickson and others were kind of highlighting some of the economic benefit of this. My understanding from looking at some of the data is that across Nebraska, generally speaking, the clean power has developed over 3,550 megawatts of operating wind, solar, and energy storage capacity. That's, that's a pretty massive amount. Granted, it could be higher, but that's a pretty significant amount. It helps support an annual investment of nearly \$55 million across the state through payments to landowners and in state and local taxes. I'll

admit, I probably wouldn't have been able to answer all the specifics that Senator Brewer was asking about earlier with regards to how those taxes are ultimately remitted, but from looking at the data and looking at the numbers, \$55 million across the state. And overall, that industry has invested over \$6 billion, with a b, \$6 billion in the state of Nebraska, which overall has created a workforce of about 2,200 jobs that produced this homegrown American, Nebraskan energy. Those numbers are really significant, and one of the things that I've always kind of looked towards in this conversation with regards to renewables and biofuel is what is the economic impact to our state. And what we know is that when we create a friendly environment for those organizations to come here, it puts us in a position where we are, ultimately, going to be benefiting from that increase in, in the companies coming here. Now, that doesn't mean we have to be overly generous, right? Certainly, we, we don't want to put ourselves in a position where we're just saying, yeah, sure, come in regardless. You know, we're not going to back-- background check you, we're not going to have you come talk to the community, build whatever you want. We don't care. That's not the current process. My understanding is the current process is a relatively onerous system. Not only do you have local entities like the county board and others that have these open hearings where people do come in, and I've watched these hearings where they do come in to testify before county boards about their, their opposition or their support for these kind of things. But you also have federal standards that have to be met with regards to permits. And there's conversations that have to happen with the EPA. I mean, these conversations that occur are not done in the matter of, of minutes. And I think to, to imply that it's currently overly easy for these projects to come to Nebraska, I simply would respectfully disagree. And so I stand, I guess, opposed to further burdening an industry that has created such an economic boon to our state without causing some known harm. And, you know, granted, sitting here in, in Lincoln, being in LD 26,--

DeBOER: One minute.

DUNGAN: --thank you, Madam President-- I am not probably as directly affected by being closer to these projects, but I have spoken with a number of individuals who live next to wind turbines, who live next to these solar panels that have been installed. And the vast majority of people that I've spoken to are not burdened by them. And so, certainly, I always want to make sure members of the community are listened to, and I always want to make sure that Nebraskans have their voices heard. I simply think the current regulations that are in place

permit that, and to implement some of the proposals here is going to further burden those companies. And I'm, I'm worried that on this graph, we're going to find ourselves not just plateauing but declining back to where we were in 2013 before we actually saw this industry come in and help us. So, again, colleagues, I think this is a business issue as well as an environmental issue and I, I appreciate us continuing the conversation and I imagine we will continue to do so for at least a little longer tonight. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Vargas, you're recognized.

VARGAS: Thank you very much. I rise in opposition to the amendments on LB399. I appreciate Senator Brewer for his work. I do. And just for context, we don't just say that, we, we, we do believe it. It's OK for us to disagree on issues. It's, it's not a bad thing. I say that because I've had bills that have not made it out of General File or have gotten killed on the floor or-- and have gotten talk to death, and, and sort of died slowly. The intention is not necessarily that, I'm just in opposition to a couple different things. One is the free market side of this. I believe that there is an intent to provide transparency in this bill which I don't disagree with. The issue I have is when we're providing transparency in a space where this is a private market, we don't provide that same level of transparency or these public meetings in this in-- and there is transparency in local control that is already embedded in the process for many of these different types of companies. But the issue is that we, we don't provide this same type of process for every other private industry that could have some sort of an environmental impact. And if we did, then maybe, you know, in terms of consistency, I would be in support of it. But what I do see is an opportunity-- the opportunity in terms of the private investment that we have seen with renewable energy development in Nebraska is incredibly sound. We've seen-- we've seen the financial results and we've seen the economic impact. It's not saying that there aren't liabilities or there aren't consequences, there are with everything, you could see that-- I've seen that in, like, the food processing industry, there are also consequences. But we also are seeing private industry develop in places, create jobs, provide tax relief, provide economic development communities. And there are local entities, local control, local elected officials that weigh into the current process that currently exists for renewable energy development. So the question is, is that not working? And if that is in itself not working, are we applying the rule of trying to address this in every single market, not just in renewable energy? So I'm concerned that we are sort of picking and, and choosing an

industry based off of-- I don't know the reasons behind it necessarily, but that we're only picking one industry rather than applying it to all industries. I had a bill back in my first year, actually, that would have provided some more transparency, a little bit more oversight within drilling sites across Nebraska. The bill didn't get out of committee. It, actually, was killed in committee by former Senator Hughes. But one of the things that we want to try to make sure to do was, in that instance, provide some more liability and, and make sure that there's a process for individuals in the community to be able to have insurance coverage to be able to fill up drilling holes. Unfortunately, we didn't get it out of committee, but one of the feedback that I got was, we're not really applying this to every single private industry. And I did take that to heart, which is how do we make sure we are treating every different kind of industry similarly in this and do we not have some transparency with public hearings? I do support local control. I think the one instance where we usually run in-- I run into, where I'm contrary to that, is when I-- I'm supportive of either capping, spending, or, or putting some caps on requiring a vote of the people for tax relief in some way, shape, or form-- or, sorry, for increasing taxes or increasing levies. But in every other instance, I tend to support local control and I want to--

DeBOER: One minute.

VARGAS: --make sure that we're continuing supporting that. And I do want to make sure that we're actually growing this, this renewable energy industry and economy because we are not keeping up with other states. And so I hope there's somewhat of a balance moving forward which is, how can we make sure we're not creating more onerous hoops to jump through? Which I've worked on legislation to try to reduce that in other spaces for private industry, but also make sure that the voice of landowners and people in the community are also heard and are able to hold current elected officials accountable to decisions that they're already making. And I heard that, that that, actually, has happened, which is very encouraging to me, which people are saying I don't agree with what a county commissioner has done and then that county commissioner has, potentially, lost their seat. At least that is one level of accountability that we should be seeing. It's the same kind of accountability where if people aren't lowering their tax levies or, or spending--

DeBOER: Time, Senator.

VARGAS: Thank you very much.

DeBOER: Thank you, Senator Vargas. Senator John Cavanaugh, you're recognized and this is your third opportunity.

J. CAVANAUGH: Thank you, Madam President. Ooh, I wasn't keeping track. Thank you. So it's been an interesting conversation. I appreciate the conversation on and off the mic from colleagues about this bill. So it's my understanding of how these projects pay taxes is that they pay on the nameplate capacity like Senator Brewer was talking about. And I just looked at this American Clean Power fact sheet for Nebraska says we have 3,564 megawatts in Nebraska. So that times the nameplate capacity is about \$12 million in taxes that are distributed to those local communities. Aside from all the other, I think, revenues that are derived, including in-- income for employees and construction and then the purchases from those employees and downstream and all that kind of stuff. So that would be my read on that. I wanted to go back to AM2702, but-- I'm reading from AM2702 for parts of the law that are currently in effect. So these are requirements that are required to be certified to the Power Review Board. So this is what a project has to do right now. And we're looking at-- so going back to page 5 of AM2702. And if you all recall, there's-- so under the current law-- there we go-- page-- bottom of page 4, top of page 5. So currently a project has to certify in writing no less than 30 days prior to the commencement of construction that they have done certain things. So one is that it'll-- the private electric supplier will comply with the decommissioning requirements adopted by the local government entity. So local control there. Next is private electric supplier has entered into a prior-- prior to commencing construction will enter into a joint transmission development agreement pursuant to subdivision (c) of this subsection with electric supplier own-- owning the transmission facility of 60,000 volts or greater, to which the privately developed renewable energy generation facility will interconnect. So, essentially, they have to enter into an agreement. There's already an agreement, agreement for the transmission. So this is an essential function. Obviously, you can't sell power if you can't move it. And then the next is the private electric supplier has consulted with the Game and Parks Commission to identify potential measures to avoid, minimize, mitigate, impact the species identified under subsection (1) or (2) of the project, planning, and design-- wait, did I skip page-- section-- I'm sorry, Section 37-806 during the project, planning, and design phases if possible, but if no later than the commencement of construction. So they have to go through all these things, right, they have to prove they're going to be able to

decommission it. They have to prove that they are going to be able to interconnect it, and that the interconnection will be up to the task, meaning that if-- when they enter into a contract with whoever owns the transmission lines, that they-- if they need to be upgraded, that they would be responsible for that upgrade to make sure that it can carry that power, that electricity. And so that is a, a payment to the, we'll say, the fixed sunk costs. So one of the big problems in the electric generation game, we'll say, is that there are a lot of sunk costs. There's a lot of transmission lines, distribution lines. There is big facilities that require maintenance and ongoing and the fuel cost is kind of like the one that's moving, you know, coal, natural gas, nuclear. But in wind and solar, the fuel cost is free.

DeBOER: One minute.

J. CAVANAUGH: You still have all those other costs, maintenance, interconnection, transmission costs. So the-- but these projects have to meet that standard. So-- and then as to the meeting requirements, there are-- they have to go to the zoning board in the county in which they're attempting to get this built. They have to talk to the Roads Department. They have to talk to Game and Parks. So there are a lot of meetings. Maybe there's an opportunity to beef up those meetings. I, I don't know, that's not necessarily what's being proposed here. But what we do know is that the onerous-- Senator Vargas just used, and I'm sure it was used a lot tonight, maybe we can all use the word onerous, but the onerous requirements put on these projects by this bill either as amended under AM2702 or as amended proposed under AM2912, that's the problem, the requirement--

DeBOER: Time, Senator.

J. CAVANAUGH: Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Senator Brewer, you're recognized and this is your third opportunity.

BREWER: Thank you, Madam President. All right. Well, when we're talking about the bill, we shouldn't talk about the original bill. We shouldn't talk about the amendments up until the last one, because that was the last one to change anything. So-- just so we're on the same sheet music there. Now, let's talk about the reality. Here's what you're going to have to do if you want a build, you're going to have to name the company that's going to do the building, comply with the Power Review Board requirements, follow the decommissioning. And

that's going to be from the local government of your county. Joint transmission agreement, so you're going to have to move the power somewhere as Senator Cavanaugh said. You're going to have to consult with Game and Parks for obvious reasons. And now all we're doing-- and read the bill-- I'll be glad to take you to page and line here, a PPA, power purchase agreement and the public meeting. So we're all over the place talking about all the, the terrible things that-- that's going to happen because we're killing all wind energy or, or solar energy in Nebraska. Again, that's just not true. We could not have gotten to the point where public power would have sat down with us and worked through six different versions of this, along with the Power Review Board if that's what we're doing. That's not what they want to do. They need power. They need to be able to have a mix of power. And, and I support a mix. I have not supported wind energy in the Sandhills for obvious reasons. You want to stick 60 tons of steel and concrete into a location that has less than an inch of topsoil/grass where the water tables at 30 feet, and you're going to have to go to 50 or 60 feet to stabilize it. Plus, we got the most beautiful place on Earth in the Sandhills of Nebraska. To, to take what we're talking about-- and, and I think you can apply both solar and wind to it, is, is insane. We don't have many tourist opportunities in Nebraska. It's one of the few we have. And to litter it, turn it into Iowa like some think we ought to do, it's not worth the [INAUDIBLE]. I mean, people move there and they live in pretty harsh conditions out there because they love the beauty of the Sandhills. People that drive through it say there's nothing like it on Earth, and I agree. So it's ridiculous to say that what we're trying to do here is to not allow any future renewables. All we're trying to do is say, listen, if you're going to build in Nebraska, we need you to, to do the following things to assure that we're integrated with public power, that our Power Review Board does exactly what we hired them to do. Why have a Power Review Board if you're not going to do anything? And if you don't believe me, again, whether you want to talk to public power or you want to go talk to Tim Texel, they're out there, and they can tell you why we spent all this time coming up to agreement. But it's like whatever story you want to hear on the floor now becomes the gospel. And I would love to take some of them that have been on the mic and sit down and talk about Southwest Power Pool and talk about integrating power, and just see how, how many are on talking points on their computers that some lobbyist gave them, or how many of them actually understand the significance of it. So we will continue this, and I'll keep coming back to the very minor things that we're trying to do. And at some

point, we're going to bring this to a close and, hopefully, common sense will carry the day. Thank you, Mr. President.

DeBOER: Thank you, Senator Brewer. Senator Dungan, you're recognized and this is your third opportunity.

DUNGAN: Thank you, Madam President. Again, good evening, colleagues. I don't have to recap quite as much when I'm speaking closer to myself here after there's less and less people in the queue. But I do think it's, you know, 9:52 we find ourselves in a place where my understanding is we might be ending here at 10:00. And so I think we're probably getting closer to the end of the evening. And I want to, you know, take a step back and kind of talk about this from the broader perspective yet again. I will reiterate my appreciation for those who have worked on this bill. Any time you have a bill that is important to you that you've worked on hard as an office, especially when it's a priority for another senator, it is of the utmost importance. And you work really hard to get that across the line. It doesn't always mean people agree. But I think it's good to have conversation about that. For those who remember, Senator DeBoer previously this year did prioritize my LB175, which also had a filibuster and ultimately didn't make it to Select File, and that's the way the process works. And I can't say that I was pleased with that, but certainly the body spoke and we had a conversation about it. So I don't think that today's debate is purely about self-interest by, by those who are pushing back. Certainly, as I said, this is not my personal wheelhouse. I've had to do quite a bit of learning and research in this. And, and I'll be honest too, when I heard some of the early opposition, I was skeptical when people brought to me their concerns about what LB399 and then AM2702 and the other amendment down the road, AM2912, the harm that it could bring to the industry. I, I was-- I, I listened, but I was skeptical because I-- it sounds-- it sounds like a lot. So I went and talked to a number of folks, like I said, who, who work in that industry and by the end of those conversations, found myself truly understanding the impact this could have. And what I know will probably-- what I know will likely happen is once this goes into effect, there's going to be these burdens that are going to be much harder to meet. Those burdens are going to have a chilling effect on whether or not industries choose to invest here in Nebraska. They certainly don't have to, right? There's a number of states that are around us right now that have welcoming environments for a number of these organizations and entities. There's a number of companies that choose not to do business in, in states that are going to put extra burdens on them. And so whether or not we like the effect

that this could have, whether or not we think it is either legitimate or illegitimate or an overreaction or a perfectly normal reaction doesn't matter if what we do here tells those industries and those businesses that this is going to create additional regulatory burdens and put them in a position where they can go elsewhere. So, you know, again, obviously we always want to have regulations in place that permit members of the community to have their voices being heard. We always want to have regulations in place that ensure, above all else, safety and reliability, but I, I simply think that there are already sufficient guardrails in place to achieve those goals. And I do think that, you know, speaking specifically about the language of AM2702, because we don't have the other amendment on the board yet, so I know we're not going to talk about that too much, but AM2702 creates an unreliability by virtue of the fact that our current law allows for the certification of meeting certain requirements, at which point in time you are then permitted to build, versus an application process that not only has the current rules in place, but additional regulations that one has to meet. And even after meeting those regulations, it is entirely possible that the Power Review Board could say no. And that's the problem. The problem is for these organizations-- I'm sorry, these companies to invest the upfront capital and time and energy into meeting those certain requirements, but to have the uncertainty of whether or not their application is going to be accepted or denied puts them in a position as a business to not want to invest in Nebraska. And I, I completely understand that because when you--

DeBOER: One minute.

DUNGAN: --thank you, Madam President-- when you leave that up to chance, you put yourself in a position where it could ultimately be money that just is essentially out of your pocket with no actual return on investment. And so I don't believe that we should be in the business of telling those businesses that if they do certain requirements, they ultimately could still be denied. That is my-- that is the crux of my opposition to AM2702. I think there is a broader opposition I have to some of the pushback that we've seen as a state against renewable energies. I think that renewable energies are part of the broader solution. I had a very good conversation with Chair Bostelman about how it's never just one thing, it's always going to be a puzzle where multiple things have to go into the solution. But I do believe that renewable energy in Nebraska is a large part of that puzzle and I look forward to Nebraska continuing to be a part of that

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conversation and really helping those entities grow. Thank you, Madam President.

DeBOER: Time, Senator. Thank you, Senator Dungan. Mr. Clerk, for items.

ASSISTANT CLERK: Thank you, Madam President. Your Committee on Enrollment and Review reports LB1288 is placed on Final Reading. Have a confirmation report from the Retirement Systems Committee. Amendments to be printed: Senator Vargas to LB1355A; Senator DeKay to LB1301; Senator Conrad, LB1393; and Senator Bostar to LB399. In addition to that, Senator Dungan, amendments to LB399; and a motion for LB399. Senator Cavanaugh, amendment to LB600, LB1120, LB1169, and LB1394. Name add: Senator Dover and Senator Bosn, both to LB910. Finally, priority motion, Senator Conrad would move to adjourn until Wednesday, April 3, 2024 at 9:00 a.m.

DeBOER: The question is, shall the Legislature adjourn? All those in favor say aye. All those opposed say nay. The motion is successful. We are adjourned.