

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate August 13, 2024

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the eleventh day of the One Hundred Eighth Legislature, First Special Session. Our chaplain for today is Senator Clements. Please rise.

CLEMENTS: Thank you, Mr. President. Please join me in an attitude of prayer. Heavenly Father, we thank you for the opportunity to represent the people of Nebraska. 1 Peter 4:10 says, as each has received a gift, use it to serve one another as good stewards of God's grace. Thank you, Lord, for creating us with a purpose. Help us to recognize our gifts and use them wisely to serve the people of Nebraska. Help us to remember to be good stewards of your grace as we discuss issues and make decisions here. We pray today for understanding to make decisions that honor you and that benefit our state. Today, we pray that you watch over and give your grace to our Governor and his staff, each senator and our legislative staff, and the Supreme Court and judicial staff. We ask you to watch over and protect our families, and our state and national leaders. We pray for protection for first responders, and the military, who keep us safe and free. We pray that we will be God-fearing and recognize we are accountable to you for each decision we make. As we honor you, may you continue to bless the people in the great state of Nebraska. In Jesus' name we pray. Amen.

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

HARDIN: Join me. 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: Thank you. I call to order the eleventh day of the One Hundred Eighth Legislature, First Special Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: There's a quorum present, Mr. President.

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

KELLY: Are there any messages, reports or announcements?

CLERK: There are none.

KELLY: Speaker Arch, you are recognized for an announcement.

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ARCH: Thank you, Mr. President. I want to give the body some pre-notice of what I would anticipate for the remainder of this week, the next few days. Of course, the problem we all are faced with, and we have from the very beginning, is we don't know outcomes as we, as we move through the week. But in order to provide the body with as much notice as possible, there are-- I'm going to make some assumptions as to the outcome, so bear with me. Today through Friday, we will be convening at 9 a.m. and taking a 1-hour lunch break from 12-1. We will not be having a dinner break. Adjournment will-- time will be anywhere between 7 and 9 p.m., contingent on that day's debate. I do intend for us to meet on Saturday. It should be a short day, convening at 9, perhaps adjourning at 3, as we work, as we work through the bills. So I just wanted to give everybody at least the tentative schedule, as I see it going for the rest of the week. Thank you, Mr. President.

KELLY: Thank you, Mr. Speaker. Mr. Clerk, please proceed to the first item on the agenda.

CLERK: Mr. President, General File, LB34. First of all, a priority motion. Senator, Senator Linehan would move to indefinitely postpone the bill pursuant to Rule 6, Section 3(f).

KELLY: Senator Brewer, you are recognized to open on LB34.

BREWER: Thank you, Mr. President. And good morning, Nebraska. We are here to talk about LB34. I will start by opening on the bill-- the original bill as presented to the committee. And then, you'll get a chance to hear how it morphs from that into the bill that we'll actually discuss here today. So with that, LB34 was a concept from almost 7 years ago. It was originally LB576. And we came to a decision on this bill for a number of reasons. First off, property taxes were too high. Surprise, surprise. Property taxes shouldn't go up, in theory. Property taxes have been a very old and difficult problem that we have faced here in the Legislature, and have struggled to come up with a solution. And probably most importantly, people's patience have ran out. And it's time to act. LB34, if it becomes law, would cap property taxes at 2024 levels and stay that way for 4 years. If passed, LB40-- LB34 would be the failsafe clock to try and fix the problem of property taxes. Now, keep in mind. This is the original bill that I'm describing to you now. So what we would do is we would take things and freeze them for 4 years. Doesn't mean it has to stay 4 years. What it means is it gives a clock, a time, an opportunity to figure out what right looks like. The Legislature could pass a bill to unfreeze those and move forward at any time. This bill would not lower

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property tax, as written and presented to the committee. The idea was that through all of our efforts to try and fix property tax, all we have done is managed to slow the increase at best. This bill would force us to come up with a solution or answer to all of the 600 local units of government on why we cannot come up with a solution. So this is simply a 4-year freeze. With that, I will close on LB34. Thank you, Mr. President.

KELLY: Thank you, Senator Brewer. Senator Linehan, you're recognized to open on the motion.

LINEHAN: Thank you, Mr. President. And thank you, everyone, for being here this morning. And I know it's going to be a complicated and difficult day. So I think we should just get to business, so I will pull that motion.

KELLY: Debate-- with objection, debate continued. You are recognized to continue opening on your motion.

LINEHAN: OK. I'm, I'm not good at filibustering bills, people. So, anybody want to jump in here and help me on what I'm supposed to do next? I want to get to a discussion about the real subject before us. And by looking at the board, I think that most people want to get to that discussion. So what I would suggest is I'll just talk about the amendment that we're trying to get to. LB-- AM73 to LB34 is-- includes a local government cap, which has been worked on all summer between the League and NACO. It was CPI. We changed it to state and local government consumption expenditures. This was something that Senator Bostar brought to us. It was something that, that the cities and counties thought more reflected what they actually spend. As I heard more than once in hearings, they don't buy toasters, they buy cement. So it's-- and the initials are S-L-C-E, state or local government consumption expenditures, or zero, if we have-- where there's no inflation. There are still exclusions to the cap, such as approved bonds, declared emergencies, use of unused budget authority, an imminent and significant threat to public safety, an override by the voters, and public safety. So, if you'll recall, firemen, policemen, district att-- excuse me-- county attorneys, public defenders, anything to do with public safety is excluded from the cap. School District Property Tax Credit Fund is included. There will be a credit assessed against property taxes levied and not valuations. This was originally in LB1. The credit will apply to the front end of the property tax statement. This is for the first year. So for the first year, we're already too far along into the school year, into the budgeting process. So for the first year, the LB1107 additional money

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we come up with, whether it's exemptions from sales tax or appropriations money we have-- the Appropriations Committee will be talking about later this week--- that all goes to the front of the property tax statement people will get in January. So no more I gotta write a check to pay my property taxes to claim it on my income taxes to get it back. And most importantly, it will be going to the people that aren't claiming it now, so it'll be more fair. The natural resource districts-- and I forget whose-- I wish I had-- I need to know whose these bills are. The nat-- oh, it's Senator Wayne. Is he here? Senator Wayne, would you yield to a question?

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

WAYNE: Yes.

LINEHAN: So the way-- I'm not-- I don't remember exactly. You brought a bill to Revenue Committee, trying to have the natural resource districts take their property tax off the property tax-- they get-- they still get a tax.

WAYNE: Correct.

LINEHAN: And it'll work just like the first property tax credit statement. The state would start paying for the natural resource districts, right?

WAYNE: Correct. Yes.

LINEHAN: OK. So what, what that means is in the first year, the state, just like we did on the first property tax credit or what I call tier 1, it'll be a credit of 50% of taxes paid to the natural resource districts, or NRDs. In tax year '25, it would be a 75% credit, and in '26, it would be a 100% credit. So as we've talked about many times, there's so many different taxing entities on that statement. So if we can take some of them off, so we're not-- but we're not affecting them. They still have their boards. They still have their taxing authority. We're just going to pay the bill. Senator Wayne, I have another question, if you would yield, please.

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

WAYNE: Yes.

LINEHAN: Senator Wayne, you had brought-- and I'm sorry, Senator Wayne. I didn't give you a heads up on this. You had brought a bill to

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the Revenue Committee concerning state reimbursement of jails.
Correct?

WAYNE: Yes.

LINEHAN: So in those conversations, we talked about-- and Senator McKinney's been all over this. And this was part of our conversation. We're going to build a new prison, right?

WAYNE: Correct.

LINEHAN: But isn't the problem, if we-- even if we build a new prison, we're just replacing the prison we already have. We're not building any more capacity. Right?

WAYNE: Correct.

LINEHAN: Well, that was an argument. But--

WAYNE: Correct.

LINEHAN: --the goal is not to build more capacity, but to update the prison.

WAYNE: Correct.

LINEHAN: So part of the reason you brought this bill, is you've had discussions with the administration. So have I, is that if we could use the resources that are spread all over the state, we could better-- explain how that would help, as far as populations of jails and prisons.

WAYNE: So the, the short-term solution is to reimburse the counties some funding, because over 90-95% of the people who are sitting in county jails are charged with state crimes. So if we're the ones passing those state crimes, we should be not putting that burden on the county. The long-term solution is to look at coordination of all of our county jails and our prison system to figure out how to better serve people. So if in western Nebraska, there is a need for a more drug treatment center versus a, a prison, because we started flowing in dollars, we can start having conversations with those county officials about maybe there's a drug treatment center that we can put more people in through across the state of Nebraska in this particular area. And we can build more efficiencies around our corrections and our prison system instead of having the counties bear all those costs.

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LINEHAN: Thank you, Senator Wayne. Thank you. So that's where the county jail reimbursement came from. Thank you, Senator Wayne. Would Senator Blood yield to a question?

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

BLOOD: I will.

LINEHAN: Senator Blood, part of the-- this amendment includes a bill you brought to the Revenue Committee. Would you like to explain what that is?

BLOOD: Sure. I was trying to find ways to generate revenue, so we wouldn't have to tax all the things that were originally given to us, trying to protect the middle class. And what I brought forward was a tax or a fee, similar to what Colorado has. It was a 27-cent fee that if you have items that are taxable already-- this does not apply to nontaxable items. So when you got those fearful emails about groceries and medications, it does not apply-- that it allowed us to, to charge the company a 27-cent flat fee, again, as they do in Colorado. And if they want, they can pay it, or they can pass it on to the consumer. We did a lot of research. We found that in Colorado, that businesses did not close down, that people did not stop ordering. In fact, it was quite the opposite, much as what happened with Omaha's restaurant tax. And that-- we also provided exemptions for both small businesses that make under \$500,000 a year, as well as for new businesses.

LINEHAN: Thank you very much, Senator Blood. So my thought process on that is if you're going to have something delivered to your door-- and we-- I think, in the committee amendment and this was probably in your bill, too, we exempted medicine and food, right. You're not-- if you have food--

BLOOD: Medicine and food were already exempted because they're not, they're not currently taxed in Nebraska.

LINEHAN: So-- but if I go this weekend, if we get any weekend, and I go on Amazon and I buy a hair dryer and shampoo and I figure out how to have it all in one box, that would be, in your bill, it was 27 cents delivery fee.

BLOOD: Right. It's not a percentage. It's not an excise tax. It is a flat fee. And we did the math. And for the--

KELLY: One minute.

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BLOOD: --average consumer, it's about \$14 a year.

LINEHAN: Thank you very much, Senator Blood. Senator Kauth, would you yield to a question?

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

KAUTH: Yes.

LINEHAN: You brought a bill to the floor that was regarding a lookback on homestead, right?

KAUTH: Correct.

LINEHAN: Can you explain what that bill does and the cost?

KAUTH: Sure. So last-- this past session, a bill was brought to protect people who are on homestead exemption from getting kicked off their homestead exemptions strictly because of the valuation rises. As I've been going out and talking with my constituents, I found several people who in '21, '22, and 20-- pardon me, '22, '23, and '24, had already been kicked off because their valuations had risen so high. So this is strictly a lookback, to say we're going to extend that back 3 years. The fiscal note on it was \$136,000, and that is just to change things within the computer system. Thank you.

KELLY: That's your time, Senator. Thank you, Senator Kauth and Linehan. Mr. Clerk, with a motion.

CLERK: Mr. President, Senator Wayne would move to recess the body until 10:30 a.m.

KELLY: Speaker Arch, you're recognized to speak to the motion to recess.

ARCH: Thank you, Mr. President. I'm unclear on the-- on, on the purpose/strategy of this. I do not support this. I think we need to continue our debate. I would ask that you vote no on this motion.

KELLY: Thank you, Speaker. Thank you, Speaker Arch. There's been a request to place the house under call. All those in favor vote aye; all those opposed vote nay to place the house under call. Record, Mr. Clerk.

CLERK: 22 ayes, 8 nays to place the house under call, Mr. President.

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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. Senators Vargas and Halloran, please return to the Chamber and record your presence. The house is under call. All unexcused members are now present. There's been a request for a roll call, reverse order, on the motion to recess. Mr. Clerk.

CLERK: Senator Wishart not voting. Senator Wayne voting yes. Senator Walz not voting. Senator von Gillern voting no. Senator Vargas voting no. Senator Slama voting no. Senator Sanders voting no. Senator Riepe voting no. Senator Raybould voting no. Senator Murman voting no. Senator Moser voting no. Senator Meyer voting no. Senator McKinney voting yes. Senator McDonnell voting yes. Senator Lowe voting no. Senator Lippincott voting no. Senator Linehan not voting. Senator Kauth voting no. Senator Jacobson voting no. Senator Ibach voting no. Senator Hunt. Senator Hughes voting no. Senator Holdcroft voting no. Senator Hardin voting no. Senator Hansen voting no. Senator Halloran voting no. Senator Fredrickson voting no. Senator Erdman voting yes. Senator Dungan voting no. Senator Dover voting no. Senator Dorn voting no. Senator DeKay voting no. Senator DeBoer voting no. Senator Day. Senator Conrad voting no. Senator Clements voting no. Senator Machaela Cavanaugh voting no. Senator John Cavanaugh voting no. Senator Brewer voting no. Senator Brandt voting no. Senator Bostelman voting no. Senator Bostar voting no. Senator Bosn voting no. Senator Blood voting no. Senator Ballard voting no. Senator Armendariz voting no. Senator Arch voting no. Senator Albrecht voting no. Senator Aguilar voting no. Vote is 4 ayes, 40 nays, Mr. President, to recess the body.

KELLY: The motion fails. Returning to the queue, Senators-- I raise the call. Senator Slama, you're recognized to speak.

SLAMA: Thank you, Mr. President. And good morning, colleagues. I rise today to oppose LB34 as amended. When you examine this plan, let's keep it simple. Today's bill costs \$1.8 billion. \$1.2 billion comes from existing property tax relief, \$600 million from new taxes. It does not touch valuations. As far as we've been told, so far, without the addition of LB2, it does not cut spending, either. I'm going to get up later today to break these numbers down more, I'm sure. But my message for you today is this. Speaker Arch has outlined that a bill which fails on cloture can come back up, up to 3 times. So if you vote against cloture today, you are not voting to kill this bill. A vote against cloture is simply a message that we step back and take the time necessary to make this bill better. As a Republican, I cannot

support increasing taxes to tell people we've tried to cut taxes in other ways. It does not make sense. If you are not comfortable with that, do not vote for LB34. 2/3 of this money is not new tax relief. At most, these numbers represent less than a 25% cut in property taxes, if you assume all else to be true. 2/3 of that is existing relief, so that takes you down to a less than 10% cut, which costs \$1.8 billion. If you are not comfortable with that, do not vote for this bill. Moreover, the math is inherently flawed. A large chunk of that new tax revenue is based on a flawed projection on sin tax revenue. The projection use so far projects a 50%, 2-year increase in sin tax revenue. No revenue modeling best practices recommend predicting sin tax revenue increases, period, much less a 50% increase in sin tax revenue over the course of 2 years. It is not real. If you are not comfortable with that, do not vote for this bill. The math is even more flawed in other areas. We're kicking millions of dollars of this bill towards the General Fund, which are not going towards property tax relief. If you are not comfortable with that, do not vote for this bill. And the math matters. And why is that? Because we're throwing billions in new state funding obligations for education into this plan without numbers that work. Governor Pillen can harp all he wants that he had town halls across the state. But will he come to the town hall in your rural district, announcing that your rural school will be consolidating? If you're not comfortable with that, do not vote for this bill. What this bill does is creates a monster that you'll need to deal with later, so next year or the year after, to fully fund. Sure, we've taken out taxes on things like ag inputs and machinery, but this bill simply is not enough to cover the new obligations created. So you will inevitably face the question next year. Do you raise taxes on ag inputs, or do you shut down the Class C or Class D school in your district? There is no right answer to that question, but if you're not comfortable with that question being asked, do not vote for this bill. Nebraska has the sixth highest per capita tax burden in the United States. This bill does not cut that. In fact, it increases our state's overall tax base by \$600 million. Unless you believe Nebraska can tax its way out of a tax crisis, do not vote for this bill. This bill raises taxes disproportionately on the poorest taxpayers in our state, for the sake of providing disproportionately high payouts to our state's wealthiest landowners. It's not designed to keep little old ladies in their homes or help family farmers in crisis. This is a bill to benefit millionaires and billionaires. If you are not comfortable with that, do not vote for this bill.

KELLY: One minute.

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SLAMA: If you harbor any doubts about this bill today, do not just vote for cloture to kick this bill to Select. We're operating under special rules and protocols in this special session, so providing a vote for cloture is your stamp of approval on this bill. I'll have more time later on to talk about more of the structural problems with this bill. But my overall message, unless you are 100% confident with every line in this 122-page bill, do not vote for it today. Thank you, Mr. President.

KELLY: Thank you, Senator Slama. Senator Kauth, you are recognized to speak.

KAUTH: Thank you, Mr. President. I rise in support of AM73 on LB34. The tax shift has been going one direction for decades, with special interest exemptions forcing that tax burden on property owners. Politicians seem to view property owners as their own special piggy bank. Buying a home should be a main component of the American dream. It's the single biggest investment most people make. Our property taxes are robbing hardworking Americans of their dreams. Our property taxes are keeping people from taking those steps out of renting and into ownership. If you're not voting for this bill, you're actually pulling the ladder up behind you and deliberately keeping people out of home ownership. Our taxes are that high. They are hurting people. As I go door to door talking with people in my district, I'm encouraging them to send me letters. And I'm going to read a few of those today. From a constituent: I'm being taxed and insured out of my home after 25 years. The assessed value keeps increasing. I protest but lose, because I can't prove my home was not recently remodeled like the homes in the area that are selling. I've won a few times over the years, but it takes a tremendous amount of time and effort, and then the value is greatly increased the following year. OPS doesn't lower their levy, so I pay more property tax. The insurance company increases the premium because of the increase in assessed value. If we sell, we would simply trade for a smaller home for the same cost because of the increase in interest rates. I'm not sure of the specifics of the tax plan, but I fully support switching to higher sales tax and lower property taxes. Next constituent: For reference, we moved into our home in Armbrust Acres in 1994, 30 years ago this coming October. We are lifelong Omaha residents, but have seen our home's property valuation increase over the years, along with the property tax. As a comparison-- and it gives me the breakdown. In 2021, their valuation was \$337,000. By 2024, 4 short years, \$461,000. Their taxes are now \$7,607. In 2020, we purchased a home on the Lake of the Ozarks, Osage Beach, Missouri. Current real estate valuation: Close to \$750,000. Our property tax this year on that property was

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\$1,616. In the next few years, we will be downsizing in Omaha, most likely to a condo, and making the Missouri property our primary residence. We have family and many friends in the Omaha area, so we'll maintain a residence here, but property taxes will be one of the driving factors in our move. And by the way, sales tax in Osage Beach, Missouri, is around 10%. The next one. The assessed value of my property has increased by 59% over the last 5 years, including 22% this past year. The associated property taxes have increased accordingly, and make it increasingly more difficult to envision how I will be able to afford my home as I near retirement. The increased value of my home is meaningless while I still own it, as I am not realizing any profit or gain. Many homes-- comparable sales-- have sold and resold in my neighborhood over the last 10 years, providing ample data to the Douglas County Assessor's Office to justify their valuations. While my house has more value to the taxers of Douglas County and the state of Nebraska, the increased tax burden is increasingly cumbersome to us as homeowners. This special session, I introduced LR6CA, which is a constitutional amendment based on Prop 13 out of California, that would tax property--

KELLY: One minute.

KAUTH: Thank you, Mr. President-- at 1.5% of the sale price. That would make it a fixed cost that you could bank on. We wouldn't have these surprises. I would like to see that this session. If not, it's coming back next session. And finally, I wanted to share a couple of thoughts, as I think they're relevant to the discussion, from a constituent: We moved to Elkhorn in 2021 from Boise, Idaho. The main reason was to get closer to our family. In planning for the move, which was also in conjunction with our retirement, we knew property taxes would be almost double what they were in Idaho for a home of similar value. We estimated \$10,000 in property taxes based on research. Three years later, our taxes are now \$15,000, and we have to find another \$5,000 a year we had not planned for. While values have gone up dramatically in Idaho, the taxes don't, as they lower the mill level accordingly.

KELLY: That's your time, Senator.

KAUTH: Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. First, I just want to start by saying thank you to Governor Pillen, for having the courage to pull a

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group together this summer that was a great cross-section of the Legislature, to work on this problem and to try to create a plan, or at least a framework of a plan that we could bring back here at a special session, and try to deal with this issue of property taxes. I can tell you that there is no question, in my District 42, that property taxes are the highest issue. They are the biggest issue by far, of anything that I talk to, when I, when I met with people, knocking on doors 2 years ago, and as I see them at fairs and shows. That is their issue. I can tell you that the working group thought about a lot of things, and they said, do we want to go big or do we want to go small? And they said, let's go big. You can always cut that back. So what came after the, the failure of LB388 in the regular session was LB1, which had everything probably, and the kitchen sink in it, with the idea that the Revenue Committee, after having hearings, would work on that bill and figure out how to streamline it, how to shape it, and how to bring something that could be passed. And that's what they've continued to do. So I want to also say thank you to the Revenue Committee, because they were all-- all the Revenue Committee members were also part of the working group. And they sat through all the hearings. They listened to the input from the second house. And they have worked on 3 different renditions, and now brought LB34. What I'm hopeful of is that we'll actually debate the bill today. I'm hopeful that we will not spend our time today holding blocking motions, priority motions here, to keep any amendments from being brought to the floor to legitimately fix the bill. We're going to hear from people that are saying, I want to cut property taxes. I've always been in favor of cutting property taxes, but this isn't the right bill. OK, then let's fix this bill. Bring your ideas, bring your amendments. But those aren't going to be able to be brought if we're going to sit here with priority motions that can't be pulled and we block any legitimate amendments from coming to the floor to fix it. That's not coming here in good faith. That's not coming here and trying to fix the problem. This is trying to avoid fixing the problem, and then take cheap shots at the Governor and the Revenue Committee and others who might be supporting the need for a change. Is this bill perfect? Far from it. There are a lot of things in this bill I don't support. But I can tell you that I know at the end of the day, if we're going to make hard decisions, these decisions are not going to please everyone. In fact, they're not going to please everyone. But ultimately, we've got to do something about the problem. Senator Kauth is exactly right. We've run through the numbers before. What's happened over the years is this Legislature-- over the years, the Nebraska Legislature has approved property-- or sales tax exemptions, one after another, after another, after another. And they went home to

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their constituents and said, we cut your taxes. We cut your sales taxes. But what did they actually do? They shifted those sales taxes to property taxpayers. So today, back in 2023, property taxpayers cumulatively across the state spent \$5.3 billion in property taxes. That same year, we collected \$2.3 billion in sales taxes.

KELLY: One minute.

JACOBSON: Thank you, Mr. President. We need to think about that balance. We need to think about that balance by repealing some of those previous exemptions, raising that revenue, and using it to reduce property taxes. Property taxes are in crisis. We are losing people from this state because of property taxes. If this isn't the right bill, then bring amendments today to fix it. Let's engage in good dialogue. Let's don't engage in name-calling and trying to just stop anything from happening, and we all go home with nothing. Let's try to fix the problem. If there's a problem with the bill, let's fix it. Thank you, Mr. President.

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

LOWE: Thank you, Lieutenant Governor. I would like to commend the Revenue Committee and Senator Linehan for dealing with this issue, and I have told the Governor and others that if this bill passes, it, it will be the best bill for my family and myself since I've been here at the Legislature. But it has also been emailed to me that retirees are going to leave Nebraska if we don't pass substantial property tax, tax relief. Well, in Forbes, which came out last week, by an article from Laura Begley Bloom, new report names the best state to retire-- hint. It's not Florida. And she continues on. When you think about retirement, you might picture sunny Florida with its warm climate and retirement communities, but it's not the best state to retire. According to a new report from Bankrate, which just issued its annual ranking for the best states to retire in the United States-- to create a comprehensive analysis, Bankrate used data from several sources, including Tax Foundation, the Council for Community and Economic Research, the U.S. Census Bureau, the National Oceanic and Atmospheric Association. States were evaluated across 5 categories, including affordability, overall well-being, quality of cost of healthcare, weather, and crime. The winner? Delaware. I don't hear many people saying they're going to leave Nebraska for Delaware, but it is the best state to retire in, according to Forbes. I will continue. Following Delaware is West Virginia. I don't hear many people saying that we're going to retire to West Virginia when they list places

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they're going to retire. And Georgia took third place. Well, now you're getting into warmer climate. I could kind of see that, but I don't ever hear of anybody say, I'm going to move to Georgia to retire. South Carolina ranked fourth. It made a big leap this last year, from 19th. Missouri rounded up in the top 5. Now, I do hear people are saying that they're going to retire to Missouri. But it made the list thanks to its affordable metrics such as cost of living and property taxes that we do here. But on the downside, it has difficulties with healthcare quality. Do we think about that as we're getting ready to retire? Yes, we do. Overall well-being and crime, yeah, we do think about crime when we're thinking about retiring. Iowa, which was the best state to retire in '23, dropped down to ninth place due to higher cost of living. Now, isn't that what we're talking about, with some of these taxes? Now, I'd like to go through the states from the bottom up. Now we've gone through the top 5, so we'll start at the bottom now and see where Nebraska places. Number 50, Alaska. Brr, I can understand. New York, that I can understand. Washington, they have moderate climate there. California, what great climate they have there. But we don't hear people saying, I'm going to move to California, because of the tax situation there. Massachusetts. Locally, Colorado ranks 44th. I hear people say, well, I'm going to move to Colorado. They got low property taxes. But they have other issues there. Maryland is 43rd. Texas, Texas is 42nd-- way down in 42nd. I hear people, I'm moving to Texas. Minnesota, I can understand that. Nevada, for those that like a little gaming. Vermont, 39th. New Hampshire--.

KELLY: One, one minute.

LOWE: Thank you. 38th is New Hampshire, Michigan, Arizona, 36th place. New Jersey, Oklahoma and Louisiana. We're getting south. Utah, Connecticut, Rhode Island, Maine, Montana are all below Nebraska. Montana, a very conservative state, you'd think people would want to move there. North Carolina, Ohio, New Mexico, Arkansas, Indiana, South Dakota, Kentucky, Wisconsin, Tennessee, Oregon, Hawaii, Illinois, Virginia, Idaho, and Kansas all rate below Nebraska. And number 13 is in the-- is Nebraska. We are well in the top 25 of great places to retire. So when people say they're going to move from Nebraska because it's unaffordable, it is very affordable for retirees and their health, and crime. Things to think about when you think--

KELLY: That's your time, Senator.

LOWE: --about retiring. Thank you, Lieutenant Governor.

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

J. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. So I rise in support of the IPP and opposed to the bill. And for those who may be confused, you can debate basically any part of the bill, even though we're on an IPP. The reason I support the IPP is because I oppose many portions of the bill. I appreciate Senator Lowe's comments. And after I get off the mic, I'll probably ask him for a copy of that article because I did find that very interesting. I appreciate Senator Slama's comments. I, I appreciate a lot of comments from folks so far. And I really do appreciate the work of the Revenue Committee, as I've said before. A lot of us watched the committee hearings on TV, but we weren't in the room for all that time, and so it was a real marathon. And so it's quite a testament, I think, to the work that they-- their stamina, the work they did. I participated in town halls in both Omaha and Lincoln, the 2 biggest communities. And the number one takeaway was folks do want some sort of property tax relief, but they don't want a massive tax shift. And Senator Slama correctly pointed out that what we have before us is a bill that will increase taxes by 600 and some million dollars. That has to come out of somebody's pocket. And the-- one of the biggest problems I have with this bill is that it disproportionately takes that in-- increased revenue and gives it to massive landowners, folks who maybe don't even live in the state of Nebraska. So when we're talking about people will make up for the property tax cut with additional sales tax purchases, some of those folks don't live here and are not going to be spending any money, so they're just going to derive the windfall. Not to tout my own bill, but I did bring a bill that addresses that issue, which was a universal homestead exemption for the first \$100,000. And though it does have a price tag, it was targeted relief. It was essentially \$2,200 to every homeowner in my district. And I said at that hearing that that bill, paired with a bill like Senator McKinney's rental assistance is the type of relief Nebraskans are looking for: targeted to folks who live here, work here, own property here, or aspire to own property here, and it costs less than the types of ideas that shift massive amounts of money out of their pockets into the pockets of large landowners. So that's the essence of my opposition here. I did-- just to pick one section of the bill that demonstrates this. I believe it's Section 52 and 53, which, if you are looking at your bill, which we received yesterday, it looks like about page 72. There's a section in which the state will be capturing an additional 12% of cities', counties', municipalities' local option sales tax. So we all understand folks pay, the state collects 5.5% sales tax, and then the

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cities have an option to collect an additional amount. So the city of Omaha, I think, collects about a cent and a half, which I'm told accounts for about \$250 million in the city of Omaha. City of Omaha has that source of revenue and property taxes. So what's going to happen going forward if we start capturing 12% of Omaha's local option sales tax? Where are they going to make up that additional loss in revenue? They're going to have to make it up on the backs of property taxpayers in Omaha. Senator Jacobson was right about that. Whenever we give a property-- sales tax cut exemption, that has to be made up somewhere. In this case, the state will be extracting 12% of Omaha's local option sales tax to put into property tax relief for large landowners in the rest of the state. And Omaha is going to have to make--

KELLY: One minute.

J. CAVANAUGH: --that up-- thank you, Mr. President-- on the backs of its property taxpayers, or cut services. And we can have a bigger conversation about what cutting services looks like. And I know the committee recognized the importance of public safety, police and fire, but there's a lot more to that as well. But the fundamental objection I have is the extractive nature, regressive nature of this proposal to increase revenue on the backs of working people, the poorest, the least able to make those decisions and changes and move to those other states, in the interest of folks who maybe don't even live here, to give a giant windfall tax cut. So again, you can debate sections of the bill-- just talked about a specific section-- while we're on the IPP--

KELLY: That's your time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

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

ALBRECHT: Thank you, Mr. President. Good morning, colleagues. Good morning. Nebraskans. I'll tell you what. This is the perfect storm. And if we don't take advantage while we're here in special session to do what we've promised every person that we've knocked on their door or visited on the telephone about their property taxes-- this was the same 8 years ago as it is today. Have we made some progress? Yes. But even today, with what this has whittled down to, Governor Pillen had a very, very bold plan with a lot of great ideas. But as sitting in the Revenue department [SIC]and listening to 67 bills-- and we listened to

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everyone, from those who could afford the property taxes and don't complain about it, to those who are renting and on fixed incomes and, and have other issues with this plan. But if not this plan, what plan? We have worked with everyone across the board. I was with the Governor last year and this year on his working teams to try to come to a resolution that would fit most all property taxpayers in the state of Nebraska. But a lot of people didn't want to play in the sandbox. So LB1 went to the wayside just as quick as we heard it. So now, as a legislative body, it is for us to go forward and do the best we can for Nebraskans, for all of us. You know, when, when the valuations first came out, and we were-- I was down here, of course, for a meeting. And I couldn't believe the number of people who had "for sale" signs in their yards, just in the city of Lincoln. And driving home from here, you know, up north, people are having to make tough decisions, folks. I mean, even our-- not just your property tax. I mean, our insurance bill at the farm went from \$6,400 twice a year to \$7,200 twice a year. I mean, everyone has to start making some hard decisions about what you're going to do with your homes, with your families. Is this the right place to be? I'm not going to say that everybody's going to leave Nebraska because of that because we all love it here. But if we all love it here, we all have to figure out how we can be a part of the solution and not run away from it. Senator Linehan, my hat goes off to her. I mean, I've worked with her for 8 years now, and all of us had the same concerns coming in 8 years ago that we still have today. And that doesn't go away, because we have 49 people to convince that one bill is better than the other, or we have to continue to make tweaks to get where we're at. I just really feel like with the time that we have spent and the energy that we've put into this, there was a call for special session and it needed to happen this year. A lot of us are leaving. A lot of you will be left to take care of this. But I'll tell you what, next year would be a pretty easy year for all of you if you pass something like this and you understand that the number one reason that we're here talking about this is spending. It's not about the valuations, folks, because everybody wants their property to increase in valuation so that you can continue to, to be able to buy things, and to be able to sell your property for more than you bought it for. All of those things come into play. But we're here because levies are not being lowered. They're not-- we don't hold the line when valuations go up. People must lower their levies--

KELLY: One minute.

ALBRECHT: --for us to be able to capitalize on what we need to do every day, in our own homes, on our own farms, in our houses. And I

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understand that, you know, we went into this talking about valuations, and we end up deciding to fund-- fully fund schools. Because it was never meant to be that property taxes were to be funding schools. The state is to be funding schools. The state is to be taking care of our schools. We have to also take a look at, at all the different bonds that are up in the last couple of elections have failed miserably. Because thanks to Senator Hansen, those, those pink cards are working. People are understanding because they aren't going to city council meetings, they aren't going to school board meetings, they aren't going to county board meetings, but they're understanding why their taxes are continuing to go up. Because they keep saying yes to everything. Folks, we--

KELLY: That's your time, Senator.

ALBRECHT: Thank you.

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

DUNGAN: Thank you, Mr. President. And good morning, colleagues, I do rise today in favor of the motion to indefinitely postpone LB34, and I do rise opposed LB34. I've only spoken on the mic once so far this special session, because I try very hard to make sure when I'm talking, it's about what's specifically on the board. Kind of speaking to what Senator Jacobson had, had referenced, and Senator Cavanaugh, we, we can debate whatever's on the board. And so I, I think we are having already a substantive debate about this, and I appreciate that. When I last spoke on the mic, I, I sort of tried to bifurcate process and content. And I previously spoke a little bit about the issues that I had with regards to the process that brought us here today, and some of the concerns that have been brought to me by constituents, with regards to the special session. But today, I'm, I'm happy to say we can finally debate the content of the bill. Obviously, LB34 is not in and of itself the entirety of what's being talked about here. We're talking about an AM that has been filed by the Revenue Committee. And that's AM, I believe, AM73, to LB34, and in that contains the broad outlines of what we're all talking about. That AM did come out of the Revenue Committee yesterday and I was the sole no vote on that. And I've received a number of emails, talking about, you know, why that no vote was, and asking for some explanation. So, you know, I think we're going to have plenty of time today to have a conversation about this bill. But I want to start by sort of centering the conversation over what my broad objections are to the plan contained in AM-- excuse me-- 73. At the heart of this bill, what we see is a plan that has laudable

goals, which is to reduce property tax, which we all agree is something we should do, but it's achieved through mechanisms that I think are inherently problematic. Back when we were debating LB388 last year, one of the main objections that myself and others had was that the entire bill was based off of an expansion of sales and use tax, meaning that you were essentially going to pay more taxes on more things in an effort to shift that tax burden from property tax onto sales tax. Because if you're going to bring down your property taxes, you got to pay for it somehow. And at one point, that proposal had an increase in the sales tax. At another point, it was a broadening of the base. But what I have said this entire time and what I continue to hold true to, is that if we are going to broaden the sales and use tax base, it must be accompanied by bringing that rate down, and not just a small amount, but bringing the sales tax, tax rate down to a level that is actually going to be helpful to your everyday Nebraskan who's going to the store and buying clothes for their 3 kids getting ready for school. We want to make sure that if we are broadening the base to have a fairer tax policy that we do so in a way that actually helps our middle income and our low-income earners, because those are the people that the vast majority of us were sent here to represent. And so, throughout the conversation that happened this, this interim, up until the special session, as a member of the Revenue Committee, I was privy to a number of those conversations and invited to participate, which I really appreciate, because I think we had some robust discussions. But my sort of guiding principle in that has continued to be that we cannot pay for property tax on the backs of a sales and use tax expansion. And what we find in AM73 is exactly that. It is a broadening of the sales and use tax base, meaning that you, Nebraskans, are going to be paying more taxes on more things. And I just can't get behind that. I, too, went to town halls, or the town hall that we hosted here in Lincoln, where we had about 300 people show up. And I had a number of people from my district at that town hall. And they all got up and said, again, property taxes are an issue. They agreed that it's something we need to continue to address. But having, at that point, reviewed what the proposal was--

KELLY: One minute.

DUNGAN: Thank you, Mr. President. They said, we don't want to pay more taxes just to shift the burden onto us everyday people. And so, I'm here today representing my constituents. I'm here today representing a district that has almost 50% renters who, based on anything in this plan, aren't going to see a big benefit. I understand there are portions in here that were, were put into the bill in an effort to sort of alleviate or offset some of the harm, but the very inclusion

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of those parts of the bill is indicative that the heart of AM73 is problematic for renters and middle-income workers. And so, colleagues, I think we're going to have a really good robust discussion about this today. But please know, we all agree this is a problem, but we do have principled objections to the way that this plan has been structured. And again, I've been a part of these conversations. I have expressed this belief previously, last year. I expressed this belief this interim. I continue to express it this year. So it's not as though this is a new belief.

KELLY: That's your time, Senator.

DUNGAN: Thank you, Mr. President.

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

CLEMENTS: Thank you, Mr. President. I rise in support of LB34 and the amendment from the Revenue Committee. We do have a property tax crisis. And I think it was really well pointed out-- the Governor had a survey done. And I sat in a presentation from that pollster with the survey results. And it, it turns out that 82% of Nebraskans believe that property taxes here are too high, but 35% said that sales taxes are too high. And it's-- the-- is a lot of detail, but it was bipartisan. Didn't matter political party, people in Nebraska across the board know that property taxes are too high. So I agree that a special session was needed and I thank Governor Pillen for calling it. Looking at our population, it's not growing, while states with lower property tax and higher sales tax are growing. This bill has limited the new sales taxes to items that we can choose to pay, whereas when you have the house and you have property tax, you don't get to choose to pay as long as you want to keep your house. So I think, because the, because the-- really, the Legislature has limited support for school funding, it has shifted it to local property tax as our school aid has been fairly flat. So I think it is time to correct that problem. And we appreciate the Governor-- he had a lot of items-- I was on the task force-- a lot of items that he proposed to add sales tax to, and he was willing to remove those that were more harmful. But what we're left with is ones that are, I believe, are acceptable. With that, I'll yield the rest of my time to Senator Linehan.

KELLY: Thank you, Senator Clements. Senator Linehan, you have 2 minutes and 35 seconds.

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LINEHAN: Thank you, Mr. President. I want to-- we're talking a lot about how these taxes are going to affect low-income people. I'm just going to read from the bill what we're talking about taxing on sales tax that we don't have now. Gross income received from tattoo and body modification. Now, let's see. Is that a need or a want? Because that was one of our priorities. We need, we need this, or we'd like to have it? So, we can't tax body tattooing. Really? I mean, I'm doing this partially because people at home will be astounded at what we don't tax. The gross income received for cleaning clothes-- when you take your clothes to the cleaners. I'm guessing most people think they do pay sales tax when you take your clothes to the cleaners. I-- my children are all smarter than I am. They hardly ever buy anything that needs to go to the cleaners, because it has become rather expensive. Gross income received for chartered road vehicles, including limousines and similar luxury vehicles. Well, that's something that low-income people do every day, rent a limousine. Gross income received for travel agency service. Another thing that I think a lot of moderate and low-income people use--

KELLY: One minute.

LINEHAN: --travel agencies. There's-- when I get back up again, this is my very special one because I know the fiscal note is so wrong: Income received for swimming pool cleaning and maintenance. Because I am ignorant enough to have one of those, and I'm telling you the fiscal note is several if not millions off, hundreds of thousands off. We don't ask people who are lucky enough to have a pool, who-- they're expensive-- for their maintenance and the labor, to pay sales tax on it. Really? It's ridiculous. And the other argument we're going to get up? Oh, can't pay sales tax on pop and candy. If you did a survey in Nebraska and asked people if they paid sales tax on pop and candy, they would say yes. Well, part of the reason is because if you buy pop with ice, like, you know, you go to the store and you put ice in the cup, and you put it-- and you put your Diet Coke in there, you pay sales tax on that. But if you go and you pull it out of the cooler, you don't pay sales tax.

KELLY: That's your time.

LINEHAN: Thank you.

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

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BRANDT: Thank you, Mr. President. I'd like to thank Senator Brewer, Senator Linehan, the Revenue Committee, Governor Pillen for calling a special session on property taxes to solve a huge Nebraska problem, and LB34 is the answer. Most importantly, and this never gets said, I would like to thank all the property taxpayers in Nebraska, who are enduring unending tax increases year after year. Your, your ask for help is being answered today. I do not believe there is any senator in the room today who is blind to the fact that property taxes for their constituents are out of control. Today is the day we, as elected senators, can do something meaningful for our constituents. There has been a lot of talk and emails that this bill helps the wealthy. I ask, just who is wealthy? Is it just the people who own property, houses, businesses, and ag land? If so, I can report that the 25% of all Nebraskans who own property want and welcome all Nebraskans to own property. The young families who rent should have a shot at home ownership. This bill enables that by lowering property taxes. One of the drum beats I have heard for 6 years is the state needs to pay more of the costs for our schools. I wholeheartedly agree. And I am confused by all the emails I receive saying the state should not pay more for school funding. So if not the state, then who? We all know who will be forced to pick up the bill-- property taxpayers. LB34 fixes this by dropping the levy for all schools to 40 cent-- to a 40 cent levy lid from \$1.05, with the state funding the difference, an over 60% reduction in school asking of property taxpayers. LB34 will make this happen. And it needs to happen, as most of the schools in my district, LD 32, have an annual cost per student of over \$20,000. Think of that. 9,000 students in District 32, times 9-- or times \$20,000 a year and rising. Who is going to pay for ever-increasing education costs? Finally, I would like to address all the "sky is falling" emails about the modest increases in sales taxes by eliminating exemptions. Being asked to pay a nickel more for a can of pop to help fund our schools while helping people stay in their houses seems more than reasonable. I support LB34, and yield the rest of my time to Senator von Gillern.

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

von GILLERN: Thank you, Mr. President. I've got some longer comments that I'll make when I come up in the queue here, but-- and I, I always, I always write my comments. And then I listen to the opposition, and then I, I end up with more material than I could possibly use. So I'll, I'll spend this time to just rebut a few things. And I-- I'm going to make a comment repeatedly, and, and I guess I don't know which camera is on right now, but I want to address

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Nebraskans and not necessarily the body. And when I address the citizens of Nebraska, I want you to hear one thing. If this body does nothing here this week, you will pay more in property taxes next year. That is a fact. Valuations continue--

KELLY: One minute.

von GILLERN: --to rise. Taxes-- spending continues to rise. If we do nothing this week-- if this body does not have the courage to do something this week, you will pay more in property taxes next year. Senator Dungan said, I just can't support this. Well, Senator Dungan, what can you support to bring relief to your constituents and the people of Nebraska? I'm, I'm really tired of the obstructionist mentality that says, we can't do this, we can't do that. But nobody has a plan. There were some great plans that were brought, but no means to pay for any of them. That doesn't work. Those of us who have a home budget, those of us who run a business, you know you can't just build a plan to spend money and do great things, unless you can figure out where that money's coming from. So all of that rings pretty hollow to me. Nebraskans, hear this. You will pay more in property taxes this week if this body does not act. Thank you, Mr. President.

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

HARDIN: Thank you, Mr. President. Our Legislative Research Office does a marvelous job. Every year they-- or they put out a, a wonderful document, and they take a look at all of the different legislative districts, all 49 of them. And I'm looking at the one from this last biennium, and it's wonderful. I'm looking at my own District 48, and it covers statistics. It's full of things that you can view at a glance, shows you the land area in square miles, and of course, the counties there, there, and the breakdown of political affiliation, the population, and the educational attainment, and the health of the people, income and poverty, housing, employment. There are just so many things that in just a few minutes, you can really get a pretty good idea through the statistics of what goes on in Scotts Bluff, Banner, and Kimball County. And then, it's fascinating to pick out a category and then to kind of quickly flip through the entire booklet. Because if you're interested in a category, you can see what all 49 of them look like by looking in the same place as they go flipping by, and quickly get an idea of where you stand. What it unfortunately does not tell, because that's the nature of statistics, is the actual stories that people live. Those stories happen when individuals walk up to you at a place like the Old West Balloon Fest in Mitchell,

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Nebraska, this weekend. I was there to watch 34 balloons at least inflate, but unfortunately, the weather didn't cooperate. But we still had lots of people out in the wind and the rain. We were dreaming of balloons, but guess what we talked about instead? They managed to find the topic of property taxes. And since I was an easy target as the senator there, guess what we discussed a whole bunch? And we got to hear stories. It's the stories about these people in these statistics that come to life. One that comes to mind was from a family where the gentleman said, I'm the fourth generation and I will be failing, because we will not be able to pass this farm along. The margins are too thin, it's too steep of a climb. And so, what I am doing this week is I'm figuring out how to put together the words to share the realities with the next generation, that there won't be a farm life for them. They can feel it coming. They've sensed it for a long time, but this is the straw that breaks the camel's back. And so, it's the real stories that you hear from people, that happen in the vernacular, that bring tears and heartbreak to their experience. And it's not just farmers. It's the folks who are in town and have jobs, or more seriously, in my view, is a lot of those folks who worked those jobs for decades. They now have to put more money aside monthly in order to pay those twice a year tax bills than they originally had to pay for their mortgage. And they can't keep up with it. One of our neighbors had a garage sale in the last several days. It was their final garage sale because they're moving away. I would like to yield the rest of my time--

KELLY: One minute.

HARDIN: --to Senator Erdman.

KELLY: Senator Erdman, you have one minute.

ERDMAN: OK. I'll be, I'll be brief. Thank you, Mr. President. I listened to Senator von Gillern say, nobody has a plan. That's not a, that's not a true statement. That's not even close. Senator Wayne had a plan. Several others had a plan. I have one, had it for several years. And I know some of you were just here a couple of years and you may not had a chance to read it or look at it, but it is a solution. It is the answer. And I will say this, and you can use it: This will be a decrease in the increase. Thank you.

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

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MEYER: Thank you, Mr. Chairman. I guess listening to the dialogue here this morning and what I read in, in the, the press, sound bites, sound bites absolutely never tell the whole story. The first sound bite this morning, all of the benefits of LB34 will go to large property taxpayers in Nebraska, many of which live out of state. I know there's probably quite a number of folks in the 41st District. If they're watching this at home, they are getting madder and madder and madder. And the ones that aren't watching are out irrigating, putting up hay, trying to keep their farms going. We have none of those large, massive landowners in the 41st District. So I somewhat take offense to that characterization that all the benefits are going to that level of property owners. We have many, many medium and small farmers in the 41st District, many of which bought their first farm with a Farmers Home Administration loan, struggled to pay the taxes through the '80s and early '90s. And finally, after farming for, say 40 years, their farm is paid for. That's their retirement, but they pay taxes on it twice a year, every year. They don't buy new equipment. They buy used equipment. So the characterization that all property owners are receiving massive benefits just absolutely is not true. The second sound bite that never tells the whole story, is this is a tax shift. Well, how many times do you want to say that? If you say that 100 times, over and over again, you're just playing a game. This is a tax shift. This is a tax shift. This is a tax shift. Well, where were all the people that are saying this over the last 20 years, as the shift was occurring, slowly and steadily, faster some years than others, onto people who are working hard to pay for a home, to pay for a farm, to pay for an acreage, that they could call their own and build equity in. Why was there no effort made through previous administrations to stop that shift as it was shifting on to property tax owners? The figures tell the story: \$2.3 million in sales taxes, \$3.4 million in income taxes, \$5.3 million in real estate taxes and growing exponentially with no sign of stoppage. Senator von Gillern is absolutely correct. If we do nothing, your taxes on your farm, on your home, on your acreage, on your business, small business struggling to make ends meet in rural Nebraska, your real estate taxes will go up next year, and the year after, and the year after that. It's almost comical when we talk about trying to control valuations. Is that really what you want? I worked in a bank for a couple of years after college in the '70s, before the horrible, horrible '80s occurred. And people were trying to build their net worth. Hopefully inflation would work if they were able to buy a farm in the '80s. That all went backwards, needless to say.

KELLY: One minute.

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MEYER: So when people buy a home, they buy it at, say, \$100,000. They would hope in 10 years that they have to move, and they sell it for \$200,000. That's great. Trying to control and keep down valuations is, is not a workable situation. To decouple the taxes they pay on that from the valuation is a much better approach. And the third sound bite that never tells the whole story is, I'm a fiscal conservative. What does that mean? I don't know what that means. It's one thing to say it. It's another thing to be able to, to carry that out. Does that mean you're not going to change anything, even though the current paradigm is not working for a lot of Nebraskans? It's, it's just kind of hollow words because it doesn't mean anything to me. So, I ask you to support LB34. There's a lot of good things in it that help a lot of Nebraskans-- the earned income tax credit, the sales tax removal on--

KELLY: That's your time, Senator.

MEYER: --household electricity. Thank you, Mr. Chairman.

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

von GILLERN: Thank you, Mr. President. If, if, if I speak in error, I am the first to own it and admit it. And Senator, my-- in-- my comments earlier were intended to be addressed, that people had not brought solutions to those previously who had testified here in the room. Not Senator Erdman, who's been passionate and diligent in his, his proposals regarding property tax and several others. But I did just do a quick search. And I was picking on Senator John Cavanaugh a little bit in my thoughts here. He did bring an, an option to pay for property tax relief. It was the elimination of the appropriation for the Perkins County Canal, a, a project that was passed by this Legislature, I believe, 2 years ago, and is critically important to agriculture and industry, and to the preservation of a [INAUDIBLE]-- the way of life here in Nebraska. I pulled up Senator Dungan on site. I don't see that he introduced any bills this, this special session. Senator Conrad did, did introduce a bill that would have been an income tax bill, in which, which would have had a means to pay for property tax, but is also a shift, which I'm-- continue to hear is not what we're here for is to shift taxes. But regardless of that, I rise in support of LB34 as amended by AM73. There's been a lot of work that's gone into this. Is it perfect? No. Was LB388 last year perfect? No. Was the Governor's bill-- brought on behalf of the Governor, LB1, perfect? No, but God bless him, he brought-- he threw everything on the table for us to pick and choose from. And he's taken darts and spears for that. And I appreciate his leadership in that, that he, he

did that, and then surrendered it to the legislative body to do what it is that we're supposed to do here, and that is assemble a bill that's good for the people of Nebraska. He has not applied pre-- his office has not applied pressure, said you need to do everything that we had in LB1. He said, this is a pallet of many things that you can pick and choose and select from to make a bill that works for the state. And, and I respect he and his office for the way that they've handled that. We originally chose LB9 as a vehicle. And, and it's interesting that procedural matters and motions and trickery that takes place regarding bills. And I'm appreciative that we haven't seen much of that today, and I hope that we don't. But LB9 was bogged down by dilatory motions. And, you know, the Rules are there. The Rules are what the Rules are. And, and the Rules can be used to advance a bill or to constrict a bill. And, and you can't complain about the Rules when they're used against you. You need to figure out how to use them to advance your issue. And that's, that's, that's one of the things we need to learn to do here. Again, AM73 isn't perfect, but it does do some important things. First of all and most importantly that we heard repeatedly and over and over and over again in the working groups, is that it controls spending. It sets spending caps on local taxing authorities. I did a, a spreadsheet this last year that overlaid spending, property tax taking against the rate of inflation in, in the United States-- or excuse me, in the state of Nebraska. And property tax taking exceeded inflation by 21%. Now, we've come to realize, in the hearings and through some other things, that counties and cities spend money on different things than you and I do. Counties and cities don't buy groceries, they don't buy appliances, you know, they don't buy consumer items. And that's what led us to utilize a different spending index in this bill. And we actually adopted, in this bill, the state and local consumption expenditure and gross investment personal change, which is basically a-- an index that is geared towards the types of items that local governments and municipalities purchase. It's, it's asphalt, and steel, and concrete, and rock, and heavy equipment, and, and vehicles for, for, for their, for their purposes. Spending caps are critically important.

KELLY: One minute.

von GILLERN: Thank you, Mr. President. What's also critically important for everyone to hear is that those spending caps have stopgaps in them. Based on a vote of the people, those spending caps can be overridden. So every citizen has a say in how much property tax taking can happen in their municipality. The-- its growth plus the, the index in-- that, that allows for spending in the cities. So-- and, and also, there's a floor built into the bill, to where cities and

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counties and other taxing authorities cannot take less than they did the previous year. So they will be made whole. So there-- the risk to those entities is pretty small. I'll hold the rest of my comments for my next time up on the mic. Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. First, I want to say that property tax is a problem. Property tax is a problem in this state, not just in the cities, not just in the rural areas. Property tax is a problem throughout the state, not just for poor people, but for middle-income people, as well. It's a problem. And now we have this bill that's before us today, which is what I'm going to talk about, and we haven't even had 24 hours to look at it. This is the bill. We haven't had 24 hours to look at-- it's 120-some pages. I haven't even gotten through it all the way since we got it. That, after last Thursday, when I got the amendment and I stayed up all night. And I asked questions and I got made a little fun of, for staying up all night reading the amendment. And it's not that I'm complaining, it's that if you're reading a bill in the middle of the night, you're probably not doing your best work. This is a bold, big bill. Nothing like this has been tried on this level, but, but there's probably a reason for that. It collapses under its own weight. This isn't an everything bagel. This is an everything, everything bagel. You look through this, you've got garlic and sun-dried tomato, asiago cheese, rosemary, cinnamon and sugar, chocolate sprinkles, anchovy paste, peppermint, bleach. This isn't a recipe. It's the first 23 pages of the cookbook. And we don't know if somewhere in the middle of it there isn't a recipe for rat poisoning. If we pass this thing, we might have to rip up our statute books and start all over with a new document. And I wouldn't blame Micah up in Bill Drafting if he didn't throw a couple of lines in there somewhere to disband the Legislature, because as much if-- we've been overworking him. So I'll take a second to say thank you to Micah. But this was the assignment. I don't like that we're doing this in special session. But if you know me, you know I'm a fixer. So you put a problem before me, I try to figure out what the answer is to that problem. It really annoys people, because sometimes I try to make bad bills better that they'd just like to kill. So I've been trying. I was on the super secret, not-secret-at-all group this summer. I was in week-- weekend meetings all last weekend. But this is a difficult problem. Property taxes are a difficult problem. My freshman year-- well, my second freshman year, back when I still didn't realize you are a freshman for 2 years, I had a bill to try to fix property taxes. Then Senator "Grown-me"-- Groene called me out on the floor, and he

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called me a naive freshman and several other, even more unflattering things. Later, he came up to me and he apologized in the hallway for being a little over the top. And I said it was OK, but he better never meet my mom in a dark alley. But the darndest thing? He was right. After a year of working on it, and with all kinds of help, doing listening sessions to all sorts of people, I didn't come up with a plan that worked. It's not that it isn't easy to fix the property tax problem. I think that fixing it may not actually be possible, fixing it all the way. I've been studying what other states do. They don't fix the property tax problem. They rework it every 10 to 20 years--

KELLY: One minute.

DeBOER: --because houses go up in value. It's pretty consistent. It's why homeownership is a sound financial idea, despite the upkeep. Homes appreciate in value, so property taxes go up. So you have to adjust it continuously, and we haven't found the solution yet. This bill, this thing that we got yesterday afternoon? This is the "love" tax, because it taxes dating; the "puppy" tax, nail clips and grooming; the "weight loss program" tax; the "everything you bought on Amazon last year" tax; the "sober rides home from the bar" tax; the "dry cleaning and other laundry services," whatever that means; the home-- "honey-roasted peanuts and baking sprinkles and Gatorade" tax; the "kids' ballet and old ladies in their basement teaching piano" tax; for farmers, this is the soil testing, pretty much--

KELLY: That's your time, Senator.

DeBOER: Thank you, Mr. President.

KELLY: Thank you, Senator DeBoer. Senator Dover, you're recognized to speak.

DOVER: Thank you. I'd like to thank Governor Pillen for his determined focus on property tax relief. Also, thank Lou Ann Linehan and the Revenue Committee for their work on solving this massive issue. We can all agree we need property tax relief. The question is, how are we going to do that? First, I'm a fiscal conservative. To me, that means I believe if taxes are too high, then what we need to do is cut spending. I also believe that caps on spending, when spending far exceeds the income of working Nebraskans. Caps and cuts, that is a fiscal conservative. When you hear we need to raise taxes to cut taxes, that does seem strange to me. And why now? With reduced taxes, we need to-- when, when we need to reduce taxes now, and at the same time, we want to increase with over 50 new taxes, and raise the cost

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to business-- I'll just briefly look at some of the things here. So basically, we're going to increase the cost of temp help services to business. I've used those quite often. We all know what the employment market is like. Marketing and telemarketing services, telephone answering services, we don't need to raise the cost of business. And I'll tell you one thing. If you look at the towns in my district and you go down Main Street, there's a lot of, there's a lot of empty windows. And I'll tell you the one thing-- and I'll tell you, I'll guarantee I've talked to people that are thinking, they're aging, is, is now the time to maybe close the doors? Is it really worth the small margin that they're getting, and we want to increase cost to them? I think it's a bad time. I also say with co-- with the cost of housing out of control and people can't afford it, why would we raise the cost of real estate agents' commissions? Why would we raise the cost of appraisals that are involved in the closing process? Loan broker services, real estate management services? Why are we raising the cost of housing-- and also on land surveying services? I had property-- as I said, I had property tax relief town halls in Norfolk, Pierce, Battle Creek, and Madison. And what I heard was, yes, we need property tax relief, but not by taxing others in a tax shift. One thing I'd say, too, is-- so I remember when I was, when I was young, and, and we had 4 children. And believe it or not, I was-- I worked-- went to work for a minimum wage. I sold real estate in the evenings and weekends just to make the bills. But I remember when, all of a sudden, I didn't have to buy diapers. I remember when I made my student loan. I remember when we didn't have to buy formula. I remember. And there's those that will say, no one's going to know when someone pays a sales tax or something or not. But I'll guarantee you, when it comes up before the next paycheck and they're out of money now, and I guess they're not going to be able to go out on that date, go out and get, go out and get the kids ice cream, and things like that-- we are thinking a lot of us have disposable income. But I don't think we're considering those that don't have-- there are families with no disposable income. By the time their next check comes, it's already spent. And I guess the one thing I would say this to, is if this bill would pass, for the first time renters will be paying property tax twice. Once, their landlord's property tax, and second, others' properties tax. So now, if you own no property, you can actually say you're paying property tax twice. And why are we doing this in special session? We are going to make the largest tax policy shift in over a half a century. And we're going to do this in a matter of days? That concerns me. I do want property tax relief. And we need to do this during the 90-day session and not now. Thank you. I yield the rest of my time.

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KELLY: Thank you, Senator Dover. Senator Bostelman, you're recognized to speak.

BOSTELMAN: Thank you, Mr. President. I oppose the IPP motion. And what we're talking about is, is property tax relief for everyone. And I think I disagree with Senator Dover that renters actually will be paying more. I disagree with that. And I would like to-- maybe we'll have a discussion off the mic about that, but I don't understand that. It does benefit all landowners. What the shift has been, over that time that you talk about, has gone to property taxes, has gone to landowners, has gone to ag. Our, our taxes have leapfrogged and surged to a point that it's unattain-- unsustainable for a property tax--for a farmer or a rancher now, or a homeowner. I have an elderly person-- I've talked about this many times on the mic-- in Ithaca, Nebraska. She's retired. She's on Social Security. She's owned her home for her majority of her life. She has a part-time job to get by. But you know what? The taxes are so high now, she do-- doesn't-- she's too, too much income for homestead exemption, and she can't afford the tax on her home-- property tax. Really, folks, that's what we're talking about. We're talking about exemptions and things. You know what? The zoos? The zoos collect taxes and they keep it. And they keep it. Why aren't we talking about zoos? The tax that goes to the zoos, why isn't that part of what we're talking about? The zoos tax you, and then they keep it. If you look on page 78 and 79 of, of the amendment, that talks exactly how there's going to be a reduction, how the state kicks in funding over several years. So right now, most of us are paying the \$1.05, if-- whatever the, whatever the levy is from your school, it's \$1.05, whatever portion that is, is what you're paying. What it does is over the years, it goes to-- from a \$1.05, then the state kicks in 65 cents, and 75-- 70 cents, and then 75 cents to lower your taxes. The other thing that, that we need to make sure we do, which the bill does-- what the amendment does-- and if we don't pass, we need to do-- remember, we did the dol-- the \$1,500 per student plus 80% of SPED funding. That includes it there. If this amendment doesn't happen, those schools are taking that money, spending that money, and not reducing their taxes. So we need to make sure that that happens. That has to happen. Our valuations on ag has gone skyrocketed. Some of it is because people in Lincoln and Omaha come in --absentee landowners. Now, the state come in and buy our land at, at, at, at high prices. And that's just driven our valuations and our taxes out of control. So with that, I do oppose the IPP motion. And I yield the rest of my time to Senator DeKay. Senator DeKay.

KELLY: Thank you, Senator Bostelman. Senator DeKay, you have 2 minutes, 5 seconds.

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DeKAY: Question.

KELLY: The, the question is out of order. You can't speak to the turn. Next in the queue is Senator Erdman.

ERDMAN: Thank you, Mr. President. Thank you for a ruling on that. I appreciate it. Senator DeBoer was mentioning that property taxes are too high. She's correct. But she left out a couple other things. Income tax is too high, as well. And then, the most regressive tax of all should go away, and that's inheritance tax. So what I'm trying to say is the whole tax system needs to be revamped. And so, we haven't talked a whole lot about a fix. We've talked about a Band-Aid on an amputation, which is what we have done for 57 years. So those of you that would going-- be going on next year, you will get an opportunity to put another Band-Aid on another limb that's been amputated. It will mean nothing. So I'm going to-- I'm going to speak a little bit about the sales tax on services and those things that you consume. And I'm going to use this example because it's the easiest one to bring up. We're going to tax gross real estate commissions at 5.5%. Then the person who receives those commissions will then have to file income tax on the remainder. And if you're in a corporation, an LLC, you may pay a significant increase in taxation on that commission. And it could well be 10, 15%. And many have said, well, wait a minute. The consumption tax that you're proposing would have a consumption tax on real estate commissions on a home that's purchased for you to live in. That is correct. The difference is there will be no income tax and no property tax. That's the difference. And so, we've nibbled around the edges for 57 years, and we keep getting the same thing we've always gotten. And we wonder what happened. So they took out the ag equipment and the equipment for manufacturing to pay a tax. That was a good move. But it doesn't solve the issue that is before us. And we've heard numerous people tell us about issues that people have by not being able to pay their taxes, and having to sell their home or leave the state. This is not a fix. This may be the best thing we can get in a special session. But I'm to tell you that it has consequences that we don't understand completely yet, and we won't understand that until we implement it. And so if you haven't, and I would assume that most people in this room have not taken the time to analyze what the real fix is, and that's the EPIC option consumption tax, because I would say the vast majority has never even looked at it. We continue to have conversations about EPIC taking away local control. The original bill that we had introduced here was going to do exactly the same thing, but that wasn't taking away local control because they introduced it. Then they said, you can't have all the money come to Lincoln and we'll never get it back. And their response to that was-- because that's

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what they claim EPIC does-- their response was we'll write the statute in such a way that the money has to come back. That's exactly what we've been trying to do with EPIC, but they don't take a look at it. And so you can't have it both ways. All right.

KELLY: One minute.

ERDMAN: For 100 years, the state collected all the property tax and sent it back. 100 years. They did it before computers, before ACH, before all of those electronic transfers that we have now. And they did it. We can do it again, but only if our taxes get high enough that people actually say it's time for a fix instead of a Band-Aid on an amputation. That's exactly what we did before. That's exactly what we're doing now. And we will do this again and again. There's only one answer, and there's only one solution. Thank you.

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

DeKAY: Question.

KELLY: Question has been called. Do I see 5 hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. 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: 23 ayes, 4 nays to place the house under call.

KELLY: The house is not placed under call. The, the house is under call. 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. The house is under call. All unauthorized personnel, please leave the floor. Senator Dungan, please return to the Chamber and record your presence. The house is under call. All unexcused members are now present. Members, the question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. There's 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 voting no. Senator Bosn voting yes. Senator Bostar not voting. 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. Senator DeBoer not

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voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Erdman voting yes. Senator Fredrickson not voting. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould voting no. Senator Riepe not voting. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting no. Senator von Gillern voting yes. Senator Walz not voting. Senator Wayne. Senator Wayne voting no. Senator Wishart not voting. Vote is 32 ayes, 9 nays, Mr. President, to cease debate.

KELLY: Debate does cease. Senator Linehan, you're recognized to close on your motion. And waive. Members, the question is the motion to indefinitely post-- postpone. There's been a request for roll call vote. Mr. Clerk.

CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting no. Senator Bosn voting no. Senator Bostar not voting. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh not voting. Senator Clements voting no. Senator Conrad voting yes. Senator Day. 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 no. Senator Halloran voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. 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 voting yes. Senator Riepe not voting. Senator Sanders voting no. Senator Slama voting yes. Senator Vargas voting no. Senator von Gillern voting no. Senator Walz not voting. Senator Wayne not voting. Senator Wishart not voting. Senator Albrecht voting no. Vote is 9 ayes, 33 nays, Mr. President, to indefinitely postpone the bill.

KELLY: The motion to postpone fails. I raise the call. Mr. Clerk.

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CLERK: Mr. President, Senator Machaela Cavanaugh would move to reconsider the vote just taken on MO130.

KELLY: Senator Machaela Cavanaugh, you're recognized to open.

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. I keep messing up. This is-- I keep saying good morning, when, when we are here in the afternoon. But good morning, colleagues. I rise in opposition to LB34 and the pending committee amendment. I am frustrated by the fact that calling the question continues to happen. The motion to indefinitely postpone was a serious motion. It wasn't a motion to just delay tactics. It was a serious motion to indefinitely postpone. And I am 4 or 5 down in the queue, and I've been sitting here for 2 hours, and called the question, and I don't even know how many people are after me. Honestly, the Chair should have ruled against calling the question, and not put it to a vote of the body. That's what we used to do, when there were 2 lines of people in the queue to speak. There had not-- it would just be ruled not fair-- full and fair debate. So, just another process thing that has shifted in the last 2 years, which is unfortunate because people shouldn't be able to just show 5 hands every few minutes and circumvent the process of debate. This is a serious bill. This is a serious endeavor, and I take it seriously. I take it very seriously. So, here we are, on Day 11, week, I don't know, 3. I have been called an obstructionist, and unwilling to compromise or work with people, not bringing solutions. Well, so this is the first time I've had a bill to actually debate. I spoke on LB4, about my frustrations of the process here, once. So I'm not sure how that was being an obstructionist. And everybody else has filed all of these preventative motions. So, again, I don't know how I was being an obstructionist. But apparently, people knew what was in my heart and my head. I introduced a bill. And it's a bill that I don't particularly like, but I've introduced it several times. It's an increase in the tobacco tax, in the cigarette tax. And the reason I don't like it, because I do believe that it is a tax-- a regressive tax on poor people. But the reason that I introduce it is because the studies have shown that a significant increase in tobacco tax improves health outcomes, and ultimately will save the state millions of dollars in healthcare for cancer. So that's why I introduce the tobacco tax. Now, no one ever on the committee talked to me about the tobacco tax and this bill, asked me if, if they put it-- if it was in this bill, if they would-- where I would be at it. No one asked me. But here's what I say. I oppose the tobacco tax in this bill because it is 72-cent increase. A 72-cent increase only raises revenue on the backs of low-income people. It does nothing for healthcare outcomes. It is just the same as every other regressive tax. This bill, as

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amended, is a series of tax on low-income individuals in Nebraska, across the state, in every district. It does nothing for renters. It does nothing for the working poor. It is a property tax relief for property owners. And even for property owners, you have to be wealthy for this to make a difference to you. Now, it's got an earned child tax credit in it, maybe. I think it does. I don't actually know, because the bill has changed so many times. But I believe it does. So you also have to have a child to not basically be paying more in taxes than you were before. It's a bold endeavor. It is a worthy endeavor to solve the property tax problem that we have in Nebraska, but you cannot do it on the backs of the working poor of Nebraska. That is unconscionable. It's just unconscionable. And there are real solutions. And when I am hearing, Democrats specifically, never bring real solutions, that is a bold-faced lie. The 6 years that I have served in this Legislature, every single year, Democrats bring solutions, and they don't get out of committee. They don't get any consideration, because they help poor people and not rich people. Those are the solutions you should be looking at. How do we lift people out of poverty? How do we raise our revenue base? By lifting people out of poverty and not giving the wealthiest the biggest cuts. That's what we should be focused on. Mr. President, how much time do I have?

KELLY: 4 minutes, 10 seconds.

M. CAVANAUGH: Thank you, Mr. President. I-- in the afternoon, after the lunch break, I'm going to be coming back to this body with information about our budget and LB2 and LB3, and how we got to LB2 and LB3. And no matter what we do or don't do today, it's not just about the taxes. It's about the budget and the pay-for. And I have got to tell you, friends, colleagues, it's not good and it's not pretty. And we should all be concerned. I'd like to yield the remainder of my time to Senator McKinney.

KELLY: Thank you, Senator Cavanaugh. Senator McKinney, you have 3 minute-- 3 minutes, 30 seconds.

McKINNEY: Thank you, Mr. President. And thank you, Senator Cavanaugh. I think we definitely should reconsider that vote. We should reconsider our time here because I think it's being wasted, primarily because I keep hearing people talk about we need to do something for all Nebraskans, but everything I've heard thus far is leaving-- it-- it's not including all Nebraskans. Renters are not being included in these conversations. As much as it's trying to be-- as much as is being spent, that renters are going to benefit from whatev-- any of

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these bills, that's just not the reality. Landlords are still going to raise rents. Renters are not going to see any relief. And when I think about my district, 60% of my district rents. Majority of the property owners in my district don't live in my district and don't live in this state, so that relief is not going to benefit my district at all. So why would I vote for this? We didn't in-- there is no inclusion of a renter tax credit, renter help, anything-- conversations, but renters are going to get help. And a funny thing about all of this conversation, before we got here, I saw an article, I think it was in Nebraska Examiner, and I forget which senators were talking about individuals who leased property to farm in western Nebraska won't see no benefit from this plan. I'm working with that same philosophy in urban Nebraska, where no matter how much you try to spin it, that property, property owners are going to get relief and they're going to somehow pass it down to renters, it's not going to happen. The market is the market. And if we don't give relief to renters, it's never going to happen. And we did introduce solutions and plans to assist with paying for these type of things. We should legalize marijuana. That could bring in potentially \$150 million. But you all don't want to entertain that conversation, which is wild to me if we're coming here and you guys are saying put everything on the table, but you don't want to consider this, but you're saying put everything on the table. We need to reduce our prisons. We need to give people second chances. We need to allow people to discharge from--

KELLY: One minute.

McKINNEY: --parole early. There are solutions and there are things to address these issues in a more equitable and more humane way to think about everybody. But when you stand up and say this is a plan for all Nebraskans, I'm missing a lot because you're not considering renters. There was a presentation talking about modest-income people. What about the low-income people? What about the people on disability? The people on fixed incomes when you're talking about relief? And then you're talking about raising sales taxes, which is going to burden those people. This is not a plan for all Nebraskans. And just be honest about it and we could go on with our lives. But just saying that just to get people to support this is, is crazy to me. Just be honest. It's not a plan for all Nebraskans. Thank you.

KELLY: Thank you, Senator McKinney. Senator Hughes, you are recognized to speak.

HUGHES: Thank you, Mr. President. I wanted to talk about LB34 and specifically the school funding piece. Thank you to the Revenue

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Committee for working on this. I know a lot of time has been spent on this bill. So as far as the school part, I am happy to see a move toward a phased-in approach of lowering the levy cap. Starting out at 40 cents does leave, or 40% leaves around 100 schools with a potential levy over that .40. It also has 8 schools less than the 10-cent levy. In current LB34, there is language that the-- that the state would make the 100 schools right without making them go to a vote of the people. I also would like to see a base levy adjustment, meaning that there's a line in the sand that schools don't go below. Maybe that's 20 point-- 20% or some other amount. I fundamentally believe that some local property tax should be used to pay for local K-12 schools. I also think an important role that we need to have is to make sure that our levies get closer together for all schools, and I'll just use an example in my district, I've got Centennial Public Schools and Seward Public Schools that are side by side. They almost share the same tax base. Centennial has around 400 and some students, and Seward has around 1,500 students. So the tax levy for Seward is more than double for the schools in Centennial, and that's because they have a higher number of students. But when you've got ground or property or homes just almost nearby that are double taxed just because in the school district they're at, that's the problem with a wide variety in levies. So the closer that we can get those together, the better. When I started working on LB9 to lower the levy cap, we realized that when you drop the cap down, schools would lose funding from their special building fund. This allows schools the ability to maintain and repair school buildings. In LB34, it takes that building fund outside of the max cap and instead of leaving it at 14 cents, moves it to 10 cents. There's a couple things that are missing from the bill, and a big one is a fail-safe. We need a safety net for our public schools. If we, as a legisla-- legislative body, fail to provide the funding promised to these schools, then they have to be able to level-- levy a local property tax. I would also actually like to see a property taxpayer safety net, where if the schools don't get funding from the state, have to turn around and levy the local taxpayer, then I would like the local taxpayer to be able to get an income tax credit for the part that they had to pay. In all, there are several good things about LB34 regarding schools, and there are several things that really need to be worked on. Bottom line, it has been over the course of 20 years that as local property values have increased, the state has pulled more and more of their funding from those schools because those schools had the means to pay for them. I am very pleased that we're addressing this, and regardless of what happens this special session, the ball has started rolling and we will come back in January to help push it further. It took 20 years to get here, and I look forward to coming up

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with a long-term plan that will address this responsibly and reasonably in the years to come. Thank you, Mr. President.

KELLY: Thank you, Senator Hughes. Senator Lippincott, you're recognized to speak.

LIPPINCOTT: Thank you, sir. In the Air Force, and I'm sure it's true in the Navy, the Army, the Marine Corps, we always start off every mission stating the mission objective. And the mission objective for our summer session, our special session here, obviously, is reducing property tax. As a matter of fact, 74% of Republicans polled throughout the state say that they're for a decrease in property taxes. And 64% of Democrats also have agreed on this issue. The 30,000-foot view of property tax, we need to remember that it is a local tax, a local tax which is used to meet the needs of all the different local government functions found in your local county and of that pie, two-thirds of that pie is for education, your public school. So sometimes we forget about that. And this bill, what it would do is it would address 80% of that two-thirds, because that 80% goes for salaries for the personnel, for teachers, administrators, custodians, everybody who works at the school, 80% of that two-thirds of your property tax budget. That's considerable. If I may ask Senator von Gillern a couple of quick questions just for clarification because I have received a lot of questions from folks back home. So--

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

von GILLERN: Yes.

LIPPINCOTT: I would like you just to confirm the tax on agricultural equipment, that has been removed from this bill. Is that correct?

von GILLERN: Yes. And along with that, the tax on machinery also.

LIPPINCOTT: Machinery?

von GILLERN: Excuse me, not the tax, the exemption-- the elimination of the exemptions have been, been removed from the bill.

LIPPINCOTT: OK. So a person, a farmer, goes in to buy a brand new tractor, what does that mean?

von GILLERN: It means that they are not charged sales tax on that piece of equipment.

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LIPPINCOTT: Perfect. Beautiful. That's a-- that's a great thing. Then I also wanted to ask you a question regarding-- we know that locally, levies are used to bring revenue in for schools for instance. And what this bill does is it reduces the levies that will be charged locally. And that-- confirm for me that that will be stepped down year by year, and also that the schools will not be shorted-- have their funds reduced. Is that correct?

von GILLERN: Correct. It-- the levy steps down over a 3-year period and initially goes to a 40-- from \$1.05, it goes to 40 cents, then it goes to 35 and then it goes to 30-cent levy with, obviously, that funding being made up by the state. And there is language in the bill that says that a school district cannot receive less than they received in the previous year. So for some districts where they are fearful that the resetting of the levy will cost them money, that is not the case.

LIPPINCOTT: OK. Good. A lot of superintendents have been raising the red flag on that. And, again, just to confirm, these schools will not receive less money. I've had superintendents contact me, we're going to be receiving \$700,000 less with this bill than previously. So that is not true,--

von GILLERN: Correct.

LIPPINCOTT: --it's inaccurate.

von GILLERN: Correct. Thank you.

LIPPINCOTT: Very good. Thank you, sir. And also just local school control will not be removed. It will maintain with local control. The state will not be running the, the strings on the puppet.

von GILLERN: Right. In the-- in the hearings, what we heard was that the school districts wanted to maintain a certain level of funding and they translated that to local control. There's nothing in any of--

KELLY: One minute.

von GILLERN: --none of the bills-- thank you, Mr. President-- there's nothing in any of the bills that have been presented for property tax relief that would have eliminated decision-making by local school boards or anything like that. And this is similar in, in that. There's not-- there's no impact of decision-making by school boards but many of the, the school districts testified in the Revenue hearings that they felt that maintaining a certain minimum level of property tax

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taking within their district represented local control. And this bill-- actually, they-- many of them said 25 cents was the right number. And this is, obviously, above that so they should be quite satisfied with their level of local control based on their definition.

LIPPINCOTT: Perfect. Thank you, sir. May I ask a question of Senator Kauth, please?

KELLY: Senator Kauth, would you yield? 16 seconds left, Senator.

KAUTH: Yes.

LIPPINCOTT: Quick, quick summation on the homestead, the difference with the homestead issue.

KAUTH: So there have been some people who already were kicked off homestead exemption because their valuations rose. We passed a bill this year to make it going forward--

KELLY: That's your time, Senator.

KAUTH: --thank you-- they don't have to anymore.

KELLY: Thank you, Senators Kauth and-- Senator Hansen, you are next in the queue.

HANSEN: Thank you, Mr. President. All right, so I want to shed a little light on the argument that this will not help those who rent as opposed to own property. I had my staff spend many days-- I'm surprised this-- I haven't-- no other senators have done this or we haven't seen a whole lot of information about this. We actually did a survey of those who own rental properties. A lot of them were in Omaha and Lincoln, actually, and surrounding areas, and what their thoughts were about property taxes. And so I just want to read off a couple-- summation of the, the-- what we found out with asking a lot of these property owners certain questions. So one of the ones is, how many properties do you own-- does your organization own in Nebraska? And it was varied. Most of them were more than 20 properties, but we had a lot that were between 11 and 20 properties, 3 and 5 properties, and even down to 1 to 2 properties. So these are individuals who own rental units around and in Omaha and Lincoln. In the last 5 years, how much have you increased rents in response to an increase in property taxes? Overwhelmingly, at least 50% of them said we increase them at least between 5 and 10% because of increase in property taxes. Another quarter said between 10 and 20%, they've raised rates because of increased property taxes. And there's also some who said by more than

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20% they increased rental rates because of property taxes. So when I said this yesterday, if we don't address property taxes, rental rates will continue to go up exponentially. Now, I'm not going to deny when people get up here and say they're not going to lower their property-- they're not going to lower the rental rates, and I agree. And we actually asked that question. How much would rents decrease if property taxes decreased by 50%? 62% of them said not at all. Not surprised. But we also had 25% say they'd lower them by 5-10%. We had some say by 10-20% and also some by 20%. They would lower their rental rates, or at least not-- or decrease in the amount that they raise them by that much. That goes to the person who owns the property-- or who rents the property. The person who is renting that apartment, who's renting that condo, they see the benefit. Have increased property taxes influenced your decision to make property improvements or renovations? 26.7% said moderately. 20% said significantly. 26.7% said extremely. So many of these property owners are unable to renovate or improve the property because of high property taxes. So now you have people living in these rental units and they can't get certain improvements that they need because of high property taxes. Have you passed on the cost of increased property taxes to your tenants? And if so, by what percentage on average? 33.3% said 5-10%. Have you passed on the cost of increased property taxes to your tenants? A third said 5-10%. About 30% said 5%. About 30% said by more than 20%, they are passing this entire cost on to the people who rent. So when I get up here and I hear people say that people who rent, this is not going to benefit them at all, actually, it makes it worse for them. I don't know if anybody else actually contacted the people who own these-- who own these rental units and asked them. They say-- they are all saying the exact opposite. When deciding the rental market rate, how important are property taxes? 62.5% said extremely important, 12.5 very important, 12.5 moderately, and 12.5 said slightly. None of them said, not important.

KELLY: One minute.

HANSEN: Just want to provide a little context when we hear this argument on the floor. Seems like a lot of subjective opinions and no objective opinions. So when we hear that these-- this bill only benefits massive landowners or the millionaires and billionaires, it benefits people who rent in the state of Nebraska. So let's think about that when we think of our constituents, not just those who own property, but those who rent as well. Thank you, Mr. President.

KELLY: Thank you, Senator Hansen. Senator Machaela Cavanaugh, you are recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. This was supposed to be my first time speaking on the floor in the regular order of the queue so I originally was rising to support the IPP motion for LB34, but now I rise to support the motion to reconsider the vote so that we can vote again on LB34 to indefinitely postpone. Facts-- let's deal in facts. There's not-- it's not a fact that property owners will give the money somehow to their renters. It's a hope and a dream, but not a fact. It is a fact that there is no direct correlation between this bill and giving some sort of relief to renters. There is a direct correlation through increased property taxes and rent, but there is no facts of this bill that ensure that renters receive some support as well. Senator McKinney introduced a bill that would give senators-- or senators-- well, some of us are renters, but would give renters direct relief. So that is a fact for my dear colleague, Senator Hansen. Going through this bill, I actually-- going to be honest, I did not spend my evening reading 115-plus pages last night. I have read various iterations of this bill a couple of times, and I decided last night to put my kids to bed instead. So I have been reading over the committee statement which to committee staff, kudos, great job. I love a good committee statement. And it's 12 pages-- oh, the committee statement is 12 pages. Much easier to go through a 12-page committee statement than, than the bill. But it does list out very clearly where things are changing and where there are exemptions and where there are not exemptions. Now, one exemption that's been brought up or eliminating this exemption is a tax on candy and soft drinks. And I know people like a good sin tax, but let me tell you about how this would work just, just for my family-- just my family. So I have three kids, they're all grade school aged, and they also play soccer. And so we sometimes bring snacks to school for the class or sometimes just send them with a snack. And then there's snacks after a soccer game and then there's, you know, oftentimes maybe a juice box or a sports drink after a soccer game as well. So the snacks that we send would be taxed under the candy and soft drinks because they don't contain wheat. Because they are gluten free, our snacks would be taxed. But if we got, say, Oreos, those wouldn't be taxed. But our Made Good bars--

KELLY: One minute.

M. CAVANAUGH: --that are like a healthy vegetable-infused Rice Krispie Bar, those would be taxed. And those are made in an allergy-free, nut-free, facility so I know that it's approved to go to school. I don't have to worry about any school allergens for other kids, that would be taxed. And I would notice because I get a monthly shipment of these snacks to my house every month because it is the only way I can get one of my kids to eat any source of vegetables. Not the best

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source of vegetables, but at least it's something. So I would notice that, and I would notice it on my grocery bill if I bought snacks for a soccer game when I was buying groceries and there was a tax just for the snacks. I notice that there's a tax just for alcohol when I'm at the grocery store. I would notice that there was a tax just for snacks.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Blood, you are recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand opposed to the reconsideration, but in favor of the IPP motion. With that said, I didn't know we were gonna have a dog and pony show when we started talking about this months ago, but clearly that's what this is going to be. And I find it really telling when people stage things to basically oppress the voices of others by saying that we're trying to stop something, we're taking cheap shots. This bill's not perfect, but there's many things I don't support, but, hey, let's push this through, which I've heard over and over again for 8 years. If you want to bring an amendment, bring it today and we'll fix it. Well, baloney. Because many of us approach this like we approach our puzzles, when I do a puzzle I do the outside frame first. So I looked at what bills I knew were coming and the first thing I saw is that we needed more revenue. We didn't need more taxes to fix this problem, we needed more revenue. Then I looked at the other people that rarely get direct property tax relief, our renters, some of our farmers and ranchers, we need to do better. And so I made sure that when I brought things forward, it started including all of these things that I was seeing that were not being addressed. And I didn't see that being addressed when the Governor, who I know everybody says is great, they gave us this-- he gave us this huge plate of things we could choose from and we got to whittle it down. Well, you could also look at it that he threw mud at the wall and whatever sticks stuck. And that's what we're stuck with. Because there was no real science behind it. It was just like, let's do this and this and this this. That's not good government. I brought forward circuit breaker bill that would give property tax relief to individuals and renters and farmers and ranchers. I brought forward income brackets, additional ones for people that are wealthy, because I did a survey which I shared with the Revenue Committee, that in Nebraska they want us to do a better job of taxing the wealthy. And don't tell me they're going to leave

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the state because you don't have evidence that shows that. I love when Senator Machaela Cavanaugh uses the "f" word, facts. Show me the facts, not your opinion. And then I was really glad when Senator Albrecht brought up the pink cards, because now we can talk about unfunded mandates. Because since Ben Nelson was Governor, who warned us that if we keep passing down mandates to our political subdivisions, our property taxes were going to continue to rise. And we had interim study after interim study and bill after bill, Senator Deb Fischer, Republican; Senator Justin Wayne, Senator Sue Crawford, Senator Carol Blood. But you don't want to do that. You want to be able to spend the money the way you want to spend the money, like on a canal or a lake, which I'm not saying is right or wrong. You guys don't want to truly be beholden to the taxpayers, because if you did my unfunded mandates, legislative resolution, that would go to the voters, which you know would pass, would also be on the floor. My bill was the first bill out with 8-0 vote, by the way, for the third time in a row. You can't keep talking about property taxes as a way to tax different things. You have to look at it as how do we generate revenue and what do we know is the underlying foundation of why our property taxes are high? I became a Governor [SIC] because I believe in freedom. Oh, my God, a Democrat that believes in freedom. I don't believe that. We've--

KELLY: One minute.

BLOOD: --become a nanny state. Thank you.

KELLY: One minute.

BLOOD: And as a nanny state now, we think it's our job to start capping local government. The CPI plus growth is going to restrict the revenue that they need to run the government. When you start taxing things like Keno, you start taking away our Community Betterment Fund that we are going to be dependent on. The municipalities, the county that I represent do a very good job when it comes to per capita spending. And as we grow and other counties grow, you are limiting that growth, and you are limiting potential services that people value, like snow removal, like their roads, like our parks. You can't keep looking for things to dip out of. You've got to generate income. You've got to generate revenue. And with exception, and I am appreciative of my delivery fee, a lot of good ideas were left on the table.

KELLY: That's your time, Senator. Thank you, Senator Blood. Senator Murman, you are recognized to speak.

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MURMAN: Thank you, Mr. Lieutenant Governor. And I would like to also, as many have done, thank the Governor for making this property tax relief a priority of his administration. I would like to thank everyone that's on the task force that met all summer. Thank Senator Linehan and the Revenue Committee for their work on it. And, of course, thank pretty much most senators here that truly want property tax relief. And, most importantly, as Senator Brandt did, I would like to thank property taxpayers in this state for shouldering more of the burden of taxes in this state that really should be done with a fair tax system in this state. No, no matter how we come up with the ideas for a solution, you know, with, with the way the Governor has proposed with this special session, it'd be a, a big step in the right direction. We need to rebalance our tax structure in this state. I know shift is kind of a dirty-- has become kind of a dirty word, but I like to say rebalancing because our tax structure is completely out of balance in this state. As has been mentioned before, only \$2.3 billion of our revenue comes from sales tax, \$3.7 billion from income tax, and \$5.3 billion from property tax. So as you can see from those numbers, our balanced-- our tax structure is completely out of balance. This-- the, the people that have been working on this are the people that would always be working on it, including the whole Legislature. You know, we, we keep hearing, well, we can't solve this problem in just 2 weeks or whatever the special session-- whatever time that takes. Well, that's not true. When I ran for the Legislature, it's been unbelievably , about 7 years ago now, the number one economic issue in this state was the out-of-control property taxes. And it's only become even more urgent in, in those 7 years. It's not overstating the problem to say it's really-- it's a crisis right now. And we need to do something to relieve that crisis because we are forcing people out of the state, especially elderly and, and also we are preventing or making it very difficult for young people, young couples to own a house or buy a farm in this state or even, even rent in this state. I think the package that's been put together is a very good package. The total package does control spending with the caps, I know that's really important. We can't provide property tax relief without assurance that whatever rebalancing with sales tax won't be eaten up with property taxes in a very short time. So it's very important that we are controlling spending with the caps that are necessary in this legislation.

KELLY: One minute.

MURMAN: And-- thank you-- it also assures that increased future revenue does go to property tax relief. And that's very important. The revenues have come in above expectations. So we have been able to put

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a lot of that revenue to property tax relief thus far, but a lot more needs to be done. And it's been mentioned, a 122-page bill. Well, when you're restructuring the whole tax system in the United-- or in Nebraska with property taxes, it's going to be a big bill. 122 pages really isn't that much with this, this big of an issue. And not everyone is going to agree with every line in the 122 pages, but we've got to work together. We've got to bite the bullet and give and take a little bit to really get big things done. And I'll--

KELLY: That's your time, Senator.

MURMAN: --have more to add, but, I'll do it--

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

HOLDCROFT: Thank you, Mr. President. I, I rise in support of LB34 and opposed to the IPP and the reconsideration. And I have a question for Senator Linehan if she'll yield.

KELLY: Senator Linehan, would you yield to some questions?

LINEHAN: Certainly. Thank you.

HOLDCROFT: Senator Linehan, how many pages did this end up being?

LINEHAN: 122 pages, Senator Holdcroft, of which 81 actually had changes. So, as we know here who read bills, when you go through a new bill, you look at the underlines and the cross outs, that's what you have to pay attention to. So there were 81 pages that had changes. And I would guess, because I read it yesterday in about a half an hour, that you would-- probably half of the 81 pages are less than maybe 2 or 3 lines.

HOLDCROFT: Thank you, Senator Linehan. And, first of all, I, I would like to join others in, in thanking the Governor for bringing this forward to the, the Unicameral and calling us here. I think he feels the, the pain of the citizens of Nebraska and honestly would like to see tax-- property tax relief. I mean, he really did yeoman's work in going around the state and getting people's inputs and provided us with a starting point, which has changed some since, since the-- we first came together. But we, we-- I think we, we have a place to go forward. Two things are-- and I also want to thank the Revenue Committee. I mean, they really have done yeoman's work. It's the one time I was kind of glad not to be on the Revenue Committee, I'm on the Judiciary Committee, so they have really worked overtime. Well, two

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things are true, I think, two facts: Number one, if we do nothing, property taxes will increase significantly if we do nothing. And if you're a renter, you're a renter-- your rent is going to go up significantly. I mean, we, we believe falsely, I think, that renters do not benefit by a reduction in property tax, but landlords do not pay property tax for renters. They simply pass that along to the renter. I mean, it's-- there are good landlords and bad landlords, but even a good landlord is-- he's not going to pay the property tax just out of the goodness of his heart. He's going to pass that along as a cost. So even for renters, if we do not pass property tax, they will see rent increase significantly in the coming years and months. So, you know, most people I don't think have a good idea of how much they pay in property tax. Because if you are a young person and you're just buying a new house, it's all-- it's all rolled into your monthly mortgage payment. I mean, probably now I remember back when I was paying mine it was, you know, maybe 10, 20%, but I, I think you are probably getting closer to maybe 30, 40, maybe even 50% of your monthly mortgage payment is your property tax. And you just don't see it. You just, you know, you have that direct payment from your-- from your checking account to the bank and, and includes your insurance and your-- and your principal payment. But it's just, you know, I don't think people have a real good idea of what they're paying in property tax. So I would encourage those to go ahead and take a look at that annual statement that you get from the county treasurer. And I have mine here in front of me. And I'd just like to just express a couple numbers between 2022 and 2023. OK? The valuation on my house--

KELLY: One minute.

HOLDCROFT: Thank you, Mr. President. The property tax on-- or my assessment on my house went up 17% from 2022 to 2023. I have 12 political-- I mean, political entities who levy against that value. And my levy is \$2.22 per every \$100 in value. My valuation on my house went up 17%. My levy went down 1.6%. That means that those political entities are getting an increase in their budgets of about 15%, 15% increase in budget every year if they do nothing. Now, they did lower it by 1.6%, but my value went up 17%. That's what we have to limit here is the levies. We have to reduce the levies to see-- to get to property tax relief.

KELLY: That's your time, Senator.

HOLDCROFT: Thank you.

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

CONRAD: Thank you, Mr. President. Good morning, colleagues. I rise in opposition to, I guess, the hijacking of LB34, which I was an original cosponsor of in good faith with my friend Senator Brewer as one smart idea that we could bring forward to try and stop the bleeding and figure out how to put our heads together, not only in this body and with the Governor, but also with our partners in local government to address the larger complexities in our tax code, our budget, and school funding. So I stand by my cosponsorship of Senator Brewer's bill originally. I do have significant policy concerns with the Revenue Committee amendment that has been advanced. And let me be clear that my opposition to the plan that essentially is Governor Pillen's plan that the, the Revenue Committee put forward is a sincerely held policy disagreement. The goal, we have all agreed, is laudable and important to provide property tax relief to Nebraskans. And I would add who, who most need property tax relief. But we, we have a, a fundamental sincerely held difference of opinion in regards to how to do that. And I, I simply disagree with sales tax-based approaches which are regressive and which hit working families and seniors and local businesses the hardest. I think that kind of tax increase and tax shift is just a, a bad deal for Nebraska. And it's particularly a bad deal for my district. So I, I want to before we get into the specifics, and I actually think we've been having a really, really good debate this morning, and am grateful that we actually have a bill on the floor here on the 11th day of the special session to address the issues that we were called together for. And Senator von Gillern is exactly right, myself and other senators put in almost 100 different bills and constitutional amendments this session, which show not obstructionism, but a seriousness of purpose in bringing forward good ideas and all ideas, as apparently we were invited to do so, saying we need all hands on deck to address this. But those other ideas, whether they were to raise revenue, address new revenue streams, or no-cost solutions have not been advanced from the committee. So this is the only plan that we have available to us. And at the heart of this plan is that quintessential reverse Robin Hood, and it leaves renters with nothing. I have one of the highest percentages of renters in my district in the state. But then it also asks low-income working families to pay more for almost 70 roughly goods and services that are not previously taxed to then assess taxes on those. So we're not getting relief. We're paying more on those sales taxes. And then, additionally, we're seeing less services for the most vulnerable with the mean-spirited budget cuts that are moving forward. And we're seeing less services on the local level for the most vulnerable because of the caps that would be in place while also risking our schools. So it's, it's, it's a lot to get our heads

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around. But at the heart of it, before we get into specifics, those are the things that I'm most concerned about. And, you know, I think it goes without saying that while, again, well-intentioned, the public safety exemptions from the cap do help to advance our shared public safety goals.

KELLY: One minute.

CONRAD: Number one-- thank you, Mr. President-- we're exempting law enforcement from the risks of a risky plan. Number two, when you make that exemption, those caps hit hardest on mental health, libraries, public health, roads, libraries, pools. And when you take that against the mean-spirited budget cuts, particularly that come out of HHS, and ask low-income folks to pay more and give them no benefit in regards to the tax relief, it's just a bad deal for my district and most working families in Nebraska. And that doesn't mean that I don't like Governor Pillen or like Senator Linehan, it's just my serious read in my head and in my heart talking to my district, listening to emails, going to town halls, looking at the research that it's, it's a sincerely held philosophical difference about how to solve the problem. So I hope that we get a vote on this amendment--

KELLY: That's your time, Senator.

CONRAD: --which would be one of the most significant tax increases in history. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator McKinney, you are recognized to speak.

McKINNEY: Thank you, Mr. President. I yield my time to Senator Wayne.

KELLY: Senator Wayne.

WAYNE: Thank you, Mr. President. Thank you, Senator McKinney. Obviously, the first-- second day I was here, I dropped a sine die motion and nobody voted for it. And today, we're just doing a lot of posturing on both sides. I tweeted this morning that Republicans preach of smaller government and personal freedoms, but impose strict controls on how people live. Democrats claim to support the working class, but their help often reeks of toxic charity and elitism causing more harm than good. Here's the reality. Yesterday, I went to Walmart, then I talked to some people at a Mega Saver. If you don't know who that is, it's a gas station. And the conversation was really, really simple. Would you take increased candy versus no taxes on your electricity? Not one person said no. In fact, most of the people

thought they were already paying taxes on their candy. Not one person said no because people are paying anywhere from \$8 to \$16 a month, some as high as \$24, just in taxes. And that's a whole lot of candy you have to buy to make that up. I asked the same question. What about increased price for your alcohol-- somebody had some vodka versus a renter's tax credit or a renter's deduction? Oh, hell yeah, was the response. I don't get any break right now for paying rent. That's a great idea. I know your alcohol is going to go up. That's OK. That's my choice. Where I live and having a place to live is not my choice. It's a need, not a want. I'm not for this bill, but if we're going to have a real conversation, let's be honest. We get up and say, you're not for cuts, but you just said you cosponsor and support Brewer's bill, the original LB34, which is a freeze. That is a hard cap. Matter of fact, that's a cut. Because if you can't get increased valuations and you're stopped right at the same property value, the cost of inflation goes up, the city's cost goes up, they lose money because it's stopped. I love the idea of a circuit breaker. The problem is our current property tax credit isn't working and a circuit breaker is a credit. And if you look at where it's not working, it's mainly Omaha and Lincoln. Some crazy number of 60% didn't claim it. So trying to go to a deduction or an actual-- on your statement-- a credit on your statement actually helps everybody. Again, I'm not for this bill. I think there's some critical things that we need to fix. I don't think they'll be fixed right now because neither side really wants to move off of their idea. It's their idea and we can't change. But if you support a hard freeze for 2 years, then you can't say you're against caps, because that's actually worse than a cap. There's no growth for inflation. There's no, no growth at all for anything. The city of Omaha put in their fiscal note, it would cost them \$10 million if we did Brewer's bill next year. Let's be honest and have a real conversation, and if we can't, then let's just go home. There's a fundamental problem. Think about it. We're taxing sales tax on gross incomes. That's harder than a net income. You don't get to take into account my deductions, my cost of running my business. It's a higher percentage. That sales tax is going to hit everyone a little harder. Would I like to get rid of the exemptions?

KELLY: One minute.

WAYNE: Yes. One of my hard no's is haircuts. Haircuts are a need. You want to send your kids to school, they need haircuts. You want to go to a job interview, you want to come in looking clean versus getting your nails done. That is a want. I like a pedicure. If I want to do it, I should pay more. And if I got to pay a little 5 to 7 cents on that to make sure somebody can get a renter's tax credit, that's my

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job as being able to afford that want. So I just want a real honest conversation. We're being inconsistent. And you know who's going to hurt in all this? The renters and the property owners. So let's think about what we're saying and let's think about what we're really doing and try to come to a real solution. Our ideas aren't always the best. Sometimes you got to navigate. If we could figure out how a circuit breaker works better than our current tax credit form, I'm for it. I like the idea. But we've proven over the last 4 years credits don't work--

KELLY: That's your time, Senator.

WAYNE: --for working people. Thank you, Mr. President.

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

DORN: Thank you, Mr. Lieutenant Governor. Trying to think of through comments I was going to make and, and many people made it this morning, really like to thank the Governor for bringing us all together to have the discussion on property taxes. The Revenue Committee for all the work they did. My gosh, 68 bills in this special session that they ought to get some kind of, I don't know, Olympic medal or something because that, that-- the, the amount of work you put in. Also their committee for the committee statement and such, really want to thank all of them. Just been trying to listen to all the discussion this morning. A lot of very, very good points made. My, gosh, Senator Wayne there, I think, key point of his is many of us, we are so entrenched on this or this has to be in the bill. And if it's not in the bill, I cannot support it. Or if this is in the bill, that's the other side, the other party, I'm not going to support it either. So we need to, I call it, come together and work through many of those things. But what I've also learned is and several people, especially Senator DeBoer mentioned it this morning, I've been here 6 years, Murman has been here 6 years, Senator Hansen has been here 6 years, we've all been part of this, I call it, property tax discussion. I look at some senators that are only here for-- have only been here for a couple of years, and I go, man, if you learn as much as what we learned in 6 years, by the time you're like the last group that's leaving here, we're going to have 15 senators that are gone, they've been a part of this discussion for 8 years and the effort and the time we put in every session every year for property tax relief. I am for LB34, oppose the other 2 motions, but I, I-- when I talked about it during regular session, I talked about a individual in my district, lives in Hickman, built apartment buildings. We talk about

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property tax relief. He built those apartments in 2018. In 6 years, the property tax had doubled on him. He went from paying 1 month of total rent to pay property taxes to 3 months, the way it is now, of total rent to pay the property taxes. He was about a month and a half to pay the property taxes. He went to 3 months of total rent. So when we talk about rentals, his rent people were going to pay more for those increased taxes. So there are so many conversations going on and so many this affects this, this affects this. I do like the point that if we do nothing-- if we do nothing, 100% guarantee that your property taxes will be increasing. You can call it sales tax, we're shifting it or doing whatever, but 100% guarantee your property taxes in the next year or 2 years will be increasing. Couple, 3, 4 weeks ago, we had a, a tour-- visited some ethanol plants, and Senator Wayne's district, one of the young ladies that's running for that district, and I hope I pronounce her name right, Ashlei Spivey, got to have a conversation with her on the bus for a part of the ride back. And I said how's, how's the-- how's the election going? What-- what's, what's it like? And she talked about how many houses she'd walked. I think all of us can agree, and many people have mentioned that this is just a tax break for the rich. Senator Wayne's district, I would not call that a rich district. Her comment to me was, you would not believe how many people talk about property tax, property tax relief and how many doors I've knocked that they are looking forward to are in-- they're watching and following what the special session will happen for property tax relief. That's in Senator Wayne's district. Those people--

KELLY: One minute.

DORN: --she said, they feel the need for property tax relief. Many of them, she said, talked about what it's doing to price them out of the house. Last-- oh, I was going to ask Senator Linehan a question about the county jails. I'll just bring it up. I had an email that said county jails in here were going to pick up so much of the funding. And I talked to Senator Linehan. It doesn't mention anything about the outside prisoners that you sometimes house. The intent of the bill is that they are all going to be-- that's going to be part of the package picked up, but it doesn't mention it in there that they are picked up. So that email I got from a county board member said, oh, you're not picking it up. Just wanted to bring that. The last thing I want to leave with this is, the only way we're going to bring down property taxes in the state of Nebraska is by reduced spending, by spending less. The state, the counties--

KELLY: That's your time, Senator.

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DORN: --the cities, and the schools. Thank you much.

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

VARGAS: Thank you very much. Yeah, I'll, I'll finish or start where Senator Dorn finished, which is I do believe that one of the best ways that we can get out of this situation is by spending less. There are times where we look at what we're doing in the Appropriations Committee, and I wish we looked at the further context of what's happened over the last more than decade, right, within a decade. In a decade, if you look at previous Appropriations Committees, we have spent a significant amount more 10 years prior to this year-- 10 years. This 10 years, because of the collaboration between past administrations and this administration and with our committee, we have spent significantly less year over year. And because of spending less, we were able to afford a lot of the tax cuts that the majority of the members in this body agreed to. We were able to reduce spending. Now, there are instances where we increased spending. Republicans and Democrats alike, increasing bills for base budget appropriations for programs, for services, for tax credits. And in doing that, that was less revenue that we can do to property tax relief. The Platte Institute continues to put out that our property tax burden is pressing. But as we explore solutions, we emphasize the importance of avoiding higher sales tax rates or taxing business inputs. And in this bill, there's 70 different inputs, goods and services that are going to be now taxed and are going to be picked up on behalf of individuals in our state to offset for property tax relief for others. That's a fact. That's not a question. It's the reason why I'm against that. What I am support of, and I can look my Appropriations Committee members in the face on this, is in committee over the years saying no to more spending within committee, insofar as it actually addresses some of the root causes of problems. We shouldn't be harming Health and Human Services. We shouldn't be doing more to make services less. We should be making sure they're available. Because if that continues to be a burden, it's going to be more expensive on people and they're going to live fewer years, not live as long, and it's going to harm our communities and it's going to be more expensive in the long run. The reason why I fought for housing, and I know that myself and Senator Lippincott and Dover have worked on housing is because if we have more housing stock and it's more affordable and there's more varied, it will lower the market rate. But we don't have as much housing stock right now. Right now in the Midwest, we have the least amount of housing stock per capita in the Midwest versus every other state. Makes it higher, our valuations

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keep going up because of that. We have to do more, and it is a future Appropriations Committee issue, with making sure we're making fiscally responsible decisions. Now here's the bigger issue I have with this is we don't have revenue coming in to offset actually meeting the demands of education or the other aspects of government. I've been in my committees and I do love my committee members, but I have brought this question of if we don't have money and sales tax is reduced by 5% because people spend less on these goods and services, are you going to-- where are you-- where are we going to find the money? Where are we going to find the money to then meet the goods and services? If we have a budget deficit request for child welfare, for developmental disability services, for education, and we don't have enough revenue coming in, what will we do? Will you increase revenues or find new revenue sources? Those are on the book right now. People introduced revenue generators and they were not brought forward, not enough of them.

KELLY: One minute.

VARGAS: Colleagues, I'm in support of reducing spending, especially for local municipalities. I've said that because I've done a vote of the people for occupation taxes. So I believe vote of the people for increasing spending. I support that personally. I can't speak for anybody else. I also want to try to spend less, and that is the way we've been able to responsibly still meet services and not reduce this burden on the working class by paying more on regressive sales tax. I was supposed to yield more time to my colleague, Senator Dover. I'll yield him a couple seconds. Oh, no, he's waving it off now. Never mind. I hope that-- and this is in the future for next year-- for next year when the body is looking at how much less money we have, and we are projected to have \$60 million at least less than this next biennium, right now at this moment, that if we are not willing to look at other revenue generators-- also, if we're not willing to take a hard look--

KELLY: That's your time, Senator.

VARGAS: Thank you.

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

WAYNE: Thank you, Mr. President. There are some good bills that we are not going to get to. This entire process is being driven by schedules, and that's a problem. My schedule wasn't accounted for when I got

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called down here, but we're going to accommodate this session to schedule for failure. We are working a schedule that we all know is going to lead us to the exact thing that many of us don't want us to be at, which is just frontloading LB1107 and getting out of here. That's what's going to happen, and it's going to leave out many, many Nebraskans. And it's not going to provide real relief to many Nebraskans because we're focused on a few individual schedules. And I know people have commitments next week and the week after that. And what I would propose is a pause. I would propose a pause to have some more conversations. If we believe that this is so important for a special session, then it should be important enough to have real, real dialogue, and not just with a selected few in a nonsecret, secret committee. I'll give you an example of a bill that I think we should do that I've talked about it for 7 years that Senator Brandt brought, LR2CA. If you don't know, one of our problems with property taxes is we have the uniform and proportionality clause in our constitution. So every time we came up with an idea for a property tax relief that involved some kind of classification, we-- the courts have found it unconstitutional. That's why ag is treated differently, because we had to go out and pass a new constitutional amendment for ag. That's why Dorn's bill, I think, is probably one of the most significant bills that can affect change in Omaha and we're not going to hear it. We should vote on that bill and the underlying statute that allows it to be on the ballot and take a pause. We should bring out the gambling, LR3CA, straight up or down vote. If we don't pass it to get it on the ballot, so be it. But if it gets on the ballot, let them vote. And don't make neither one of those conditions upon the rest of the package that we have to put together. But we can do that this week and put those two issues in front. If you don't know why Brandt's bill is so important, commercial and residential are taxed the same. If we can break that out of our constitution, then the issue in Senator McKinney and my district, where out-of-town people are owning property and are going to get this relief and people who live here won't. We can change how that works by using residential and owner-occupied. That bill is critical. In my first 2 years, I couldn't get Republicans to understand it, so I couldn't move it out of-- at the time it was in Urban Affairs, because uniform and proportionality is a big deal, and he understands that issue and why it's so important. That is a must-have, and a schedule should not dictate that. Gambling, we talk about new revenue, the only thing we're talking about is online. During the College World Series, they literally drove to Carter Lake. If they were in a car and if they weren't in a car, they walked over to the Bob Kerrey Bridge, got on their phone and made a bet. Exit 1 in Iowa, look at the maps. It has-- it is actually the number one casino

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in Iowa. They pull off, get off, make their bets and come back to Omaha. All that revenue is gone. And for those who are concerned about the social ills, we still have them and we don't have the money to fund it. To be a true conservative, let people live their lives and take personal responsibility.

KELLY: One minute.

WAYNE: Those bills should be on the floor and debated before we even got to this bill, because then that gives that side of no extra revenue, that argument is gone. Schedules shouldn't dictate property tax relief. We deserve more and so do the Nebraskans. Thank you, Mr. President.

KELLY: Thank you, Senator Wayne. Mr. Clerk.

CLERK: Mr. President, your Committee on Appropriations, chaired by Senator Clements, reports LB2 and LB3 to General File, both having committee amendments. Additionally, a priority motion, Senator Walz would move to recess the body until 1:00 p.m.

KELLY: Members, you've heard the motion to recess. All those in favor say aye. All those opposed, nay. The Legislature is in recess.

[RECESS]

KELLY: Good afternoon, ladies and gentlemen. Welcome back to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence.

ARCH: Mr. Clerk, please record.

CLERK: There's a quorum present, Mr. President.

ARCH: Thank you, Mr. Clerk. Are there any items for the record?

CLERK: I have none at this time, Mr. President.

ARCH: Then please proceed. Next-- first item on the agenda.

CLERK: Mr. President, when the Legislature left and recessed, pending was the motion from Senator Linehan to indefinitely postpone. Having been defeated, there was a motion to reconsider, MO149 from Senator Machaela Cavanaugh.

ARCH: Senator Brewer, you are recognized to speak.

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BREWER: Thank you, Mr. President. Well, I guess I should open by saying that I support LB34 since it's my bill, even if it's not in its original state. But I think today what I wanted to talk more about is that there's a senior class that's about to graduate, which have probably as much potential as any class that's ever come through this body. And I had hoped that this body would be able to figure out how to make a honorable effort to get property tax relief. This class, if there was any, any group that could do it, I believed that it was them. But I, after listening to debate this morning and going back and looking at previous attempts, I'm not hopeful that we're going to be able to come to a resolution. Maybe we will, maybe we won't. It is, is a common thing in the native community to use a sweat lodge to have visions, so I may have to do that. The only downside is sometimes sitting in a very enclosed hot area, you suffer from dehydration and smoke inhalation to have your vision, but that might be the only way I'm going to figure out how we're going to do this. With that said, I would like to kind of share a little about, since it is our responsibility to represent our districts, the challenge that we're having out west. And that's simply because, as I've said in the committee hearing, we are depopulating western Nebraska. There's no way else to look at it. And the reason we're depopulated is because the property taxes are high enough they're leaving. As people leave, ranches get bigger, and a lot of the ones that get bigger are from folks out-of-state. And that sense of community that used to be with a lot of the little towns is gone. But more importantly, we're in a fix that, if you look at the 49 Senators, 38 of them have some part, even if it's an extended part of Lincoln or Omaha in their district. That leaves 11 senators to represent about 80% of Nebraska. So we can have all the passion and all the desire we want to see property tax relief. But 11 individuals will never change property tax in Nebraska. So unless we're able to persuade the Lincoln and Omaha senators to find that, that middle ground, that place where we can have some type of property tax relief, this course run is not going to change. Now, today is not over, we've got a ways to go, and maybe we can continue to work this and find a way to do it. There's a lot of folks that are, are looking at minuscule issues as a reason why just to not vote for this. And you can always say, well, never, ever, ever will I vote for a tax increase. But if that's true, then, you know, we really are in a position where we may never find a solution to this, at least with the group that's here in this body now. Our, our dilemma is this. We are in special session. And if anybody spends any time reading about this special session, you can see that many people are following the cost of the session. I think yesterday I read that we spent \$14,000 in paper, which I have no problem believing after going through a bill

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drafting process. But what we are going to have to answer to is that at some point, as the clock runs out and we have to take a vote, we will walk away from here with nothing. Now, for those that are running, I would think that's not going to be a positive thing, but maybe some feel that--

ARCH: One minute.

BREWER: Thank you-- that, that that's not going to be an effect. But we all have to go back and talk to our communities when we're done, and answer to our districts about why things turned out the way they did. And I don't have any good answers. I mean, this is-- this bill was not-- this bill is not the original bill I had. And Senator Wayne is right, my original bill did not lower property taxes. And to a degree, yeah, it would have-- it would have caused an inconvenience in some towns, counties because it's freezing things. But we're freezing things because we're out of options. And, if it costs the city of Omaha \$10 million, well, then guess what? All the people that are paying taxes, they're not getting an increase, they're still having to pay. So it's a one-sided argument that that shouldn't be that way. So I will-- I will continue to push to try and get a resolution on property tax.

KELLY: That's your time, Senator.

BREWER: Thank you, Mr. President.

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

FREDRICKSON: Thank you, Mr. Lieutenant Governor. Good afternoon, colleagues. Good afternoon, Nebraskans. Senator Brewer and I have the, I think, enviable position of both being one and two after lunch when everyone is full of energy and ready to listen. So, I've, I've been really appreciating the conversation, and, you know, both, both that's been happening on the floor today, that's been happening throughout the special session. And I've really appreciated the conversations that have been had over the-- over the summer, over the interim, as, a, a, a group of us have gotten together to discuss this problem. And, I've, I've, I've learned quite a bit during this process, and that's come both from my colleagues here in the Chamber, it's come through conversations with constituents, and it's also come from conversations with leaders throughout the state, whether that's business leaders, whether that's educational leaders, whether that's agricultural leaders. And two of the big learnings I've had, the first one is that

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property taxes are a major concern in our state. This is something that Nebraskans care deeply about, it's something that Nebraskans want to see action on. And I think we'd be hard-pressed to find many people who, who disagree with that statement. But the bigger learning that I've had this summer and through these conversations has been, and this kind of came a bit as a surprise to me, but Nebraskans care very deeply about how that is achieved. They care very deeply about how we provide property tax relief, how we get there, and at what cost that comes. And what I've learned from these conversations with constituents, with leaders throughout the state, is that many people are unwilling to sacrifice major budget cuts, to compromise infrastructure, to have some uncertainty with K-12, to compromise our parks and our libraries. People tend to really enjoy the quality of life that they can get in our state. With the plans that have been proposed-- I'm going to speak a little bit as a senator-- I represent District 20, which is in central west Omaha, and I've had a number of conversations with our mayor, with her office. I've been in regular contact throughout this special session, and I have some particular concerns about the impact of this policy on our city. You know, Omaha is an incredibly vibrant city. There's a lot to do there. There's a lot to love about Omaha. And I think it's really important to realize Omaha is growing year by year by year. We talk a lot about people who are leaving, we talk a lot about people who are-- who are selling their homes. But the reality is, if you look at the city of Omaha, the city of Omaha is growing. It's booming. And when you put a hard cap on municipalities like what is proposed in the bill that we're discussing, or the amendment, I should say, I just don't know that I'm comfortable kneecapping the possible economic development that's going on in that city. And I don't know why anyone in the state would want to do that. If we want to do meaningful tax relief, we need revenue. We need the revenue that comes with economic growth, that comes with increased population, more taxpayers. And these are all things that I worry--

KELLY: One minute.

FREDRICKSON: Thank you, Mr. President-- are compromised with this plan. So with that, I am not in a position where I can support the proposed amendment. I will continue to come to the table in good faith to have these discussions, but I am not at a place where-- and I've heard loud and clear from constituents, as well as major stakeholders throughout the state, that this is too high risk. Thank you, Mr. President.

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

MOSER: Question.

KELLY: The question has been called. Do I see 5 hands? I do. The question is, shall debate cease? All those in favor vote aye. There's been a request to place the house under call. The question is, shall the house be placed under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 18 ayes, 6 nays to place the house 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. Senators Wishart, Vargas, and Hunt, please return to the Chamber and record your presence. The house is under call. All unexcused members are now present. Members, the question is, shall debate cease? 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 voting yes. Senator Bosn. Senator Bostar not voting. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Conrad voting no. Senator Day. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Erdman. Senator Erdman voting yes. Senator Fredrickson not voting. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould voting no. Senator Riepe not voting. Senator Sanders voting yes. Senator Slama. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz not voting. Senator Wayne. Senator Wishart not voting. Vote is 31 ayes, 7 nays to cease debate, Mr. President.

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KELLY: Debate does cease. Senator Cavanaugh, you're recognized to close on your motion to reconsider.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, it will take 25 yes votes on the motion to reconsider for us to have the opportunity to vote a second time on indefinitely postponing. So I would encourage you to vote yes, so that we can have an opportunity to indefinitely postpone LB34. There's a lot happening. There's a lot happening on LB34. There's a lot happening in the Chamber, outside of the Chamber. This entire process has been just like a firestorm. And it's been spreading very quickly, and it's hard to have a grasp on it, and to know what direction to go into. And, and there's just a lot to say on all of it. And I myself feel a little overwhelmed as to what is the most important thing to communicate at any given point in this debate. I, I've talked about, and others have talked about how this is a tax shift to lower-income individuals to pay more in taxes for property tax relief for people who are more financially secure. And there's no safeguards for those people. But I want to talk about something else. And I've, I've alluded to this, but there's also the pay-for, and I know people are walking around talking about what would you support if it was just this and this, no matter what is brought forward, in addition to generating revenue, we are going to have to cut things in our budget. And that is extraordinarily concerning. And nobody's really talking about it. I went to the Appropriations Committee for LB2 and LB3. And, I mean, it was a long hearing for the 2 bills, yes, but it was nothing, nothing compared to across the hall. Nobody was paying attention. Nobody was paying attention to the just broad cuts to DHHS. Nobody was paying attention to the fact that noncode agencies found out that their budgets were being cut in this proposal. Our own Legislature's budget was cut by millions of dollars. Our budget isn't that big. I think it's like \$12 million? And they wanted to cut 5? Like, have we seriously been over appropriating \$5 million all these years for ourselves? Because if we have, I would like better post-it notes. Because I, I-- certainly I've been writing on these tiny ones today. Like, I, I don't know, I mean, I, I told Carol that, you know, she's going to have to give up her extra nameplate, because obviously we've been doing too much. We've been spending too much. We literally have pages take our nameplates from committee to committee. Like we are thrifty. Those notepads you have in committee are former legislators' letterhead cut up and put into notepads. We waste not ever in this place. I mean, we did get the luxurious upgrade of, not the ghost of-- I can't even remember whose, but the coffee this year, so I, I guess we do have that luxury going for us. By the way, people at home, the only thing we have here is black coffee, iced tea, and

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water, and yeah, we can be here for, you know, 16 hours. We have black coffee, iced tea and water. So your Nebraska Legislature, we're, we're spending a lot here. I think the lobby would agree that even though we've been doing--

KELLY: One minute.

M. CAVANAUGH: --a massive HVAC project, we still can't figure out how to get more fans out there. They're all sweating to the oldies out there. The point is, nobody's talking about the budget. Nobody's talking about these cuts. And no matter what we do on LB34, LB24, LB76, LB9, LB1, whatever bill ends up being the vehicle, we still have to cut the budget. We still have to cut services to Nebraskans, developmental disabilities, behavioral health, child welfare. These are real things that are on the chopping block, that in addition to shifting property tax increases to those families, we're going to cut services to those families. And I wish you all would give this some serious consideration, not to mention the issues we are facing--

KELLY: That's your time, Senator.

M. CAVANAUGH: --with the criminal justice system. Thank you, Mr. President. I would like a roll call vote.

KELLY: Thank you, Senator Cavanaugh. Members, there's been a request for a roll call vote on the motion to reconsider. Mr. Clerk.

CLERK: Senator Aguilar voting yes. Senator Albrecht voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting yes. Senator Bosn. Senator Bostar not voting. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Conrad voting yes. Senator Day. 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. Senator Hunt voting yes. Senator Ibach voting no. 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 voting yes. Senator Riepe not voting. Senator Sanders voting no. Senator Slama. Senator von Gillern voting no. Senator-- excuse me, Senator

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Vargas voting yes. Senator von Gillern voting no. Senator Walz voting yes. Senator Wayne. Senator Wishart not voting. Vote is 13 ayes, 28 nays, Mr. President, on the motion to reconsider.

KELLY: The mo-- the motion fails. I raise the call. Mr. Clerk.

CLERK: Mr. President, LB34, introduced by Senator Brewer. It's a bill for an act relating to revenue and taxation; changes the method of assessment of real property as prescribed; and repeals the original section. The bill was read for the first time on January 26 of this year, and referred to the Revenue Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Senator Linehan, you're rec-- Senator Linehan, you're recognized for the committee amendment.

LINEHAN: So we've already talked about this a lot this morning. I-- it's my understanding that we probably don't have the 33 for the committee amendment. People have been working this morning on another amendment, of which I think we now can send out to everybody. So I would like to keep talking about this amendment while you all get a substitute that maybe, if we cooperate, we could all get to. So I'm looking at staff, asking them to email that to senators now. I'm getting a thumbs up. So, the goal of plan B-- and I want to make clear, and I haven't even thought about this because I'm not a far out planner, but my understanding of the rules of special session is we could defeat this today, and then we could come back with plan B tomorrow. So this is truly an effort to save some time and some hours of sleep. So, but we don't have to do that. We could just wait till tomorrow, and Revenue Committee will meet tonight and bring another bill back tomorrow. Yes, Senator, it's in the rules for the special session. So, just because I don't know when to let a-- what is the saying? Stop beating a dead horse. So I am going to talk a little bit about what was in the original bill we decided we couldn't do. The one-- my, my favorite one-- please tell me I haven't lost it. We can't tax, can't-- we can't shift taxes because-- the things we don't tax in this state are crazy. We don't tax swimming pool maintenance, cleaning, and labor. So that means, I think Senator von Gillern helped me with this, our best guess swag, in Douglas County, there are 8,000 private pools. I doubt very much that they're in low-income neighborhoods. 8,000. Now, as I've said before, crazy as I am, I have a pool. It costs you about \$500 or \$600 to open it up, and it costs you \$500 or \$600 to close it. Now, I suppose there are some people who have pools that do it themselves, but it's a lot of work, so not very many. Then you turn on the motor, and you've got to put all the stuff

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in it, and then you got to-- OK, I'm going to give this up. Then you got to clean it, if you clean yourself. When I first moved there I wasn't living in the Legislature, so I hired somebody to clean it, it's \$100 a week. That's 10 years ago, so I'm guessing now it's about \$200 bucks a week. But we can't tax it because somehow that's going to hurt low-income people. I also have-- I do a lot of yard work, a lot of gardening. But I hire my lawn mowed because it's an acre, and if I had to mow the lawn, I wouldn't have time to do any gardening. I don't pay taxes on my lawn service. I don't know how many people, low-income people, pay for their lawn to be mowed, but I don't think very many. Landscaping. We don't tax landscaping. I live in an older neighborhood, it's about 30 years old. New neighborhood went in next door, they're 5-acre lots. They're about \$250,000 an ac-- a lot. They're probably more now because houses are there. They have the most beautiful landscaping. But none of them paid sales tax because we don't sales-- we don't-- we don't tax landscaping. I mentioned before, we don't tax limousines. This idea that every tax that we proposed here hurt low-income people is just not true. And I think I heard Senator DeBoer, she's here, and she says, OK, I'll ask her a question and if I'm wrong, wave to me and I'll let you correct it, because I was talking to somebody else. She talked about bleach and household items. No, I got it wrong. OK. When you go to the grocery store today, how many of you really think when you pick up that hot chicken, oh, I'm going to have to pay sales tax and occupation tax. Or if I go over to the same exact chicken that was there yesterday, now it's in the cooler, I don't pay any tax. Not I just pay sales tax. Hot chicken is about 9.5%. Cold chicken is zero. How many people buy cold chicken when there's a hot chicken sitting there? Pop and candy. And Senator Wayne, I know he's got a trial this afternoon, so he's not here. You ask anybody walking down the street, do you pay-- they would, of course, say they pay tax on candy, because who with any common sense would say we don't tax candy? Who with any common sense would say we don't tax a can of pop? Now let's go to the school funding part in this bill, which is probably going to go away. For decades, because I've lived in Nebraska for a long time, property taxes were a problem because the state didn't give the schools enough money. We had a hearing on LB9. I was so hopeful, though I was kind of like, ah, we'll wait and see. Here, STANCE, Schools Taking Action, STANCE. LB9 took the levy down to \$0.45. So they came in for-- former superintendent Norris Public Schools, currently serves as secretary of STANCE. STANCE stands for Schools Taking Action for Nebraska's Children's Education, 18 mid-sized schools districts. So these aren't the real little ones, but they're not the great big greater ones. They have 25,000 kids. They came in support of LB9, at \$0.45. This bill is at \$0.40. So

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STANCE was fine at \$0.40 when it was LB9. Next up, my friend Jack Moles. I'm the executive director of Nebraska Rural Community School Association, also referred to as NRCSA. 223 member public schools. So this is the vast majority of schools, but they're smaller. On behalf of NRCSA, I would like to testify in support of LB9. So we have the vast majority of school districts came into a hearing where we're going to drive the levy down to \$0.45 and fill it up with state aid, and they were in support. But now we're talking about 40%, and we're going to destroy, I think I heard the word this morning, or decimate. Well, if you look at Twitter, like we're going to close the doors on them if we do a \$0.45 levy. Even though since we've been here, guys-- this wasn't like last year. This was the second or third day of hearings from this session, we had 2 school districts come in and say they supported the bill. They supported a \$.45 levy. The only school district that came in against it was Omaha. There were some that were kind of like, I don't know, we have to see the modeling, we haven't seen the modeling. I understand that. But don't come in and say \$0.45 will make us close our doors. Excuse me, \$0.45 would be great, I mean great. But \$0.40 will have us close our doors. There's no sense in that. We cannot fix property taxes unless the state picks up more school funding. And we can't pick up more school funding without some agreement from the Association of School Boards, the Association of School Superintendents, the NRCSAs, the STANCE, the Greater Nebraska Schools, the Association of ESUs. Yes, they all have lobbyists. They all come to all our hearings. And we did have a hearing, and Senator Conrad will remember this, when we asked, where do they get their funding to pay for their associations? I assumed, and said, that they came from public funding. But they said, oh no, we get money from all over. We get money from outside the state, we get money from different organizations, national organizations. So we have money pouring into those organizations, not Nebraska money. And I'm looking-- we have that testimony if anybody wants to look at it. And they come in and lobby us to do what? Evidently, not to give them more state aid, now we're against more state aid.

KELLY: One minute.

LINEHAN: The bill that's on the board, we cut out public safety. And now we got people saying the caps are too high. We had the Douglas County Sheriff, the Lancaster County Sheriff, the Douglas County Attorney, the Lancaster County Attorney, a whole bunch of policemen from Lincoln, the sheriff, I think, from Hamilton County, that's Aurora, the sheriff from Kearney. They all came in and said, this is fine, we can live with this, this is great. So I would like somebody, if you're against this, just to get up and give me a concrete reason,

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example, of how this is going to hurt low-income people. It's just not, guys. What her-- what we're-- if we walk out of here with nothing, somebody brought this up this morning, I'm going to hit on it if I get up again, harder. If we do nothing, taxes go up, guys.

KELLY: That's your time, Senator. Mr. Clerk.

CLERK: Mr. President, senator priority motion. Senator Linehan would move to bracket LB34 until September 3, 2024.

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

LINEHAN: So I'm going to go back to that. And we handed this out at the first briefing, and we can probably get you copies of it again. If we do nothing, we go home with nothing. I, I think the vast majority, and I don't have-- I do have a list here, because staff is very good, it's not their fault, it's my fault for not being more organized, schools are going to keep losing money because what's going to happen in Lincoln, in Millard, in Bennington, in Waverly, in Norris, all those valuations are going up. And right now, under TEEOSA, valuations go up, your state aid goes down. So in my piles of paper here, Sioux City Community Schools, state aid in '23-24 went up a li-- it went up a little bit in '24-25, \$651,000. It will go down in '25-26 by \$1.127 million and change. Lincoln Public schools. This year, you read the papers-- the year before they got \$104,886,753. They lost \$31,000,852 this year. So where di-- where are they going to get that money, guys? They're going to get it from property taxes. So we did nothing, and we raised Lincoln Public Schools property taxes pays by almost \$32 million. Here's another one, Millard. We did nothing, and they lost \$10.8 million in state aid this year. If we do nothing again today, they'll lose over \$1.5 million next year. Schuyler. Not exactly a rich district, I've been there. They've got washing and drying machines so kids can wash their clothes at school. They have kids that live there that don't have parents in-country. They lost \$1.0 million-- just call it \$1.08 million. And they will lose money again next year. So let's don't sit here and pretend that we can go home and do nothing, and everything will be fine. Because if we because we go home and do nothing, everybody is going to pay more for their public schools on their property tax statements. Everybody. It is no longer a crisis just in rural Nebraska. With that, I'll pull my motion. Thank you.

LINEHAN: Thank you, Senator Linehan. There was-- the Chair didn't hear any request to withdraw. Is--

LINEHAN: Request to withdraw the amendment.

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KELLY: Continuing to the queue. Senator Riepe, you're recognized to speak. The next speaker is Senator Linehan, you're recognized to speak.

LINEHAN: I'm sorry. I'm sorry?

KELLY: Raybould. Senator Raybould.

RAYBOULD: Thank you, Mr. President. Good afternoon, colleagues. Good afternoon, fellow Nebraskans. I want to correct Senator Linehan. The LPS briefing shows LPS opposition to AM73 to LB34, so I too stand in opposition. There are a number of questions that need to get asked on any type of legislation that is involving our public education system. What is the net property tax relief for homeowners? Where is the model of this provision? How do we know if the proposal results in property tax relief? LPS estimates a loss of \$0.06 of levy authority, or \$22 million, through a rough analysis of the proposed legislation. So I'm looking at this discussion, and I've been listening very carefully, but I feel like the more things change, the more they stay the same. I am so very grateful to the constituents, businesses, ag leaders, educators who participated in town halls, hearings and emails. I heard you and many of my fellow colleagues here heard you. There's not one single email that I got that didn't say we need property tax relief, but it was balanced out by their concern for fellow Nebraskans and the impact the largest tax increase in the history of the state of Nebraska in the last 25 years would have on those who could least afford it. You know, unfortunately, the administration and several on the Revenue Committee had a game plan hatched since before this special session. It kind of looks a lot like LB388. Well, that didn't have the votes last session and still doesn't have the votes this session, despite the Governor's repeated requests to fellow Nebraskans that they alert their state senators, and have them listen to their support of the Governor's proposal. Well, yesterday I got officially my second email of support after receiving hundreds, and hundreds, and hundreds of emails from a broad coalition of folks, businesses, counties, ag developers, educators, seniors against this plan. Clearly, the administration is tone deaf on this matter. Definition of tone deaf from Merriam-Webster dictionary is having or showing an obtuse insensitivity or lack of perception, particularly in matters of public sentiment and opinion. There's an email from a farmer who went out to all of us. It says, my wife and I own a farm and would benefit from any real estate tax reduction. However, shifting them to sales taxes that would require low-income to pay more is just wrong, wrong, wrong. The income tax income is not pulling its fair share. If income taxes cannot be raised to offset most of the proposed sales tax

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increases, then just pack up and go home. Well, the Legislature did our job last session, recognizing that the approach pushed then, and again now, is a massive regressive tax increase impacting hardworking Nebraskans and those on fixed incomes. Instead of providing real results on property tax relief to those who need it the most, this bill gives wealthy landowners yet another huge gift. Remember, there is no such thing as trickle-down economics. We didn't fail last session. The Governor has fumbled the ball and has failed to fool our fellow Nebraskans that this tax plan will benefit them. We all recognize and acknowledge the need for property tax relief, but done in a thoughtful, deliberative, fiscally sound way with credible financial analysis, forecasting, modeling, and the full and transparent hearings throughout the state with input from a broad base of constituents, much like Blueprint--

KELLY: One minute.

RAYBOULD: --Nebraska did. Thank you. If this were a true fiscal emergency, we should have had an all hands on deck approach by calling out for the following: Create a differentiation and valuation for owner-occupied residents versus residents for short-term rental. Constitutional change. Revise the Nebraska valuation formula to cap wild swings in value. Freeze the accelerated income tax reduction for the top 2 wealthiest tiers and corporations for 2 to 3 years. My bill, LB10, would have saved \$249 million the first year, going up to \$689 million the next year. And by the year 2028, \$1.1 billion that could have been applied to tax, property tax relief. You know, we're going to talk about frontloading LB07 [SIC, LB1107]. We need to look at all new revenue sources. This was not considered. It was soundly dismissed by the Revenue Committee. You need an expanded revenue base, not a shrinking one.

KELLY: That's your time, Senator.

RAYBOULD: Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Linehan, you're next to speak.

LINEHAN: Where is Senator von Gillern? Would you yield to a question? OK. He's coming. I heard him.

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

von GILLERN: Yes.

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LINEHAN: Thank you, Senator von Gillern. You worked on several scenarios of how this income-- the sales tax would affect a family of four, single people, people who had high adjusted gross incomes, people who had low adjusted gross incomes. I think one of the things I heard this morning is on-- we already-- like when I go to the grocery store, about half of what I usually buy-- oh, I'm probably not a very good example because I don't have a family to feed, but half of what I buy at grocery stores is already taxed, is it not?

von GILLERN: It depends what you buy, but yes.

LINEHAN: Detergent to wash my clothes.

von GILLERN: Yes.

LINEHAN: Shampoo to wash my hair.

von GILLERN: Correct.

LINEHAN: Paper plates, napkins.

von GILLERN: All taxed.

LINEHAN: Anything-- ready-made sandwiches in the deli?

von GILLERN: All taxed.

LINEHAN: OK, if I go to the Quick Shop, or I go to-- I'll just say Quick Shop, that's what was popular when I didn't ever cook. Do I pay taxes on an ice cream bar?

von GILLERN: On an ice cream bar? No.

LINEHAN: No. Do I pay-- if I get a package of hot dogs out of the cooler, do-- it's food. Do I pay taxes on that package of hot dogs?

von GILLERN: No, but you would if it came off of the roller dog machine.

LINEHAN: I was going to ask that. So if it comes up-- so I don't even know now, because I'm-- I've never paid attention until the last 3 or 4 months. I think if I buy a donut that's in that glass cage, you know, where they bring them in fresh if you get there early enough in the morning, you do pay sales tax on that, don't you?

von GILLERN: I decline to say whether I buy donuts or not.

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LINEHAN: But I think if you go over to the donut where they have those, like, week-old donuts, I don't know, I loved them as a kid. I've gotten over that. They're in a box, and you take them home to eat them. Those are not taxed, right?

von GILLERN: Correct. Those would be food.

LINEHAN: On tobacco taxes, we were presented early on with a \$2 increase in tobacco taxes, and we said no, right?

von GILLERN: Correct.

LINEHAN: And then we were thinking about a dollar, and we heard about border bleed, so where did we land on a pack of cigarettes?

von GILLERN: We landed at I think it was \$1.36, I might be off a penny or two on that, but it matches Iowa's rate on cigarette taxes.

LINEHAN: And then one thing we discovered during the hearings, and we had to have a special hearing over it, was kids, young people in high school now, they've found a new nicotine, form of nicotine they can use so they don't have to vape, right?

von GILLERN: Right. Yeah. We discovered that vaping by some claims to be on the decline, particularly with youth, and they're beginning to use these nicotine patches-- pouches.

LINEHAN: Pouches, yes, because the patches are what you buy--

von GILLERN: Right.

LINEHAN: --at the drugstore.

von GILLERN: Right.

LINEHAN: So the pouch is one of the reasons young people like them, and people who work, since it's become socially unacceptable to be a smoker anymore. Pouches can go in your mouth and nobody can tell. Like gum, nobody can tell. Do we tax those now?

von GILLERN: Not currently.

LINEHAN: So we don't--

von GILLERN: They're taxed as-- under sales tax, but they're not taxed as any special tobacco tax.

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LINEHAN: As nic-- nicotine.

von GILLERN: As nicotine.

von GILLERN: So let's move to consumable hemp. Do we tax that now?

von GILLERN: Only as sales tax.

LINEHAN: Only as sales tax. So we thought that hemp is more like cigarettes or liquor, so there probably should be an excise--

KELLY: One minute.

LINEHAN: --tax on it. So some of these taxes, in my recollections of the hearings, and we worked with some of the industries, they were just common sense things, right?

von GILLERN: Seemed to be common sense to the committee members.

LINEHAN: So if we really believed everything we're saying here on the floor about how we shouldn't have taxes, we shouldn't tax tobacco, or pouches, or any food, regardless of how hot and ready it is. I'm just trying to make the point that a lot of this is very silly. Thank you, Mr. President.

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

McDONNELL: Thank you, Mr. President. Good afternoon, colleagues. Let's go back to April, when we decided not to-- we didn't have enough votes for LB388. At that point, the Governor stood in front of us at the end of our session and said, I'm bringing you back. I'm bringing you back for a special session. So we all-- we all knew at that point, it was just a matter of when. Then the Governor decided to put together a working group, and I was part of that working group, and I think we did some, some good things in a lot of time, which I, I appreciate people's time. I appreciate people's work on this issue, with the Governor's team, with our committees, with individuals. But that's what's expected of us. The work is-- we're supposed to do the work. That's just expected. We ran for these offices, we're supposed to do the work. But also, people are waiting for us to do something about property tax. So now you got the Governor, and here we start the session, and now we talk about the Governor, and we talk about what he introduced, or what he asked us to introduce, what he asked us work on. But this is now in our court. This is our problem. And I know every one of the senators that are here today want to do something

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about reducing property tax. How do we get there? How do we get there, and how-- a lot of things that have been brought up about LB34, about the amendment, I agree with. How do we get to 34? There's an old saying, you get a 100% or nothing or 50% of something. Going home-- and the Governor, of course, starts a special session. We end it. But going home without accomplishing anything isn't a success. Our mindset cannot be, well, oh, see, the Governor failed. No, we failed the citizens that we were elected to serve. Who really fails, who really gets hurt, it's not the Governor, it's not the senators, it's the people of Nebraska. It's our future. It's our kids, it's our grandkids going forward. This is too big for personalities over policy. We have the ability, and I, I was so impressed over the weekend, there was some senators that we got together, and they-- they're not, some are not supportive. But they're trying, they're trying to get there, and they're trying to be creative. And for hour-- 4 hours they talked and came up with ideas, and just, just the idea of trying to work together, trying to solve the problem. But again, that's what it's got to be about. It's got to be about different solutions to the problem. Might be something that we've never talked about. Please don't give up trying. And I know you won't because all of us want to bring property tax relief home to the citizens we serve. I'll yield the remainder of my time to Senator Erdman.

KELLY: Thank you, Senator McDonnell. Senator Erdman, you have 2 minutes, 4 seconds.

ERDMAN: Thank you, Mr. President, and thank you, Senator McDonnell, I appreciate that. So we'll have a discussion here for just a moment. I want to refresh your memory back to late April when we were debating LB388. It was looking, as it is now, very, what shall I say, questionable whether LB388 had the votes. And so I introduced an amendment that would frontload LB1107, and keep the spending caps in place. That motion received 23 votes. And now it seems to be a very popular amendment. Had we done that, and voted yes on frontloading LB1107, we may not be here today. So here's where we are. I believe this bill, this amendment will have the support that it needs. I hope it does. But just let me be clear about this, is as we move through this process, whatever--

KELLY: One minute.

ERDMAN: --it is that we accomplish, will have to be done over and over and over again. We like doing that, because then we can go home and say we did something. So this very well could be all we can get. But I

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want to use this again, and you can describe it to others with the same explanation, this is a decrease in the increase. Thank you.

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

KAUTH: Thank you, Mr. Lieutenant Governor. I want to comment on some of the things that we've been talking about. And I'm just-- I kind of jotted things down as people were speaking. When Senator Fredrickson talked about how Omaha is booming, and it is, it is very easy to be a booming metropolis when you're taking money from the property owners, you're taking windfalls. If you're not supposed to tax more than you were, but you're taking that extra and using it, yes, of course you're going to do great things. But shouldn't that be the property owners' decision on what they give up? Senator Conrad had used the word mean-spirited budget cuts. I don't think there's any person in here who thinks about cutting budgets with meanness in their spirit. Those are emotional words. We are talking about how we penalize property owners. I do have to mention the supreme irony of Senator Machaela Cavanaugh complaining about the tactics, tactics used with legislation, and being on the floor in debate. Senator Macha-- Machaela Cavanaugh has routinely blocked all debate using rules and using them very effectively, when she filibustered everything last session. So again, when, when people get up and complain about how the rules are being used, they're very often using them themselves. It's not the government's responsibility to bring people out of poverty. It's their responsibility. It's the government's responsibility to not make it harder for them. Being able to purchase a home is a huge step up the rung. If we make it harder for people to purchase homes because our property taxes are so very onerous, we're keeping people down. We're not even allowing them to taste the American dream. When people talk about we need more time to discuss, next session it'll be better. Next session, we'll have 1,000 bills in 90 days. I am so grateful that we've had the opportunity to talk about focused property tax reform. All of the bills, there have been a lot, but they've all been towards the same goal. And that makes it much easier than going from one committee to another and switching gears. This is the time for us to get something done. And when people say that there's not enough time, we have senators in this body who have served here for a decade. Senator Conrad was here for 8 years, left and came back, she's on year 2. Senator Wayne, 8 years. Senator Blood, 8 years. Senator Vargas, 8 years. Senator Wishart, 8 years. Senator Walz, 8 years. Senator John Cavanaugh, 4 years. Senator Machaela Cavanaugh, 6 years. Senator Hunt, 6 years, Senator Slama, 6 years. These delay tactics are continuing to hurt people. If 10 years ago, we had been able to cut property taxes

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and people had \$500, \$1,000 more a year every year for 10 years, what could they have done with that? So people who are watching, what could you do with savings on your property tax? How could you invest that? How could you grow? Could you repair windows? Could you paint your home? As I talked to people, people are deathly afraid of even making necessary maintenance improvements because they can't afford it and they don't want to trigger some sort of an audit and have their property valued even higher. What could you have done with the money? And if we leave here without doing anything, what will you say about us going forward? What could you use that thousand dollars more to do? It is a tough, tough deal to be in here working on these issues. We all have opinions about it. We are all looking out for the best interests of our, our constituents. I truly do believe that.

KELLY: One minute.

KAUTH: And I was-- thank you, Mr. President. I will actually yield my time to Senator Jacobson.

KELLY: Senator Jacobson, you have 53 seconds.

JACOBSON: Thank you, Senator Kauth and Mr. President. I just want to comment that we've had a lot of discussion this morning, but nobody's brought any serious amendments. Let me tell you what's in, in queue here now. There are 2 more blocking motions, which are priority motions, and we're, we're doing the call of the house to stall. We're doing the reconsider the vote just taken to stall. There's no serious effort here by those who claim they want real property tax relief to bring real changes to this bill. They want to run the clock, force an up and down vote, and hope that the bill fails. That's what's happening here. So all of you in Lincoln and Omaha in particular, who are going to watch your property taxes go up next year, your senators are playing a role in this. Because they're stalling this out, and not allowing us to get real changes, and they're not bringing real changes, because they don't have any real changes to this.

KELLY: That's your time, Senator--

JACOBSON: Thank you.

KELLY: --and you're next in the queue.

JACOBSON: Question.

KELLY: The question has been called. Do I see 5 hands? I do. There's been a request to place the house under call. The question is, shall

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the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 22 ayes, 5 nays to place the house under call, Mr. President.

KELLY: The house is under call. Senators, please record your presence. All those 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. All unexcused members are present. Members, the question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. There's 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 voting no. Senator Bosn voting yes. Senator Bostar not voting. 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. Senator DeBoer voting no. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Erdman voting yes. Senator Fredrickson voting no. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould voting no. Senator Riepe not voting. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz not voting. Senator Wayne. Senator Wishart not voting. Vote is 33 ayes, 9 nays, Mr. President, to cease debate.

KELLY: Debate does cease. Senator Linehan, you're recognized to close on the bracket.

LINEHAN: I would like a red vote on the bracket, please.

KELLY: Thank you Senator Linehan. Members, the question is-- the question is the bracket motion. There's been a request for a roll call vote. Mr. Clerk.

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CLERK: Senator Aguilar voting yes. Senator Albrecht voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting no. Senator Bosn voting no. Senator Bostar not voting. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh not voting. Senator Clements voting no. Senator Conrad voting yes. Senator Day. 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 no. Senator Halloran voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. 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 voting yes. Senator Riepe voting no. Senator Sanders voting no. Senator Slama voting yes. Senator Vargas voting no. Senator von Gillern voting no. Senator Walz not voting. Senator Wayne. Senator Wishart not voting. Vote is 9 ayes, 34 nays, Mr. President, on the motion to bracket.

KELLY: The motion fails. I raise the call. Mr. Clerk.

CLERK: Mr. President, Senator Machaela Cavanaugh would move to reconsider the vote taken on M0131.

KELLY: Senator Machaela Cavanaugh, you're recognized to open.

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, Nebraska. I, to clarify what Senator Kauth was referencing, was me criticizing the calling the question, like in succession when there's lots of people in the queue. You can, in fact, do that, and people do that. I was speaking to what used to be a norm in this institution, which was that we would actually attempt to have full and fair debate when almost the entire body was in the queue to speak. So I am not a critic of people using the rules. I use the rules, yes, I do, and so can you. So I just wanted to address that. As far as bringing solutions, or blocking, or whatever, I fundamentally think that this is bad policy. I think that the entire way that this has happened is reckless and harmful to Nebraskans. So I am going to stand up and block it. And it doesn't matter if there's another amendment to be considered. That amendment didn't have a hearing. I don't even know if this amendment had a hearing. I think maybe it had a hearing because it was part of something else. We definitely didn't have a briefing on this

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amendment. We had a briefing on the concept of an amendment a couple of days ago, or I don't know, maybe that was last week, at this point, I can't keep track. But if you go to LB34, there is not a fiscal note that reflects what is in AM73. So how is anyone at home or in this body or in the press supposed to know what is going on here? How much is this going to cost and where is it going to come from? We need to do our jobs, and our job is good public policy that is thoughtful, that is thorough, that is not reckless, and that takes into considerations process, modeling of what all of this does. You cannot do this in the time that we are doing it with the constant shift that we are seeing, even just today. Before the lunch break, we were going-- we were all waiting to get to AM73 to debate, and now we're waiting to get to AM whatever that's pending to debate, because we decided that AM73 was dead on arrival. This is an ever-shifting landscape of a very serious thing, and it's going to come with budget cuts. Even frontloading LB1107 is going to come with budget cuts, hundred plus million budget cuts. I don't even know. Why don't I know? Because there's no fiscal note. And this is not a criticism on our fiscal analysts at all. This is a criticism on the process that we have chosen to endeavor in, in this session. It is reckless. And yes, there were conversations. The Governor put together his super secret, double secret committee that started in May or June, or whatever, and they just talked to themselves and decided what to put forward. And now they're pissed that I oppose it. I'm sorry. You never asked me. You never asked me. Not once did you ask me what I thought good property tax relief looked like, what I thought good tax policy looked like, what I thought good budget policy looked like, never, ever, ever, never, ever, ever did you ask me. And any time I have ever brought a policy forward, you have sunk it. I am here for solutions. I am not here for tax breaks for the wealthy. We've done that. Been there, done that, seen that movie. Don't need to see it again. It wasn't very good. Half a star on Rotten Tomatoes. What we need is real reform for low-income families and individuals. We need reform for developmental disabilities. We need healthcare reform and access. We need transportation reform and access. But all we are talking about is property tax relief for the Governor, for the Governor. This does not help me, not that it matters. I'm not voting for it or against it because it helps me. I pay the highest property tax rate in the state. I live in the Westside School District, which means I pay the highest property tax rate in the state. And you know why? Because we love our public schools, we love our public schools, and we are willing to pay for good public education. We are willing to pay our teachers a decent wage. We are willing to pay to have buildings that are ADA compliant. We love our public schools. This is not good government. And you can

stand up and try and shame me, but I won't be shamed, I'm pretty much shameless, about me wasting time. I am not wasting the taxpayers' time. I am here defending them. I am here defending the taxpayers when you want to steal from them to pay for Jim Pillen's property tax relief. That is not at all something I'm willing to stand down for. My constituents, my neighbors, my teachers, my public schools, my hourly wage earners for various industries deserve to have me stand up here and fight for them. And I like the cherry-picking of the tax exemptions that we have. I have no idea why pool services are tax exempt. I have no idea. I also, incidentally, don't know how much revenue that raises. So OK, bring a bill that just closes the tax loophole on pool services. You'll probably get the votes you need. You probably won't have a filibuster. But using that as a cherry-picked reason that all the rest of this is OK. A double tax, essentially a double tax, on access for telephones for long distance calls. We tax the company, and then we tax again on the consumer end. That's a double tax in this bill. That's what we're doing. But let's talk about pool services instead. Who cares about the fact that the people who have landlines that use long distance services are the elderly? Who cares about that? Let's talk about pool services. Let's have a serious debate for hours on end about pool services, not the fact that we have hundreds of millions of dollars sitting off to the side to build a prison instead of doing corrections reform like they did in Texas. Want to generate revenue? Corrections reform. This is such a disingenuous fight, because the stage is constantly set by the people in power. The stage is that the minority in the room, whatever that minority is, is being an obstructionist to progress. I was against LB1107 in 2020 because it wasn't real property tax relief. And look at where we are now, trying to fix LB1107 because it wasn't real property tax relief, and I was viewed and painted as somebody who didn't care about property tax relief. I do, I do care. I care deeply. But I also care about children with developmental disabilities getting access to services. And I care about people with behavioral health issues having access to services. I care about maternal health and outcomes, and I have fought for those things, and I have fought against--

KELLY: One minute.

M. CAVANAUGH: --the people in this Chamber for those things, because you think that property tax relief is more important than a mother not dying in childbirth, or having access to appropriate healthcare, because you think that she makes bad choices about eating candy or pop. I am not failing Nebraskans. I am standing up. I'm speaking truth to power. I will not stop speaking truth to power. And I genuinely do not care how much you get on the microphone and chastise me because

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again, I'm shameless and I don't care. I care about the people of Nebraska. I care about fighting for people in poverty. And I'm not going to stop. And I don't think my colleagues are going to stop either, because we know it's wrong, because our inboxes are flooded by Nebraskans telling us, don't do this, don't do this. I don't even-- I don't even see messages telling me, please vote for this. If they come in, they are bombarded by the hundreds of other emails every day.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

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

LOWE: Thank you, Lieutenant Governor. I stand here at the present time not in favor of LB34 and AM73, because it has some things in there that I disagree with that could cause us problems down the line. And, so-- and, and taxing a tax that we implemented last year on skill games, on cash machines. We put a 5% tax in, and LB7-- AM73 wants to raise it up to 20% without seeing the results. But the last time I was on the microphone, I, I read from a Forbes article. And so now I'd like to read from a U.S. News article, and it is best state rankings. And Forbes had Nebraska listed as number 13. And you would think that's pretty good. You know, we're in the top 25, we're solidly in the top 25, and almost in the top 10. Where do you think U.S. News has Nebraska ranked? And they rank us on crime and corrections, economy, education, fiscal stability, healthcare, infrastructure, natural environment, and opportunity. So where would Nebraska fall in those rankings? Where do you want to live? And that's what people are emailing us and saying we can't live here because of our property taxes. And I just spoke to a fellow out in the Rotunda shortly-- well, about 10 minutes ago, and he now lives in Florida part time. And so they said, do you want to live in Florida the 6 months and 1 day to get the benefits of the Florida tax? And he figured it out and there was almost no difference, once you look at healthcare and everything else. So where do we fall in the U.S. News best state rankings? Do we fall in the bottom 10%? Do we fall in the bottom 50%? Do we fall in the top 5 or 10%? Well, let me tell you, there are 47 states that fall below Nebraska in the U.S. News ranking. Nebraska ranks third. And according to the article, some states shine in healthcare, some soar in education, some excel in both or in much more. The best states', states' rankings by U.S. News draws on a thousand points of data to measure how well states are performing for their citizens. In addition to healthcare, education, the rankings take into account the state's

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economy, its roads, its bridges, the Internet and other infrastructure, its public safety, its natural environment, fiscal stability of state government, and the opportunity it affords to its residents. More weight is accorded to some of these categories than others, others based on a survey of what matters most to people. Healthcare and education were weighed most heavily. Then came state's econom-- economics, and infrastructure, and the opportunity states offer their citizens. Fiscal stability followed closely in, in the wing, followed by measures of crime and corrections, and the state's natural environment. So Nebraska ranks third there. Why? Well, we're 17th in crime and corrections. That's pretty good. We'd like to be 14th or even 16th. Economy, we ranked 19th. Education, we ranked 14th out of all the states. Healthcare, we're in the top--

KELLY: One minute.

LOWE: --25. Thank you. Infrastructure. Infrastructure, we ranked number 4. We have good infrastructure. Natural environment, we ranked number 9. Opportunity, we ranked number 19. And fiscal stability, we're number 3. We are solid here in Nebraska, and I'm very proud of that. It's been said over the summer that people want to move out of Nebraska. I don't believe that. I believe we want to stay. I believe we want to support Nebraska. I believe we want to go to good football games this fall, and good baseball this spring. Nebraska is a good state to live in, and we have good taxes for it. Yes, our property taxes are too high, the valuations are skyrocketing, I'm paying way too much property tax. But we got to look at the good life that we do live here.

KELLY: That's your time, Senator.

LOWE: Thank you.

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

J. CAVANAUGH: Thank you, Mr. President. And I love following Senator Lowe. I just want to point out, Senator Lowe, also good volleyball this fall. So I rise in support of the motion to reconsider, and in support of the bracket motion, and opposed to AM73 and LB34, just like my colleague, Senator Lowe. And colleagues, we're having a bit of a conversation, or Nebraskans, I suppose I'll talk to Nebraskans, not the folks in the room, because the people here love to tell you what's happening. So what's happening right now, Nebraskans, is we've heard from the Chair of Revenue that these massive tax increases don't have

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the votes, and they want to move on to a new idea. So when people stand up and rail against the rules of the Nebraska Legislature, I will tell you two things. One, we all agree to the rules, and we all play by the rules, and we use them to the best of our ability in the interests of our constituents and the state of Nebraska. And two, in this particular instance, those of us who are against the largest tax increase in the history of the state have used the rules to great effect to stop that tax increase. So, Nebraskans, thank your senator, if they're one of the ones who stood up against tax increases when your bill doesn't go up, when your purchases don't go up. But two, thank the rules of the Nebraska Legislature for enabling your principled senators to stand on that principle and hold the line against massive tax increases. So those are the things people should think about when someone stands up and rails against the rules. They're here to protect everyone's rights, and to be used in the interest of Nebraskans, which they have been here. The other reason I wanted to talk is-- about this is, we're hearing we have yet, I don't know what number of idea we are on. Nebraskans, I'll tell you again, we received a bill that was, I believe, 122 pages last night that we started debating this morning. A 122-page bill that had to do with local property taxes, state sales taxes, local property, local option sales tax, a lot of intricacies of how our tax code works for many different things. And we were supposed to be able to read that, digest that, come here and debate it today. And then several hours into debate, it's probably about 5 hours into debate, and about 50 minutes ago right now, we received a 40-page bill that we are then, if left to their own devices, we would be debating at the moment, without any opportunity to read, digest, understand, and get comments from our local governmental entities, our constituents, about how they feel about this. This is a special session, and there are different rules that allow for quicker debate and consideration. That does not mean that we should be forcing a conversation in such rapid succession about such complicated ideas and issues without time to think about it. That's how mistakes get made. That's how unintended consequences happen. That's how it would cause great consternation for our constituents, our citizens, and our local governmental entities. So I don't know where I'm at on what I believe is now AM84. I'm going to have to take a look at it, see what's actually in it, see what, what it actually does, and how all of the different levers affect different aspects. But I will tell you, it's my understanding from the, the Speaker, or the, the Chair of the Revenue Committee that we are no longer talking about massive tax increases for Nebraskans.

KELLY: One minute.

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J. CAVANAUGH: Thank you, Mr. President. And with that, I'm going to wrap up because Senator Slama would like to speak. And so I wholeheartedly yield the remainder of my time to Senator Slama.

KELLY: Thank you, Senator Cavanaugh. Senator Slama, 48 seconds.

SLAMA: Thank you, Senator Cavanaugh. Thank you, Mr. President. I rise today just to also give an update to where I'm at personally, on-- we're not at plan B, or plan C, or plan-- we're at like plan Z at this point with the new proposal, and it supposedly caps cuts and a few other things. But the problem is, is that the caps only cover local spending, not K-12 education. So that goes away from about half your property tax bill. And even then, there's a public safety exclusion on the local spending caps. So you're talking about a light cap on maybe 12% of your tax bill. That's unacceptable for me. We have a process where this is being rushed. We're being demanded to pass a 40-page amendment without reading it so that we can find out what's in it. That's not how I lawmake--

KELLY: That's your time.

SLAMA: Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. And good afternoon again, colleagues. This is only the second time I've spoken today, and I know we've had a lot of folks engaging in this discussion. So I, I want to say I appreciate my colleagues who are willing to talk about this and willing to have this debate. I have found this to be very illuminating. I myself have filed a couple of motions that we may or may not even get to down the road, that do actually address substantive parts of the bill, removing additional taxes on, on new services like court reporting. I think I also introduced a motion that we may or may not get to now, that would prevent sort of the cash grab that was proposed originally in AM73 for the local sales tax for political subdivisions. And so I just want to be very clear, the debate that we're having and the conversations that we're having are legitimate. And as a number of my colleagues have pointed out, the opposition to AM73 and the underlying other proposals is one not simply of obstructionism, but is one rather that seeks to achieve a common goal, which is reduce property taxes, but not by increasing sales taxes, and ensuring that we are not going to implement some sort of problematic cap on political subdivisions that could create

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problems in the future. I actually really appreciate Senator Slama's comments before. It's really funny, because these are the kind of issues where you can find common ground, or, or, I guess, political allies with folks who you don't normally agree with politically. Senator Slama just talked a little bit about her opposition to the hard caps that are contained in some of the proposals that we've seen out of the concept that they're not sufficient enough, that they don't actually cap political subdivisions enough. She and I have had this discussion. I actually come at this opposition from a different angle. And that is the literal opposite, is that my concern is that the hard caps that are currently proposed in this amendment or in any other amendments that we may or may not see, could potentially hinder local political subdivisions in times of need. So I understand that there's a number of things that are contained in there with regards to, to exceptions, but I want to point to 2 specific objections that I have to the entire concept of these hard caps as they're outlined. One of them is that although there are certain exemptions that have been laid out in there for public safety, I find I have concern that although we have delineated certain things as public safety, for which I'm very thankful for, because we have to make sure that we can continue to pay for police, and fire, and legal services, and things like that, that the additional things that would still be capped by the counties or by the cities could have a downstream problematic effect with regards to public safety. This came up in a conversation, I think, that happened before the Lancaster County Board earlier this week, where there was a conversation about the, the really high numbers in our current Lancaster County Jail. And as a part of that discussion, I think there was a conversation about how the public safety exemption would include, I think, guards at the jail. But the, the person there representing the jail went on to explain that the caps would still, however, potentially hinder the efforts for substance use disorder treatment, mental health treatment, working on homelessness in the city. And it would hamper, or hinder rather, their ina-- their ability to actually address the upstream issues that we need to address in order to, to get to the underlying problems that have to do with overincarceration. So you can start to delineate certain exemptions of what you think is or is not public safety. But the reality is, if a political subdivision is unable, financially unable to meet the needs of its citizens, it is failing the people that it's there to represent. When this conversation started, way back in the interim, I, I think I said to a roomful of people, find me the county-- find me the county or the city that is unnecessarily raising taxes just to line its pockets. Find me the county or the city where you go ask the citizens of that area. OK. We want to cut--

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KELLY: One minute.

DUNGAN: Thank you, Mr. President. We want to cut your taxes. What services would you like us to cut? Because when you go talk to folks in other counties, in other cities, they want their roads paved, they want their bridges maintained, they want to ensure that there are sufficient services in order to continue to protect their citizens. So that's one of the objections. And I would just finish up by saying my other general concern about some of the hard caps is a number of studies, and I'll talk about these if I get back on the mic today, have shown that caps such as this can really be problematic after times of economic downturns. So if a recession happens and the economy goes down really, really far, it's very difficult with hard caps like this for the county or the state or the city to catch up over time. So I remain concerned about the potential negative side effects we could see on cities and counties. I con-- continue to be very concerned about these hard caps in general. I think there are solutions out there, but I just don't think we're there yet. So with that, thank you, Mr. President.

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

BRANDT: Question.

KELLY: The question's been called. Do I see 5 hands? I do. The question is-- there-- there is no ruling of the Chair. The question is, shall debate cease? All in favor vote aye; all those opposed vote nay. There's been a request to place the house under call. The question is, shall the house be placed under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 20 ayes, 3 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. All senators unexcused 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 Dekay and McDonnell, please return to the Chamber and record your presence. The house is under call. All unexcused members are now present. Members, the question is, shall debate cease? All of those in favor vote aye-- and there's 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

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Ballard voting yes. Senator Blood voting no. Senator Bosn voting yes. Senator Bostar not voting. 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. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Erdman voting yes. Senator Fredrickson voting yes. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. 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 yes. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz voting yes. Senator Wayne. Senator Wishart not voting. Vote is 40-- 35 ayes, 6 nays, Mr. President, to cease debate.

KELLY: Debate does cease. Senator Machaela Cavanaugh, you're recognized to close on your motion to reconsider.

M. CAVANAUGH: Thank you, Mr. President. So I mentioned that even frontloading is going to cost budget cuts, and that's something that we haven't really been discussing. So, I'm waiting for the copies for the full Legislature, but I'll start talking about it now. You will be getting them later this afternoon. My office, thank you to Ethan, Margaret, and Melissa for their dedication and work on this, has been down quite the rabbit hole, and also with some fiscal analysts here. It started in June. In early June, I started getting calls from state employees from various agencies, not DHHS, which was unusual for me, I get a lot from DHHS, but not DHHS. And they were raising concerns about things that were happening internally with their budgets. So I started making some requests, and then made more requests, and that led to more requests. So where we're at right now is that I am waiting. I think it's the 15th is when a lot of agencies are going to get me the latest round of requests. But what we have come across so far is that the State Fire Marshal was unable to meet payroll on April 3 due to insufficient, insufficient budget allocation. The Fire Marshal. Not only could they not make payroll, they didn't know that they couldn't make payroll until the checks actually bounced. Correspondence from the Department of Revenue, dated June 6, 2024, indicated that the Department needs more than its current appropriation to complete the fiscal year. In June, we were

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withholding funds from the Department of Revenue. Correspondence from the Department of Veteran Affairs dated April 15 and May 21 reveal insufficient funds to cover payroll for the Department of Veterans. April 1 of this year, the Governor signed the budget. April 3, Fire Marshal's couldn't make payroll. April 6, Chief Finance Officer of the State Budget Division, Lee Will, sends email-- I sent this out-- I gave this out to the Appropriations Committee during that budget hearing-- sends email to code agencies to frame Governor Pilleen's goals for savings. Requests each recipient fill out an agency profile form and budget reduction form to allow for 3% General Fund savings in FY '24. The current-- the year that we had just passed, we passed the budget 5 days previously, the Governor signed it, and now the state agencies were being told to cut that same budget by 3% before June 30, and then cut it by an additional 6-- 6% before the end of FY '25. August-- April 8, agency directors and staff met with Epiphany Associates regarding agency budget goals. April 15, Department of Veteran Affairs correspondence reveals insufficient funds to pay payroll, requires allotment from various programs to cover. April 30, executive order from Governor Pilleen saving taxpayers' funds by eliminating unneeded and unfilled state government positions. May 21, Department of Veterans Affairs correspondence reveals insufficient funds for payroll, requires al-- allotment from various programs to cover-- second time that happened. Department of Revenue correspondence on June 6 reveals that the department needs more than current appropriation to finish out FY '24. And I don't-- I don't like to present things that I don't have the documentation for. I was notified--

KELLY: One minute.

M. CAVANAUGH: --that noncode agencies started to be required to make a weekly request for their quarterly allotment for that week to pay their bills. So after we passed the budget on April 1, our noncode agencies, the way that we withheld funds from them, because they can't, is that they had to request week by week their operational budget. I will continue to request documents, and I will continue to share them with the Legislature and Nebraska, but there is so much more to talk about on this. And again, budget cuts that have been done in the cover of darkness, and actually against our own state statutes, are what are in the bills, whether we know it or not. They're there and they're harming-- they're already causing harm. They already have caused harm. I, I don't know, people, if you want to go home--

KELLY: That's your time, Senator.

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M. CAVANAUGH: --I guess vote for the motion.

KELLY: Thank you, Senator Cavanaugh. Members, there's been a request for a roll call vote. And the question is the motion to reconsider. Mr. Clerk.

CLERK: Senator Aguilar voting yes. 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 not voting. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Conrad voting yes. Senator Day. Senator DeBoer not voting. 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 voting yes. Senator Ibach voting no. 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 not voting. Senator Sanders voting no. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting no. Senator Walz not voting. Senator Wayne. Senator Wishart not voting. Vote is 11 ayes, 30 nays, Mr. President, on the motion to reconsider.

CLERK: The motion fails. Mr. Clerk. I raise the call.

CLERK: Some items if I could, Mr. President. New A bill, LB34A introduced by Senator Brewer. It's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out the provisions of LB34; and declare an emergency. Additionally, an amendment to be printed from Senator Ibach to LB2. Senator Brewer, amendments to be printed to LB34A. That's all I have at this time concerning items, Mr. President. As it concerns LB34, Senator Linehan would move to recommit LB34 to the Revenue Committee.

KELLY: Senator Linehan, you are recognized to open on your motion.

LINEHAN: Thank you, Mr. President. So we got a-- we're going to work through these amendments, but I don't have to take 5 minutes because I think you all know where I stand and what we're trying to get done here. So we can move on in the queue. Thank you.

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KELLY: Next in the queue, Senator Meyer, you're recognized to speak.

MEYER: Thank you, Mr. Chairman. I guess things are moving pretty, pretty fast, so I'm going to take a step back and be a little bit more philosophical, I guess. There's been a lot of discussion about how what we're doing as far as controlling real estate properties affects renters. Whether it's in District 41, or in metropolitan Omaha, or metropolitan Lincoln, those 2 towns are much larger than, than any in my district. And there's a lot-- a lot more renters because they're both college towns, have, have more young people living there. But I would venture to say that if you surveyed many, many of those young people, whether renting that apartment or that small house or that larger house would be their ultimate goal in life as far as homeownership or where they were going to live. And I would venture to say that a very high percentage of those, I mean, a high percentage would say no, our hope is to someday own our own home, because that's-- has been kind of the American dream. That's the way most American people, single or married, either one, build wealth for themselves for the rest of their lives, so they have something to retire on when that time comes. And our society, the United States, has been built on that foundation. Our government and banking system has many, many, many loan programs with zero down, low interest, low point totals to allow people with small means to be able to own a home. Veterans, zero down payment; Fannie Mae and Freddie Mac, all the same. So the high property taxes that those same people are seeing on a house that they might want to buy is changing that dynamic just because the taxes are going up faster than their savings are. So the dynamic of parts of our society being able to afford a house at all is going away quite rapidly, especially here in Nebraska with young people. I know a young teacher in Omaha was going to be teaching at Gretna South. They were looking at moving closer to the-- I think they're 27, 28 years old, and the real estate taxes on the house that they were looking at were \$15,000, \$1,243 a month. By the time you add the insurance, it was going to be \$1,500 a month before they even start paying on their principal and interest. Needless to say, they can't afford it. So how many more stories are we going to be hearing about people who are now renting that can no longer even entertain the thought of owning their own home, building their own wealth, which Americans, for the last-- since World War Two have done. And I, I'm really afraid that in Nebraska we are, by our inaction, really, to control this problem, are just exacerbating that situation. The-- you know, and it's been repeated time and time again that this is all about subsidizing big landowners. And I didn't even know how to respond. That's such a ridiculous comment that I'll just let it pass,

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because Nebraska is not made up of massive landowners that are coming here to grab land. There's people who have been working here for 3 and 4 and 5 generations on the same farm, the same land, and now are being squeezed by real estate taxes. Real estate taxes have moved up on their-- when they do their cash flow in the spring with their bank, they've moved up from, you know, number--

KELLY: One minute.

MEYER: --10 in size, up to close to the top. Above seed, above fertilizer, above repairs, number one is real estate taxes. And you know what a, a farmer without land is? He's a gardener, nothing more. So-- and nothing against gardening, I have one myself. But they are paying real estate taxes on their very first input, which is their land. So I don't think that's been mentioned anywhere in this discussion, but it certainly is a fact. So, people in ag have been paying more than their fair share, and I just really feel that it's time to get this whole situation under control. But as Senator von Gillern said, the taxes will go up, whether it's Omaha, Lincoln, or District 41, they're only going one way. Thank you. Mr. Chairman.

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

von GILLERN: Thank you, Mr. President. Good segue, Senator Meyer, thank you. I'll echo that again. If we do nothing here today, and today appears to be our last shot at advancing a tax bill, Nebraskans, your taxes will go up next year. It's a fact. No one in this room can-- we all have personal stories, you know, about how this affects our lives, and affects people we know. Some of you know, I've got a, a, a-- my youngest son is, is a single dad. He's got 2 kids. He's got a good job at OPPD, works on a line crew. In fact, shout-out to him and other OPPD workers. He worked 137 hours in the 7 days of, of-- including the storm and the days after that, and so did his crewmates. So, those folks really, really worked hard here, both in, in-- both in Omaha and in Lincoln for cleanup, so shout-out to them. With rising property tax rates, rising interest rates, rising insurance rates, ho-- the dream of homeownership is just simply out of reach for him and his 2 kids, and he's just one example of folks that are struggling to reach that American dream here in Nebraska. We're making it harder on them by doing nothing here today. There's been complaints about this conversation moving fast. You know, I haven't been here forever, but that's just the nature of a special session. We don't have the luxury of passing a bill on General File and spending weeks to work out the details of it to come back and fix it on Select. We do have

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the luxury of passing this on General File, and spending the next day or 2 to work things out. And there are things in, in AM84 that, that need to be worked out. It's not perfect, just like none of the other bills are ever perfect when they hit the floor on General File. That's the whole purpose. So, I encourage you to consider what's in there; consider what needs to be amended, but don't just kill the bill out of, out of spite or out of a desperate need to poke the Governor in the eye, or whatever motivation might be, might be motivating the opponents of this. I do want to hit a few things on AM84; AM84 is very skinnied-down, it's a very simple version about what we've been talking about. It caps spending, it frontloads the LB1107 Property Tax Credit Fund, and it applies ongoing savings from-- that we'll be talking about in LB2 and LB3 coming from Appropriations tomorrow and Friday. None of the sales tax exemptions are eliminated. No sales tax exemptions are being eliminated: no pop, no candy, no pools, no-- nothing that we've talked about that seems to be such an obstacle to people are in this bill. No liquor, no tobacco, no sin taxes, no nothing. There's no tax increase in AM84. There's no change in the homestead exemption, unfortunately, also. There's no expansion of the Earned Income Tax Credit, unfortunately. There's no elimination of sales tax on residential electricity, unfortunately. I'll bring that bill next January. Low-income people aren't hurt. Schools don't get any additional state aid, so next year we'll probably hear about how much the state-- how the state doesn't fund schools as much as we should, because we hear that every year. No matter how much this plan gets skinnied-down, that seems to be a way to hate it. I encourage you to get over that and work towards property tax relief for all Nebraskans, including those of moderate and low income. I was wondering if Senator Clements would yield to a few questions.

KELLY: Senator Clements, would you yield to some questions?

CLEMENTS: Yes.

von GILLERN: Senator Clements, you're way better at math than I am. Would you go to page 6, please, and talk us through the funding mechanism for AM84, please?

CLEMENTS: Yes, I've looked at that. It calls for \$750 million in this fiscal year, then \$780 million, then \$808 million. The LB1107--

KELLY: One minute.

CLEMENTS: --LB1107 credit will provide \$565 million the first year, then 649, then 674, and with-- if LB2 and LB3 pass, it would mean that

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we would-- I, I, I'm figuring we have all but \$46 million in this fiscal year. If you look at your General Fund financial status, we have \$504 million of excess money, so we'd still have \$458 million. In the second year, we're short \$10 million; in the third year, \$22 million. We lapse \$70-90 million of unspent money each fiscal year, so, my opinion here-- there is-- there are funds to fund those 3 years.

von GILLERN: Thank you. We're almost out of time; would you-- I-- that's a lot of numbers. Anybody who wants to meet with you to look at those, would you make yourself available?

CLEMENTS: Yes.

von GILLERN: And then last--

KELLY: That's your time, Senator.

von GILLERN: Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern and Senator Clements. Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. Senator von Gillern, stay near your microphone, if you will. I got to admit, I've kind of lost a little bit of the narrative of where we are, so-- I want to figure out what is happening here, so, I'm going to take my time more to ask questions about it. This morning I was complaining about having the bill for less than 24 hours, sweet summer child that I was. Now we have a few minutes to look at it and react, so I, I need to know a little bit more about this. Senator Von Gillern, would you yield to a question?

KELLY: Senator von Gillern, will you yield?

von GILLERN: Yes.

DeBOER: Thank you very much. You said just now that we're going to cap spending, but my very quick, very cursory reading looks like we're capping, capping tax-asking. Those aren't the same thing, so which one are we capping?

von GILLERN: I should have said tax-asking, you're correct.

DeBOER: OK.

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von GILLERN: Yes. And the, the language in here is similar language to what was in the previous amendment.

DeBOER: OK. OK. So we're not capping, additionally spending?

von GILLERN: Good correction. Thank you.

DeBOER: OK. All right. That's helpful. Thank you. And so, what we're doing is-- counties and cities only, tax-asking is capped. Is that right? In, in that part?

von GILLERN: Yes.

DeBOER: OK. And you--

von GILLERN: And outside of that-- if I could, please-- bonding and other special funds are excluded from that cap.

DeBOER: OK. And if a city or a county needs to go over that cap for some reason, is there a mechanism?

von GILLERN: Yes. It can go to a vote of the people.

DeBOER: So, what if they need the money faster than that?

von GILLERN: There are-- there's emergency clauses, and then there's clauses for bonds, also. So, if it was something that they could bond, or if it was an emergencies-- if it was COVID, or a flood or whatever, there's clauses in for emergency provisions.

DeBOER: Every tree in the city of Omaha getting knocked over last week?

von GILLERN: Uh, yeah. That.

DeBOER: OK. So the override would be voting of the-- it's not a vote of the city council, it would be have-- it would have to go to a vote of the people to override?

von GILLERN: Correct.

DeBOER: OK. OK, just a second. I'm trying to figure out-- OK, so you were just talking with Clements about the money, because my understanding is-- and maybe you, you would know this more clearly. We need \$275 million to frontload LB1107, is that correct?

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von GILLERN: We have 500-- I've got the math here some-- I got so many papers piled up here. We have \$560 million, I think, in the Property Tax Credit Fund.

DeBOER: Somebody told me-- one of these numbers that was thrown at me was \$275 million, and that didn't sound like what we were finding with the budget cuts they're talking about.

von GILLERN: The difference-- and I would encourage you to go to Senator Clements. He and I reviewed it. It-- it's a lot of numbers on one sheet. It's probably more than I could explain if-- even if I could explain it.

DeBOER: Can you answer me a procedural question?

von GILLERN: If I can, I will.

DeBOER: So, are we intending to have a vote tonight on this? On--

von GILLERN: That would be my intent.

DeBOER: Before we can see the numbers and-- OK.

von GILLERN: We, we, we-- you didn't ask me this question, so stop me if you want to stop me. But we do this all the time, where we have amendments that hit the floor and we, we consider them; we pass them through General File, and then have time to consider-- there's still 2 times to kill this bill.

DeBOER: I, I feel like this is slightly different, but that's OK.

von GILLERN: OK.

DeBOER: We can disagree. All right. Thank you very much for answering my questions.

von GILLERN: Sure. Thank you.

DeBOER: I'm going to yield the remainder of my time to Senator Slama.

KELLY: Thank you, Senator. Senator Slama, you have 1 minute.

SLAMA: Thank you, Mr. President. Thank you, Senator DeBoer. No, I, I appreciate the conversation that just happened, because it really drives home why I am opposed to an amendment that's been slapped together this morning, coming up on the board, and we be asked to vote on it tonight, before the numbers can even get run? This is not a

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normal way to let--legislate. This is not normal. This is not according to protocol. There are parts of this bill that haven't even had hearings yet. I cannot get on board with a bill that has not been adequately modeled, not adequately analyzed, and from what I've read of it, I don't support it anyways, because the caps aren't strong enough; it doesn't do enough of the good things I need to see in legislation. So, because of that, even though they need me on the compromise-- I think I'm on their card as being a ye-- like, I cannot get on board if this vote is tonight. I think that's irresponsible lawmaking. Thank you, Mr. President.

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

HUNT: Thank you, Mr. President. Colleagues, Nebraskans, good afternoon. Let's let it be said, amid all of the conversations we're having, that the headline today, after this conversation, is 'power to the people.' Nebraskans have unified to take down an unpopular Governor's unprincipled plan to soak the poor and hurt the schools. A coalition of Nebraskans, of senators, that is more diverse than anything our state has ever seen-- across urban lines, rural, progressive, conservative, counties, cities, schools, agriculture-- have moved past their differences on other issues and united to take down a plan that hurts Nebraskans. As predicted, the Pillen plan was dead on arrival, and it is dead. One of the largest, richest landowners in Nebraska, who is our Governor, who abused his power to get us all to come in here for a special session the week of school starting, for his own benefit, for his own million dollars of money that he wants. He did not fool Nebraskans; he did not fool the interests in our cities and counties and schools, and he did not fool us. And never let anyone forget that, before they try to distract us and deflect into the next backroom deal, into the next amendment that comes up on the board that never had a hearing, that no one has modeled, that no one has read. So let it be said that working together, we stopped one of the biggest tax increases in Nebraska history. And oddly enough, people like Senator Kathleen Kauth are upset about that, but I'm not; I'm happy that working families in my district aren't going to have to pay for tax cuts for Bill Gates and Ted Turner and Governor Pillen. Everywhere I go-- on, on Sunday, I was on an airplane, and the guy sitting next to me wanted to talk about this plan, and thanked me for fighting against it. And he had all kinds of opinions to share with me about why this was a bad plan for his family. At the grocery store, same story. And I know that all of you are experiencing the same thing. Folks are saying if we do nothing, then your taxes are going to go up. If we do this, your taxes

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are going to go up. This is not a solution that works for Nebraskans for reasons that have been articulated here ad nauseam, right? What I wish we knew in advance, and what I'm curious about, in terms of the reason we're all really here, is I'm sorry to hear that Governor Pillen is struggling so much. Once the news came out about how he stood to personally benefit to the tune of perhaps \$1 million, according to modeling done by the Lincoln Journal Star, to enrich his own pockets by \$1 million by passing this plan, that should have been the alarm bell that rang for all of us, to realize that our Governor is in trouble. We've got a Governor who's a personal friend to many of you, who needs help. And, Governor Pillen, I'll tell you, if you need to borrow \$1 million, you should have come to me first. I would help you out with that. I distributed to everybody a copy of this offering basket from a Catholic church store website, and these are the baskets that are on the long handles, and you put them down the pews to take offerings during that part of church. And I've ordered a couple of these, and we'll be sure to have those in here next week so that we can start taking offerings for Governor Pillen's time of trouble. I want him to know that we're lifting him up in prayer and our thoughts.

KELLY: One minute.

HUNT: Thank you, Mr. President. And that he doesn't have to go through this time of financial hardship alone. The people of Nebraska, I encourage you to start sending pennies for Pillen, so that we can get our Governor back on his feet. And to that end, I've also introduced a floor amendment that would exempt the Governor of Nebraska from having to pay any property taxes levied by the state of Nebraska. And with these combined measures, maybe we can help our Governor get back on his feet, help him get back to farming, back to serving the people, and all of us can get back to doing the people's work as well. Thank you, Mr. President.

ARCH: Senator Dover, you are recognized to speak.

DOVER: Some people are talking about the previous bill, and I just want to have this on record, and just discuss a little bit about how we got here. I talked with someone who went to the NCSL conference in Louisville, and they were asked-- from people from other states-- asked what Nebraska is doing raising taxes, and I think that's a good question. What was Nebraska doing raising taxes? Were there enough conversations with those affected by the property tax relief plan? I've heard there was a number of groups that were not talked to about change. I think what happened was-- to be quite truthful, I think what

happened was everybody was at the table last time, and that didn't turn out so well, that, at this time, I don't think some-- a lot of the people were, were invited to the table. And I, I don't know that that was, I think, probably the best course of action. When the first property taxes was drafted, why were those affected-- and I'm talking not the first one earlier this-- in the earlier session, but this one-- not brought to the table as the bill was drafted. Shouldn't government be transparent? I think it should. I think those affected by statutory changes, as we implement, should have a chance to speak to us about their concerns, as some did in the hearing in Revenue. But more importantly, there needs to be a-- conversations way before the hearings, months before, especially in such a monumental shift. And this should not be done in a special session in a matter of days. The largest tax policy shift in over half a century, and I will bet they didn't do that in a matter of days. What did the first version of this bill do? It shut down large industries and housing developments across the state. Tyson has a plant in Madison, and they told me that they paid \$600,000 in taxes last years, but when they applied the first tax bill, they would have paid over \$1 million in taxes. They have plants in other states. If we raise taxes on them, what will they-- what will happen if they can be more profitable in another state? They will simply make upgrades to other plants in other states, and when obso-- obsolescence "seps" in, they will simply close the plant in Madison. I remember when IBP closed in Norfolk. All of a sudden, many were without jobs overnight, and the plant is now crumbling and rusting away on South First Street in Norfolk; I don't know what we'll ever do with it. Nucor's last expansion was \$59 million, and our community wants Nucor to continue to invest in their plant. Initially, the original bill would have cost them over \$10 million, and since employees of Nucor are paid on production, this cut would have cost employees of Nucor over \$1 million in lost wages out of their families' p-- incomes, and out of the community's economy, then causing other businesses' owners and families to lose money. Why am I talking about this when it's no longer in the bill? Because I think we all need to consider the widespread ramifications of introducing a bill without working the various interests way ahead of time, and attempting to do it in such a short time frame. I, senator of District 19-- I think I can speak for all of my district when I say I want Nucor Cold Finish, Vulcraft, Tyson, and other large employers to know how much we truly appreciate and value our relationship, realizing that they can invest in any plant in any state, and that I will do what, within my power as their state senator, to make Nebraska their first and most profitable choice to invest in. Business, large and small, needs 2 things: 1), a stable tax policy environment, and 2),

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stable regulatory environment. Without this stable environment, how can business plan for 5 years or more? The original bill through-- ripples through many corporations and housing divisions that use TIF and proposed-- and the proposed tax on trades. All these housing "devels" were on hold; it basically shut down the housing developments across the state, and I think we should have been thinking about that before we did that. That unstable future in tax policy is bad for them--

ARCH: One minute.

DOVER: --and it's bad for Nebraska. Nebraska does have a lot to offer; up to now, a stable environment, low taxes, affordable "exercity," great workforce and a right-to-work state. Had we had the benefit of a regular session, the Revenue Committee would have had the time to work with business and ag to make sure that the bill comes out of committee that can be passed. I understand it may not be a Hail Mary, but 5, 10, 15, 25 yards is good. Again, I'm a fiscal conservative; I do not believe that we need to raise taxes to cut taxes. We need to cut spending, and cap excessive spending. We then need to take revenue growth over the years and give it back to the people who earned it, working Nebraskans, in the form of property tax relief. There's only one way to solve most of the woes of this state, and that's economic growth. We need to t-- tax business-- we don't need to tax businesses or working families; we need to tax them less. We need to lower taxes to attract more business and families to Nebraska. As they say, you cannot tax people into prosperity. Thank you.

ARCH: Senator Armendariz, you are recognized to speak.

ARMENDARIZ: Thank you, Mr. President. I've been gaining my center on this issue from my family, friends, the folks that elected me, not really from this body, politicians or lobby. Overwhelmingly in this state, the taxpayers are saying we need a break on our property taxes; they're out of line. Now, valuations across the country have skyrocketed. In my opinion, we tied taxes owed to the wrong multiplier. If you have a \$200,000 home and you multiply that by 3, it's quite lower than a \$500,000 home multiplied by 3. So, the taxing entities might say, "Well, we didn't raise the levy. We even lowered it." Not by as much as the increase of the sheer dollars you paid in taxes. So that's a fallacy. Every property owner is paying way more than they should, because of the multiplier we have in place. In my opinion, this is a math problem that has come to light in the last several years that we need to fix. It should be multiplied by something more meaningful, by how the economy is going, an indicator

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of free cash flow for, for folks, not the value of their property. Value of their property has no bearing on the free cash they have and the ability to pay their tax. One example, my son bought a starter home built in 1963; no updates to it, original kitchen. Over the course of 5 years, his property tax owed ended up being 40 percent of his mortgage. And he did not put a lot of money down; he put down 5 percent. 40 percent of a starter home mortgage going to ta-- to property taxes would explain why young people can't afford to buy a home. He and his wife and young baby moved in with us. She would like to-- they would like to have one parent stay home and raise their child, and it, it was just going to be very tight. It's unfortunate Nebraska is forcing young people to both have incomes just to afford a house. Nebraskans are very nice. They are-- they want good services, they want to help people in need, they want good schools. What they're asking right now is to please help, and give them some relief of the property taxes they've invested in this state, and they need some relief on this. With that, I'm going to support anything that helps limit the tax asking, and we need to refine year and-- year over year. This is something that should be constantly done, not done and left alone for 20, 40, 50 years; this is something that should be done every year or 2, and refined. And that's what I would propose we do. And with that, I would like to yield the rest of my time to Senator Jacobson.

KELLY: Thank you, "Saynor"-- Senator Armendariz. Senator Jacobson, you have 1 minute, 30 seconds.

JACOBSON: Thank you, Mr. President. Thank you, Senator Armendariz. Well, first of all, before you start with the pennies for Pillen, I want to make it clear that he doesn't need your pennies. OK? Let me tell you a little bit about Senat-- Governor Jim Pillen. Governor Jim Pillen grew up poor. I can identify with that. He grew up dirt poor, but he went to the University; many of you remember him playing football at the University. He went on to veterinary school, got his veterinary license, practiced veterinary, and was the, was the veterinarian for one of the--

KELLY: One minute.

JACOBSON: --largest hog producers at the time in Nebraska, and encouraged his family to invest in hogs. And he built a pork empire in this region of the country. Jim Pillen has never taken incentives of any kind. He hasn't used TIF, he hasn't used any incentives. Governor Pillen is self-made. He has a plant in Madison that he's a part owner in, as well-- processing plant. So, the fact that the Journal saw it

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necessary to look up how many property taxes he paid-- first, in itself is a little absurd, but if it means he's getting it cut by \$1 million, that means he's paying \$2 million today, not to mention sales taxes, personal property taxes, on down the line.

KELLY: That's your time, Senator.

JACOBSON: Thank you, Mr. President.

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

CLEMENTS: Question.

KELLY: The question has been called. Do I see 5 hands? I do. The question is, shall debate cease? All those in favor-- 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: 23 ayes, 6 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those 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 Dorn, Bostar, McDonnell and Murman, please return to the Chamber and record your presence; the house is under call. All unexcused members are present. The question is, shall debate cease? Oh-- and there's 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 voting no. Senator Bosn voting yes. Senator Bostar not voting. 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. Senator DeBoer voting no. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Erdman voting yes. Senator Fredrickson voting no. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting

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no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould. Senator Riepe voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz not voting. Senator Wayne. Senator Wishart not voting. Vote is 34 ayes, 8 nays to cease debate, Mr. President.

KELLY: Debate does cease. Senator Linehan, you're recognized to close on the motion to recommit.

LINEHAN: Thank you, Mr. President. I would appreciate a vote no on the motion to recommit. So that's a red vote. Thank you much.

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

CLERK: 8 ayes, 33 nays on the motion to recommit, Mr. President.

KELLY: The motion fails. I raise the call. Mr. Clerk.

CLERK: Mr. President, Senator Machaela Cavanaugh would move to reconsider the vote taken on MO132.

KELLY: Senator Machaela Cavanaugh, you're recognized to open.

M. CAVANAUGH: Thank you, Mr. President. OK. Continuing on. So-- going to go back a little bit to 2023. In 2023, when we passed the budget, and when we passed-- just-- adjourned sine die, we passed a bill that authorized \$10 million over 4 years to hire an outside consultant. And we, in there, stipulated that that must be executed by June 30 of 2023, which always, to me, was bizarre. Why would we not have put the date further into the future, to give them the pro-- the ability to go through the appropriate RFP process? That always bothered me. And we got this no-bid contract for \$10 million with a company called Epiphany. And as far as I could tell, there was no vetting. This just came out of nowhere. Well, I was wrong. It didn't come out of nowhere. In March of 2023, Epiphany began its relationship with the state of Nebraska in undisclosed contracts with the Department of Labor. They were hired for an amount under the amount that requires an RFP, but the contract still should have been made public. Never was. They were hired to help improve efficiencies for the unemployment system. And then, they met with all of the department heads, and then they were offered a no-bid contract. And, during this time, when they first came to Nebraska in March-- copied on the emails, as an employee of Epiphany in this discussion of contracts with the state of Nebraska,

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was future CEO of DHHS Steve Corsi. So, we have a no-bid contract for \$10 million that came to us from a contract that was never publicly disclosed, and then we have a CEO who resigns, and we hire an internal hire from the no-bid contract's employee, who was working for the state of Nebraska. Not only did he not disclose that he was working for Epiphany, but at his confirmation hearing, he did not disclose that he was working for the state of Nebraska. And we did not launch a national search. Who cares, right? It's improper. Is it illegal? Probably not. Is it unethical? Definitely so. But here's the, here's the thing: when you go through these records, there's no reality-- I am not a business owner, I don't do-- deal in contracts, there's a lot of things that I don't understand. But even I understood that the back and forth with this company back in March of 2023 was that they were not a real organization. That they were kind of-- I don't even know what. They didn't have a W-9; they didn't know what it meant to be insured. They couldn't provide those documents to the state in a timely manner because they didn't know about it. So, that should be concerning that just a couple months later, we gave them \$10 million. Additionally, what should be concerning is that we had an office that I believe former Governor Pete Ricketts started, on government efficiency, and we just got rid of that office, which is required, because it is a state office, to have government transparency. So we got rid of that, and we moved to this organization that because it's an outside vendor, we have to basically subpoena them, or hope that they communicate with people within the state, to find out anything at all. So-- then, starting in June of 2023-- well, actually, July 1 of 2023-- this contract starts, and the first year is over, and in June of 2024, their report comes out. And I apologize to our media press corps; I do not remember which one of you released that report. But it was 50-some pages of literally "ChatGPT, write a report for me," except I'm going to just take-- copy and paste the Governor's campaign website and plug it into the report and submit it. That was \$2.5 million, colleagues. \$2.5 million. That's what we paid for that. And we're going to pay another for this year, for another ChatGPT report. I guarantee put in ChatGPT "write me a consulting report on how to cut budgets in a state," and it will read like plagiarism. Then, the budget cuts. Oh, the budget cuts. Mr. Lee Will, who I believe is out there, sent an email to every code agency department head telling them what their budget cuts would be, and that Epiphany would help them identify those cuts. \$200 million from DHHS. That's it. Doesn't say anything else. Figure it out, HHS. That's not how you find efficiencies; you find efficiencies, and you say, "If we do this, we'll save this much money." You don't find efficiencies by declaring that you must get rid of \$200 million. So let's talk about HHS, shall

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we? How is HHS going to do this? How is HHS going to provide services that are, in statute, required, that cost less? Well, I was told that child welfare-- we were spending more and more in child welfare than ever before. And I was like, yeah, it's called Saint Francis Ministries. Hi. We took a bid that was 40 percent under budget of the other bid; we went with it, and it cost us so much more. And oh, are the outcomes terrible right now? Of course they are, because we did this to ourselves. So what are we going to do? We're going to cut our investment in child welfare. What else are we going to do? We're going to cut our contract with our trainer that we have had for 30 years for child welfare. Our trainer and partner, the University, which also-- 50 percent of that training is paid for by IV-E funding. But we're going to do it for less than the 50 percent that the state pays for the state training of the child welfare workforce, to save a dime. And we're going to do it all by January 1, 2025 with no plan, no metrics, no safeguards. In January, we are going to be right back where we were with Saint Francis Ministries. Only this time, it's going to be completely in our hands. There won't be a scapegoat. You can't say you didn't know. You cannot vote for these budget cuts to pay for property tax relief and say that you didn't know that you were going to harm child welfare, because I'm telling you now. I am telling you now. What else? How much time do I have?

KELLY: 1 minute, 15 seconds.

M. CAVANAUGH: Oh, not nearly enough. OK. So, in 2022, I believe-- maybe 2023. We-- it was '22, because Senator-- or Governor-- well, now U.S. Senator Pete Ricketts was the Governor, and we passed a budget to increase provider rates-- lots of provider rates-- childcare services, child welfare provider rates. And the way that we did it so that he didn't veto it is we used the currently available ARPA funds, because that was the agreement; to make that happen, we would use those funds. But we intended to increase them permanently, not increase them just while the ARPA funds were available-- increase them permanently. And so, we have our child welfare budget projections from the-- I think it's the June or the July fiscal projections, following the biennium--

KELLY: One minute.

M. CAVANAUGH: Thank you. And in there, our Fiscal Office has built into our budget for next year the anticipation of that going to general funds. Now that those ARPA funds are going to be gone, the anticipation of the Legislature, based on what we did, is to have those funds go to general funds.

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KELLY: That's your time, Senator.

M. CAVANAUGH: Oh, darn it. You'll have to wait for what comes next.

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

HARDIN: Thank you, Mr. President. Throughout the day, I've continued to receive a drip of text messages that have continued to come in. And I have people from my district saying "Please, help us with our property taxes." With that, I know that Senator von Gillern has some new information he would like to share, and so I would like to yield the rest of my time to him.

KELLY: Thank you, Senator Hardin. Senator von Gillern, you have 4 minutes, 33 seconds.

von GILLERN: Thank you, Mr. President. Thank you, Senator Hardin. I just wanted to touch on something. If, if you're like me, your phone is blowing up with text messages and emails from people asking questions about different things, and some of the concerns about the, the caps are being raised. And, and I mentioned earlier the index that is being used for the, for the spending lids and the spending caps. And in the bill, it says from 0 percent to inflation, and that inflation is defined on page 2 of the bill-- it's at the top of the page-- as what the state and local consumption expenditures and grossed investment percent change is. And I know that's a long acronym, but you can look it up; it's from the government-- it's the government consumption index, it's the bureau-- what is it? The Bureau of Economic-- let me look here-- bureauofeconomicanalysis.gov [SIC]. They have different indexes-- indices; some of them are for federal spending, which, obviously, we don't want to use, because they're buying things like missiles and tanks, but they have state and local indices that, that are more appropriate, and that's what we chose to use in all of the versions of the, the bills that we have talked about over the past few hours. So I've got the, the-- a, a chart on that that was provided, that shows the, the difference between CPI, which-- again, consumer price index-- would be things that we all buy for our home use and our personal use; that would include groceries and appliances, and clothing, and those kinds of things. That's very different than what municipalities use. Municipalities buy, you know, road gravel and asphalt, and steel, and heavy equipment and cruisers for police use, and those kinds of things. So it's a very different, very different basis that they, that they use for their modeling. Over 20 years, the difference between those 2 numbers has varied 1.3

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percent. If you take a, if you take-- if you look at the consumer price index over 20 years, it has averaged 2.6% annually. The government index-- or, we're calling it the "slice index," has increased 3.9%, for a difference of 1.3%. What that actually is, though-- and Senator Clements ran the numbers on this. Again, thank you, Senator Clements, for being an ace on all the numbers. If, if you divide that out, it's actually a 30% difference. If you take \$1.00 in 2004 under the CPI, it inflates to \$1.65 today. If you take \$1.00 under the slice index, it inflates to \$2.15 today. That's a 29.8% difference. So, as municipalities and counties and, and local taxing authorities are understandably concerned and interested about their budgets in these coming years, the index that has been written into the bill is ex-- is very appropriate for their type of spending. And for them to be asking for additional cuts-- you know, each one of them have their own reasons and-- my home city of Omaha has-- certainly is in a growth mode, as many cities are, and that's of concern to them. And I don't want to belittle that concern, but I do want to bring some level of comfort about the index that has been used to inflate the amount of money that they could spend year over year. So with that, I'll wrap up. Thank you for the time.

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

DeKAY: Thank you, Mr. President. Sitting here and listening today, my assumption of how we are looking at this probably depends on where our demographics lie in this state, and-- to the extent of how we look at this tax issue. We all-- whether we were run, whether we were appointed, we are all tasked with the questions of how we are working on tax problems in our state. We're torn between helping and hindering small and young ranchers and farmers. We have to be very "caretious"-- cautious to keep the balance, to keep the entities competitive. With that being said, we got to keep property taxes at a standard that won't smother young farmers from being able to expand their operations. That is what I'm listening to, and trying to protect. Farm and ranching is the lifeblood of our state. And once again, I will say, 4% of the population provide 29% of the property revenue in the state. If we are going to keep the next generation of families that want to live and raise their families in that profession, and in our rural communities, we cannot continue to tax them out of a chance to realize their way of life and enjoy the profession that they love. Foreclosing on a family farm-- which, in a lot of cases throughout the state, consists of 40 cows, 40 sows, and 40 sheep-- it is more than a piece of ground: It is their retirement, their 401(k), and their benefit package. If they lose that, what do they have left? But there

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is an old adage that says, "behind every successful farmer is a wife that works in town," and that is coming truer and truer as time goes on. Part of this bill would be considered a tax shift; that shift started 20-plus years ago. This is the start of turning the tide and shifting taxes back to a more balanced tax code. I yield the rest of my time. Thank you.

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

ERDMAN: Thank you, Mr. President. Good afternoon again. So, as I listen to the comments that are made about this bill, Senator Slama says we can't vote for this, because we don't know what the fiscal note is, or whatever other excuse you may have. We do this all the time. We've done it in the past. So, by the time it gets to Select, we'll have more information. So, do you agree with the concept? That's the question. Do you agree with the concept of frontloading LB1107, allowing those people who haven't been claiming that credit to get that credit, and to increase that? That's the question. So I'd say the, the answer to that is yes. One of the things that I've seen in this bill that is puzzling to me-- maybe it hasn't come to your attention, but I want to draw your attention to this. It says that if you're going to have a vote to override the budget limit, you have a vote of the legal voters. And always in the past, it used to say "registered voters;" now it says "legal voters." So, that would lead me to believe that we must have illegal voters, because why would it say "legal voters" only? It's very peculiar. So, why wouldn't it say "registered legal voters," which means you have a voter ID and you've registered-- but it just says "legal voters," so, who makes the decision whether that voter is legal or illegal? And I didn't know there were illegal voters, but I guess there is. So, I don't know who wrote that in this bill, but I'd like to understand what the ramifications of changing something that's been there for years, because whenever we put together a petition drive, it was always a certain percentage of the registered voters in each district, each county. And now it says "legal voters." So, you lawyers in the room, maybe you can explain to me what the difference is between legal and illegal voters, and how an illegal voter actually votes. But we have a lot of mail-in votes, so maybe that's how the illegal voters vote. I don't know. That's a question. The other thing is-- I listened to this-- the day-- this comments, and what we're doing here is wasting time, because if we voted right now, at this minute, we would have the same results and the same vote as if we wait until 6:20. So, I would suggest there should be a special motion put in place in the Rules that say after a certain period of time, it's over. No one is saying

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anything new. No one is going to change their mind. Seldom, if ever, does anybody change their mind from floor debate. So, why don't we just move on and vote? Save time, save effort, and, maybe, maybe eventually we'll get to something that really makes some sense. So, all of these comments have been made today-- and we talk about fixing the system, and we talk about property tax relief-- none of this really solves anything. But what it does do, and I do appreciate this-- it really, it really helps the promotion of the EPIC consumption tax proposal. Because, again, we have proven in the Legislature we are not interested in fixing the problem. We want to continue to put a Band-Aid on this amputation. We like doing that. The EPIC consumption tax would cut about \$1 billion out of our budget over time. \$1 billion. It would also eliminate about 50 percent of all the bills that are introduced in this body going forward. So, maybe if we had half as many bills we could meet every other year like they did for 105 years before. Before 1975, they met every other year. And so, we have to meet every year, because we get like 600 tax bills that we have to deal with every biennium. So, there's a lot of--

KELLY: One minute.

ERDMAN: --solutions that could be had with actually fixing the tax system. So, this is actually good for the EPIC proposal, because it proves to the people that this serves-- solves nothing. And the issue that we currently have-- and I hate to say this, but taxes aren't high enough yet. Because, if they were high enough yet, they would be interested in making a change, and they're not. And in 1966, that's what happened. The voters said it's the only source of revenue the state has, this property tax, and we really don't care if they have any revenue at all, because we're tired of paying these taxes. But we're not there yet. So, maybe in the next year or 2, we'll actually get to the place where they say, hey, it's time to do something. So, that'd be about year 60. So, 60 years is long enough to do anything that doesn't work. Thank you.

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

WALZ: Thank you, Mr. President. Good afternoon, colleagues. And, Senator Erdman, I think you should go home, because then your wife won't have to step over the hot fence. Right? You can. You know, there have been a lot of people who have stood up and said that if we do not pass anything today, Nebraska will see a property tax increase. Well, Nebraska, I think it's equally important that you understand that we have also worked for you today. We worked for you to protect local

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control, which is something that Nebraskans truly value. And we worked to stop legislation that would increase taxes on healthcare, services, food, vehicle repairs, and over 100 other possible goods or services that could have been taxed. So, not all has been lost. We heard you on the issues, and we hear you when it comes to property tax relief. I appreciate the efforts to reduce property taxes as a realtor and a taxpayer. If you don't think that I want property tax relief, you're wrong. After 8 years of making a whopping \$12,000 a year, and an increase of \$3,000 to \$4,000 in property taxes over the last few years, believe me, I want property tax relief, but I'm not going to risk the overall financial health of our state to pass a piece of legislation without fully understanding the long- and short-term impacts of any proposed changes. The other day, I had a conversation with Senator Dorn, and it was really an eye-opening conversation regarding how our budget looks within the next 2 years. So, I would ask if Senator Dorn would yield to a few questions.

KELLY: Senator Dorn, would you yield to some questions?

DORN: Yes. Be glad to.

WALZ: Thank you, Senator Dorn. Do you have the General Fund financial sheet available from today?

DORN: Yes.

WALZ: OK. All right. Can you, can you just kind of give us an overview of what you see when you look at the financial sheet?

DORN: It, it-- the, the-- just so people know that-- at, at home, if you're wondering where we find this, you go to the homepage of the Nebraska Legislature, and about halfway down on that page, it says "financial status of the state of Nebraska." You can click on it. It is the-- I call it the sheet that we deal with for the budget, and that is actually the financial status of our state of Nebraska. I think we ended the session at \$503 million in the General Fund. Right above that line is a number there, \$351 million; that is a plugged-in number that we are, by statute, required to maintain that as a minimum balance. The line above that, ending balance, says \$855 million, but you have to take out the \$351 million, and that's a, a number that the Fiscal Office-- 8 or 9 or 10 different things are plugged into that. But that is required by us, by the Legislature, to maintain that much in the general funds. So then, we have a net of \$503 million left in there. However, we have some-- I call it the tax that we passed a couple of years ago for corporations that they paid in to get some

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federal income tax back, that we still have some refunds to pay out. So, I think the part, though, that you and I talked about was 2 years out, in fiscal year '26-27. I just looked on the sheet here now and again today, and it is at 63 m--

KELLY: One minute.

DORN: -- negative 63 million. So, that means that if all of these things we passed last session-- not taking into account anything here that we passed-- all the things we passed last session, if those all flow through, our revenue flows through, our appropriations flow through, we'd be at negative \$63 million.

WALZ: OK. And I just want to make sure that everybody understands. Today, if we pass nothing, nothing-- that we'd be negative \$63 million.

DORN: But, but the revenue number is a plugged-in number, and also the appropriation's a number. The next 2 years out, those are plugged-in numbers, where they're plugging in revenue that we're going to get that much, and also that we will spend that much. So, that makes up that e-- part of the equation. So, it's not-- what we-- it's also what we do going forward. Do those revenue numbers meet that amount of money? Are, are they greater? And also--

KELLY: That's your time, Senators.

DORN: --did we appropriate that much or not?

WALZ: Thank you, Senator Dorn. Thank you very much.

KELLY: Thank you, Senators Dorn and Walz. Senator Hansen, you're recognized to speak.

HANSEN: Question.

KELLY: The question has been called. Do I see 5 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.

CLERK: 18 ayes, 4 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those senators-- unexcused senators outside the Chamber, please return

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to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Wishart, Armendariz, Vargas, Slama, DeBoer, Dover, McDonnell, and Brewer, and Dungan, please return to the call and record your presence. The house is under call. All unexcused members are present. Members, the question is, the-- shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 33 ayes, 7 nays to cease debate, Mr. President.

KELLY: Debate does cease. Senator Machaela Cavanaugh, you're recognized to close.

M. CAVANAUGH: Thank you, Mr. President. OK. So, colleagues, when I was last speaking, I was talking about the budget item to increase provider rates for child welfare program service providers by 2% I believe it was, in 2020, that there was an agreement made with the Legislature and the Governor that that would be funded until the funds ran out by ARPA funds-- then-Governor Ricketts. And that is how it led to not getting vetoed. So, it was always the intention of the Legislature to have those provider rates increased by that amount and, and have it come from general funds. So, I was telling you all about how our, our Fiscal Office has that increase in the projected budget for the next biennium. However, providers are being told to expect to go back to the previous rates of 2022. Now, I've heard this before when it came to ARPA funds-- "well, ARPA funds were for an emergency, in a short term"-- yes, that's, that's true. We never intended it to be for an emergency or a stopgap. We intended it to be from general funds as a permanent increase, just like we intended the same thing for our own staff when we increased our staff's salaries, and we had issues with getting that through. So, what's the point, right? The point is that there are things happening behind the scenes, behind the scenes of this Legislature that I am fairly certain that 48 of you didn't really know about. I am fairly certain that most of you are unaware of most of the things that I am sharing with you today, and that should concern you. That should concern every single one of us. We have been down some bad roads financially, with programs and bad contracts, and this just reads the same as every other situation. And now, we have the encumbrance of not having the Inspector General's Office having the access that they need. We have an outside contractor that had a no-bid contract; was never, ever, ever vetted. We have a performance audit report from the state of Utah on that contractor, in the work that they did in the state of Utah, which we did not even take into consideration when they were hired here. And I can tell you, friends, colleagues, you don't get a performance audit that yields

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170-plus pages if it's good news. You just don't. So why does it matter to any of you right now? Because we are being asked not only to overhaul how we fund public education, not only to overhaul our property tax system, but we are being asked to blindly approve budget cuts to pay for it. Budget cuts that have not been thoughtful, that take nothing real into consideration, that take interest from noncode agencies' cash funds, which I'm pretty sure is questionable on the constitutionality of it. We're forcing noncode agencies to cut their budgets without any discussion with them about what that means. Colleagues, I am begging you to stop this train. This is not good.

KELLY: One minute.

M. CAVANAUGH: This is not good for the people of Nebraska. This is not good for our constituents. This is not good for future generations. This is not how government is done. And I welcome you to get on the mic and tell me I was wrong. Tell me, Appropriations Committee, that you knew about all of this; tell me that this was all part of the grand plan since April, and everybody except for me was in on the conversation. Because that's possible. It is possible. It's improbable, considering the hundreds of documents I have and none of your names are in any of them, it's very improbable. But it is possible. So, tell me I'm wrong, or let's go home and come back in January, and do good work for the people of Nebraska, because that's what they deserve from all of us. Thank you, Mr. President.

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

CLERK: 7 ayes, 33 nays on the motion to reconsider, Mr. President.

KELLY: The motion fails. I raise the call. Mr. Clerk. Senator John Cavanaugh, for what purpose do you rise?

J. CAVANAUGH: I would ask that we divide-- for a division of the amendment.

KELLY: Would you approach? Senator Linehan, would you approach? It is the ruling of the Chair that this bill is not divisible, is not divisible. Committee amendment AM73. Senator John Cavanaugh, for what purpose do you rise?

J. CAVANAUGH: To overrule the Chair.

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KELLY: That is a debatable motion. It's a motion to overrule the Chair. All members may speak once. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Colleagues, the motion before us is on my motion to divide the question, which those of you all who've been here for, as somebody previously recited number of years-- I've been here for 4, and have divided-- successfully divided the question many times on bills that covered way, way less than this bill. So, the Rule-- if you want to go to your Rule Book, your hymnal-- Rule 7, Section 2, subsec-- or, I'm sorry; Rule 7, sub-- Section 3, subsection (e): any member may call for the division of a question, which shall be divided into com-- com--comprehended propositions in substance so distinct that, one being taken away, a substantive proposition shall remain for the decision of the Legislature. Once a division is ordered by the presiding officer, each component shall be treated as a separate and distinct proposition. For purposes of germaneness-- so, I don't need to go into all of that. The question is whether this is divisible, and it clearly is. With all due respect to my friend, and person I respect tremendously, the Lieutenant Governor, this bill contemplates sections of chapters of our statutes. Dozens of chapters. We started this whole legislative session having this k-- similar bill referred to the Government Committee, because it opened up so many sections of statute. It could have been referred to General Affairs, it could have been referred to Agriculture, it could have been referred to any number of other committees. This is a slimmed-down version of that, that still opens up a large number of chapters. And so, the Rule has always been interpreted that when something is distinct-- so distinct as local property tax levy lids and eliminating sales tax exemptions, and adding a sales tax to pop and candy, and a creation of a new tax on delivery services, those things would be separate and distinct from each other. Sales tax-- the elimination of the sales tax exemptions are not dependent upon the property tax levies being capped in cities and counties, and therefore should be taken up-- should be able to be taken up separate and apart from that portion of the bill. So, I understand why some folks want to move on and, in the interests of efficiency, jump to what they want to do next. But we have Rules for a reason. They structure debate; they make it so we all know what's going to happen. And, if this proposition is not divisible, then nothing would be divisible, colleagues. And so-- I'm going to-- so I would encourage your green vote on the motion to overrule the Chair, regardless of how you feel about the outcome of this debate, regardless of how you feel about the underlying bill, regardless of

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how you feel about what other propositions may be out there. This is clearly a divisible subject, and I'm sure there are a lot of other folks who want to talk on this. And so, I appreciate your interest, but I think-- and Mr. Chair, do I get to speak another time-- I opened, do I get to speak again? OK. So, I will get in the queue so I can answer questions, or refer to other folks. But I would encourage your green vote on the motion to overrule the Chair. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad [SIC]. Speaker Arch, for what purpose do you rise?

ARCH: I'd like to request a point of parliamentary clarification.

KELLY: Please proceed.

CLERK: Mr. Speaker, there was a motion to overrule the Chair. All members may speak once. No member may yield time. They may ask questions of another member. The clock is not currently running in terms of cloture time on the underlying bill. The queue is held separate, so this is a separate procedural queue in which, when the procedural motion is dispensed of-- the overrule of the Chair-- we will revert back to the previous speaking queue as held intact before this motion to overrule the Chair.

KELLY: Returning to the queue. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Colleagues, I rise today in adamant opposition to the ruling of the Chair, but respectful opposition. I really hope my colleagues are genuinely listening to this conversation. I'm taking a moment to pause, because this is serious, and I hope people are paying attention to this. You heard the Clerk of the Legislature say this doesn't count towards the time. We're not filibustering right now. We're having an actual debate about an issue that is incredibly important, and that is whether or not the amendment from the committee is divisible. Senator John Cavanaugh made the motion, and rightly so, argued that these issues, on their own, present a question to the Legislature that can be decided independent of the other ones. He already read the Rule to you; if-- something is divisible if it comprehends propositions so distinct that if one is taken away, something else remains for the Legislature. So, if you have 2 things, 3 things, 4 things combined in a bill and you separate them out, the question is whether or not each of those, on their own, is a separate issue. Colleagues, the very fact that we have a new

amendment that has been discussed-- this AM84, which, arguably, is just parts of the amendment currently before the body-- is evidence that it is divisible. It is a separate and apart question contained in AM84 from the other issues, saying it can be decided without the other parts of it. So, the very fact that AM84 is being potentially proposed down the line is evidence that this AM73 before the body right now can be split into separate parts. Let me simplify it a little bit more. I know sometimes I can get a little bit wordy when I say things, and I get some comments online for that. This bill deals with a lot of different stuff. I think it's pretty simple. We're talking about caps on political subdivisions, sales tax, use tax, the way we fund our schools, taking over the NRDs, funding for jails. That's not even getting into the individual issues of the different sales and use taxes, which, by the way, each and every sales and use tax being debated in this bill would be divisible. Imagine you had a bill before you that said "Legislature, should we tax pop and candy?" That's one question. "Legislature, should we tax taxi services?" That's another question. "Legislature, should we tax veterinary services?" "Should we tax real estate services?" "Should we tax lawn care?" "Should we tax delivery?" "Should we tax any number of things that are being added in this bill?" Each and every one of those is an independent proposition. In addition to that, should we be taking over the NRDs? I just-- I don't understand how a ruling could be made that this is, in fact, not divisible, because you can separate this out into any number of divisions that, separate and apart from the other things, present a unique question to the Legislature. So, colleagues, this is not just gamesmanship. Like I said, the time that we're on the mic right now doesn't count towards a filibuster. I see the queue is relatively full, which I think is important, because I would love to hear somebody get up and talk about why this is not divisible. I, I'm genuinely curious. And if I'm wrong, I'm happy to be wrong; I've been wrong before, I'll be wrong again. But reading the Rules plainly, which is what we must do-- whether or not something comprehends propositions and substance so distinct that, one being taken away, a substance-- a substantive proposition shall remain for the decision of the Legislature. Colleagues, we should, again, respectfully, vote to overrule the Chair on this issue. These are divisible questions. These are independent issues.

KELLY: One minute.

DUNGAN: Thank you, Mr. President. Independent issues before the Legislature. And we should respect the Rules, we should respect the institution, and we should be able to have a division of the question before the body because it comprehends, or it tries to comprehend so

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many different things-- to have a unique debate on individual sections of that makes sense. So, colleagues, please, I would urge your green vote on the motion to overrule the Chair. Thank you, Mr. President.

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

BLOOD: Thank you, Mr. President. I, too, am in support of the motion to override the Chair, and that has been done successfully many times in my 8 years. One of the reasons I want to see it divided is because, if I have not made this clear enough, I'm really sick and tired of the state pointing fingers at political subdivisions, saying that they are the reason your property taxes are high. And my seatmate can sit over here and grunt at me in the background while I'm talking, but the point is that that-- and unfunded mandates, and has been proven in interim study after interim study after interim study, are one of the main reasons your property taxes remain high. And we don't live in each other's districts; I vote for who I want on City Council, I vote for who I want on the County Board, I vote for who I think will represent our voices the best, and be good stewards of our funds. And by dividing this on the current amendment, it allows us the opportunity to speak on that, because we can't just look at it holistically. My freshman year, I said that I thought Senator Linehan was very plucky. There's my long-term memory, Senator Fredrickson. That she has a mission, Senator Lippincott, and sticks to that mission, and just keeps pushing till things get done. I'm glad we're slowing things down, but I'm hoping right now that our Governor is listening. One of the first things that people learn in leadership, that it's OK, sometimes, to say that you're wrong. It's OK to take a pause and take a step back, because then you can bring something back better. I've seen some behavior on the floor today, and several other days, where a woman will walk up to a, a male counterpart, their peer, and try and correct them or share information, and that person barks back at them. I think the fact that we've come to that point again, much like it was 2 years ago, tells you that we're going in the wrong direction. Because if we can't treat each other respectfully, and grown men have to act like little crybabies, then perhaps we're doing something wrong. It is time to address the real issue. When Senator Linehan talked about pool service, I agree that should have been taxed. Nobody ever asked me. Lawn and garden? No, because a lot of our seniors and people with disabilities have to have help. Limos? Yes. Taxis? No, because a lot of our people that are seniors and with disabilities have to depend on Uber, Lyft, and taxis. I think that, had we actually worked on this all summer long instead of lol-- finding out about all this through the media, that we might have

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gotten something done. How about a survey to the senators? What are you willing to support? What aren't you willing to support? I kept hearing how people were meeting with senators; nobody met with me. Because I would have told them, "No, you're not going to cap political subdivisions. You need to stop unfunded mandates and quit kicking this can down the road." We need to override the Chair on this. We need to divide and conquer. We need to talk about each thing individually, because this is too important. We're not trying to slow this down to stop it; we're trying to actually provide good property tax relief. But instead, we're like, "Hey, let's just go ahead and frontload LB1107 and we'll go home, because we know we can get people to vote for that, and at least it's something." That is not sustainable property tax relief. Nebraskans deserve better. People's attitudes on this floor, when they're barking at my peers--

KELLY: One minute.

BLOOD: --needs to get better. And we need to start acting like an adults and actually work together, and it shouldn't be either your plan, or-- this plan or this plan. We should actually work together and start looking at all these bills that people went to work on to provide sustainable property tax relief. We can go ahead and divide the question, but where are we going to be at when we're done with this? Will we have sustainable property tax relief? I believe not. Will emotions continue to be high? Likely. But you guys need to get over yourself, because this is my last year here, and if I see you barking at one more of my peers, you're going to deal with me. Thank you, Mr. President.

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

SLAMA: Thank you, Mr. President. Would Speaker Arch yield for a question?

KELLY: Speaker Arch, will you yield to a question?

ARCH: Yes.

SLAMA: Hi, Speaker Arch. How are you doing?

ARCH: Oh, I'm terrific. Thank you.

SLAMA: Oh, fabulous. Quick question for you. Is there anything you want to share with the body at this point in time?

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ARCH: So, there's been a lot of discussion about the ruling of the Chair. And, as-- my understanding is, in-- on these questions of division, it's often left to the, to the introducer of the bill, as well as that one who's challenging and requesting the division of the Chair. And when those 2 agree, generally speaking, our body has said like, OK, then let's go with, let's go with the division of the Chair. And I think that's, I think that's where we are right now. And, and so yes, when it-- when this comes to a vote, I will be doing a very unusual thing. I don't know that I ever have voted, but I, but I will be voting to overrule the Chair in this particular situation.

SLAMA: Thank you, Mr. Speaker. Would you-- just a quick followup question. Would you encourage everybody else in the Legislature to follow your lead and vote to overrule the Chair in this particular situation?

ARCH: I, I would always ask for people to follow my lead. Thank you.
[LAUGH]

SLAMA: Oh, God. You can help in one hand and do anything else in the other, sir.

ARCH: That doesn't always-- that doesn't always happen. But I can always ask. Yes, I would ask that.

SLAMA: Thank you very much, Mr. Speaker. I'd encourage everyone, just for the sake of us getting back to debate-- it seems as if there was a miscommunication that went down. If you would be willing to, please hop out of the queue. We can resolve this quickly; we've got the votes to quickly overrule the Chair and get back to debate. And wherever you're at on this bill, wrap it up this evening. Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. I think maybe we'll try and speed this along here now, but this-- I mean, this clearly is divisible, because there are multiple bills, which were introduced as separate bills which were brought, that then became this bill, this amendment that we have. So, this is divisible. I don't think that's the question. So, if we're following our Rules, if we believe in the Rule Book, then I think we intend to divide the question, because it is divisible. So, I would ask you all to overrule the Chair so that the words in our Rule Book mean something. Thank you, Mr. President.

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KELLY: Thank you, Senator DeBoer. Senator Ben Hansen, you're recognized to speak, and waives. Senator, Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. I thank Brandon for the procedural information. I had forgotten that the time wasn't running, so I thought this would be as good a time to waste time with as anything. But I will not be following the Speaker's lead. I will be voting not to overrule the Chair. And I would encourage you all to do the same. Thank you.

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

LINEHAN: Thank you, Mr. President. Senator Slama, would you yield for a question?

KELLY: Senator Slama, would you yield?

SLAMA: Yes, ma'am.

LINEHAN: You know how-- it's hard when you're trying to do things on the floor, and you hear part of things, and then you might mishear. So, I think what I just heard the Speaker say-- or you say, I'm not sure; I was sort of listening, but also being pulled in one direction. Did you say when the senators agree to divide? I didn't, I didn't understand that. I didn't-- when I went up there, I didn't think I had an option to say no.

SLAMA: So, that's actually a great question. One of the things that can play into the Chair, Chair's decision on whether or not the bill is divisible is input from both the introducer and the person encouraging the bill to be divided. A lot of times when those senators agree that, yes, the bill can be divided, it's normally the ruling of the Chair that the bill will then be divided.

LINEHAN: When they both agree?

SLAMA: That, that's what Speaker Arch said, yes.

LINEHAN: OK. Senator Wayne, are you available for a question?

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

WAYNE: Yes. Yes.

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LINEHAN: I don't think you were close enough to hear the conversation, but I don't remember anybody-- and maybe I'm just forgetting. I'm tired. I don't remember anybody asking me if I agreed.

WAYNE: No, I think the presumption was that it was divisible; Chair ruled that it wasn't. You could object. So, the argument here is you have credits and you have expenses, right? Like you gonna-- or, credits are the expenses, and you have revenue. The Chair may have thought that, because they're interconnected and they flow to each other, which is part of the Rule, that they can be to-- stay together. That's-- I'm assuming that's what he was, was assuming. But the reality is, is because you have an expense, like a credit and a revenue, those can be divided into separate, separate pieces, because you can vote on the revenue and still not have the expenses, and you can vote on the expenses and not have the revenue. But I understand how the, the Chair might have got there.

LINEHAN: But I think my question is more simple, and this is more-- because--

WAYNE: I know. I was trying to give a politically correct answer. Go ahead. [LAUGH]

LINEHAN: My question is-- I, I-- and it's not the first time Senator John Cavanaugh has done this, has separated my bills. That's not a big surprise. But I don't remember anybody ever asking me if I agree.

WAYNE: I agree. I think they should; the Chair should ask, first, what are their arguments that it is divisible? I think part of the problem we have the last couple of years is we tell the body, or the Chair and the, and the Clerk that we're going to divide it so they can prepare for it. What we used to do our first year is we would just do it on the floor, and we would stand at recess or ease until it was done. But we got in the habit of already giving it to them, so I think everybody presumes, including the Chair, so they don't ask anymore. No, you were not asked, OK? I was trying to still answer/not answer that question. You were not asked.

LINEHAN: Thank you. OK. So I, I think I'm fine if we go ahead and-- sorry, Mr. President. I don't want to spend 3 hours on this discussion. I think we have a plan. Here's the point, folks. And we can stay here 4 more hours, or we can hopefully get out of here by 6. There's an amendment--

KELLY: One minute.

LINEHAN: --that does-- all's it does is frontload, puts a very soft cap on city and counties, of which all public safety is not included. That's it. Now, if we can get to that, and we don't w-- then we can go home. And we can front load LB1107, which I thought everybody was in agreement with. So, move forward. Thank you.

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

CONRAD: Thank you, Mr. President. Actually, I had withdrawn from the queue earlier, but it seems like there's perhaps a, a lack of clarity in regards to what the matter before the body is, and what the test for the body is in this regard. So, let, let me again just reaffirm what we already know to be true. I think the Lieutenant Governor has indicated that he made a ruling in error. People are willing to recognize that people make mistakes. And, rather than rising to a nuclear lever-- level in terms of allowing what would be an unprecedented ruling to carry the day here today, in contravention of our Rules-- everybody has quickly recognized there was an error; we have the opportunity to correct it. The test, though, is delineated in our Rules-- in Rule 7, which you've already heard some colleagues talk about. And, to Senator Linehan's point, typically there is an informal negotiation or discussion, upon the request of the division, between those who are moving for the division and those who are leading or sponsoring the matter subject to division. And it is not part of the Rule, nor the test that there be an agreement between the gentleman or the gentlelady who are involved in those discussions. That typically does happen upon an entrance of a division, but it is not in any part required on either allowing for the division, or relevant to this motion to overrule. And again, it's because the Rule is clear; the Rules that we agreed to are clear. Matters like this are always subject to division. According to our Rules-- the test is in the Rule, not in a gentlewoman or gentleman's agreement. And if you look, for example, at the committee statement itself in relation to LB34, you can see that Senator Linehan and committee staff has appropriately delineated components of a whole different host of bills that were put together as part of the committee amendment and attached to LB34. So I know it referenced LB1, LB9, maybe LB63. I think there was a string of perhaps 5, 6, or 7, or 8 bills before Revenue that demonstrates the, the separate nature of the matters that were joined together in the committee amendment that are now seeking to be divided appropriately under our Rules, with the division. So, I'll just go ahead and leave it there, and would ask people to follow the, the Speaker's direction to allow for a, a quick remedy to a mistaken ruling by the Chair, so that we can move on to debate. Thank you, Mr. President.

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KELLY: Thank you, Senator Conrad. Seeing no one else in the queue, Senator John Cavanaugh, you're recognized to close.

J. CAVANAUGH: Thank you, Mr. President. Thank you, colleagues, for the discussion, and for the illumination on, on this particular Rule. And I do think that Senator Conrad made some very great points there about the number of bills that are int-- integrated into the amendment we're talking about, and the fact that the Rule is a privilege of a senator to divide a, a proposition, an amendment, meaning that senators should not be forced to take up an entire amendment proposition as one, and should be able to divide it; if it is divisible, it must be divisible-- divided. That's my point. This is a amendment that has many bills in it, and many sections of statute are opened up. And it is clearly divisible, and when it is asked by a senator to divide it, it must be divided. So, I'm asking for you to go along with what Speaker Arch asked, and so many members have asked, is that we overrule the Chair this one time to get us on the right path, and we can have the conversation about these divided sections of this amendment. Thank you, Mr. President. I'd encourage your green vote.

KELLY: Thank you, Senator Conrad-- or, excuse me, Cavanaugh. And, members, the question is the motion to overrule the Chair. All those in favor vote aye; all tho-- there's been a request for a roll call. Mr. Clerk.

CLERK: Senator Aguilar voting no. Senator Albrecht voting no. Senator Arch voting yes. Senator Armendariz. Senator Ballard voting yes. Senator Blood voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Bostelman voting no. Senator Brandt voting yes. Senator Brewer voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Conrad voting yes. Senator Day. Senator DeBoer voting yes. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting yes. Senator Erdman voting no. Senator Fredrickson voting yes. Senator Halloran. Senator Hansen voting yes. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting yes. Senator Hunt voting yes. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting no. Senator Linehan voting no. Senator Lippincott. Senator Lowe. Senator McDonnell. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting yes. Senator Murman voting no. Senator Raybould. Senator Riepe voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting no. Senator Walz voting yes. Senator Wayne voting yes. Senator Wishart. Vote is 28 ayes, 13 nays, Mr. President, to overrule the Chair.

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KELLY: The motion is successful; the Chair is overruled. Mr. Clerk.

CLERK: Mr. President, LB34, pursuant to the overrule of the Chair, it's my understanding that the bill will be divided. Senator Linehan-- excuse me, the committee amendment, AM73, will be divided. The first piece of that committee amendment is AM80. Senator Linehan, you are--

KELLY: Senator Linehan is authorized to open, and waives opening on AM80.

CLERK: In that case, Mr. President, Senator Linehan would move to amend with FA103. And it-- Senator, it's my understanding that you would seek unanimous consent to withdraw and substitute for AM84.

KELLY: There is an objection. Senator Linehan, for what purpose do you rise?

LINEHAN: I want to substitute FA103 with AM84.

KELLY: You're recognized to open on that motion.

LINEHAN: So, this is where we get to what I thought-- I saw a vote card at noon; we had, like, 36 votes. This is it. We frontload LB1107. We put a, a cap on counties and cities for anything they spend outside of public safety, which includes police, firemen, county attorneys, public defenders. And it's not CPI; it is what cities and county, state-- it's actually-- it runs quite a bit higher than CPI, so it's not much. And there's part in it about any growth we have over 3 percent goes towards property tax relief. It is a bill that-- I mean, all this really does that people will notice is this one thing, and if people vote against it, I'll be shocked. So, if you are somebody who is taking advantage of the credit now, it will be a little bit better, but not a lot better, because we took all the revenue-raisers out. So, if you pay your taxes, and file your income taxes, and get your taxes back, you're not going to see a lot of gain here. But here's who will see gain, is all those moderate homeowners, middle-class people, 40-45% of them who are not claiming the credit. They will see an improvement in their situation. And we won't have the "maymaygamarow" of going around and around. And then, hopefully, we can come back and do more. If we can't do this, I don't know how we're going to go home. I don't know how you face people. I really, really don't. Because if somebody votes no on this, they can't possibly stand up on the floor again and say they care about property taxpayers. It is impossible to do so, because this literally lowers the check that everybody has to write, or it lowers your escrow account. This literally puts money in

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people's hands. So, I don't know how you vote against it. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Senator-- returning to the queue. Senator Blood, you're recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I would yield any time I have left to Senator Dungan, if he's on the floor.

KELLY: Senator Dungan, you have 4 minutes, 37 seconds.

DUNGAN: Thank you, Mr. President. Thank you, Senator Blood. I wasn't expecting that right away, but I, I appreciate the effort, or the time here. So, colleagues, what we're voting on here is the swapping out of the AM for the floor amendment. And, I am currently opposed to that, and I want to get into a little bit of detail why. Again, I've talked about this beginning of the session, and throughout the session-- there are process issues and content issues, but right now I want to focus a little bit more on the content of this. So, what we're talking about doing with this bill is the frontloading of LB1107. But my understanding is, in that frontloading, increasing the amount of money that's going to be in that frontload. And, in addition to that, implementing a cap, which is either the zero percent growth or the state purchasing power, whichever is greater. In that, there are various exceptions that are built into that cap. And so, I've had an opportunity to speak with a number of individuals who work at the county level and the city level. And, talking about this-- both in actual outcome, meaning what the actual results of this are going to be, and philosophically, whether or not this is the right thing to be doing. In my time on the Revenue Committee, we've had a lot of conversations about curbing government spending. Senator Blood, for example, and a number of other senators, have been champions when it comes to cutting back on unfunded mandates. And we hear a number of things come up in the Revenue Committee with regards to unfunded mandates, and ways that we could save money at the local level by either fully funding or not requiring certain things from the state level of counties and cities but not paying for it. You know, examples come up often, like the requirement from state law that county sheriffs provide security at courthouses. That's a fantastic thing; we definitely need to make sure that our judges, and our, our juries, and our people in the courthouses are safe. But, it's an unfunded mandate. And the sheriffs have come to us and said, this is yet, you know, just one of many problems that we see where there's a state requirement to do a thing, and we don't receive funding for it. So, the reason I kind of go off about unfunded mandates is there is an opportunity for us to

curb unnecessary government spending, to trim the fat around the edges, and to make sure that we're saving people's money. But we have to be very, very careful when we're cutting government spending by in-- implementing caps that we don't do things that have an ultimately negative side effect with regards to the services that are provided to citizens, that make our cities and counties not just livable, but enjoyable. And, not just livable and enjoyable, but safe. This is what I was talking about a little bit earlier on the microphone, when I talked about the director of the Lancaster County Jail having a conversation at the Lancaster County Board about how, yes, under these exemptions, are the, the guards exempt from the, the caps? Sure. But what does still fall under the cap are programs that our state-- I'm sorry, that our county, here in Lancaster, could be putting forward to work on mental health issues, to work on substance use disorder, to work on helping unhoused people find shelter-- any number of things that ultimately have an upstream investment on actually changing whether or not our jails are overcrowded. And what I don't want to do is I don't want to put our counties and our cities in a position where they are unable to fulfill the obligation that they have to the citizens of-- be it Lincoln, Lancaster, Omaha, Douglas, whatever. We need to make sure that the counties can still do their job. Now, I understand, and I'm not-- I don't have any illusions about whether or not there are exceptions built into this.

KELLY: One minute.

DUNGAN: Thank you, Mr. President. And I appreciate that; I think it's important to make sure that we have those. But again, my issue is the experts who operate in these worlds, these, these circumstances, have come to me, talked to me-- people who have spent decades in county government, decades in city government, village government-- and they've told me that if these are implemented, not just potentially, but there will be problems. So, colleagues, I want to make sure that when we're voting on this, we don't act like this is just nothing. We need to make sure that we understand this could have tangible effects. It will have tangible effects on roads, bridges, public health, any number of things that we need to be looking out for. So, colleagues, I would urge you to vote against the substitution. We can continue to have a conversation about these caps, and what money we're using to fund the LB1107 frontload. But for now, I would urge a red vote on the substitution. Thank you, Mr. President.

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

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M. CAVANAUGH: Wow. This has been quite the day and journey. So, I was going to ask if Senator Linehan would yield to a question. I don't know if she's available. Sorry. And I can just telepath what the question is. What would be the fiscal note for AM84? If Senator Linehan would yield to that question.

KELLY: Senator Linehan, would you yield to some questions?

LINEHAN: Sure.

M. CAVANAUGH: What would be the fiscal note on AM84?

LINEHAN: I, I-- I'm sorry.

M. CAVANAUGH: The fiscal note? We don't have a fiscal note.

LINEHAN: We don't-- there is no fiscal note at this point, I don't think.

M. CAVANAUGH: But what is the estimated cost?

LINEHAN: I don't-- this part?

M. CAVANAUGH: Yes.

LINEHAN: Well, there is no cost. I don't know how there would be a cost, because we took up all the revenue-raisers; we're using the money that's already in LB1107. There'll be, there'll be some fiscal note to do it. But the money that, that-- anything over and above what we've already got going to property tax relief comes up in LB1-- and-- excuse me, LB2 and LB3.

M. CAVANAUGH: So, ultimate-- I'm sorry. That's what I mean. Is-- what-- will it have to come out of the budget? We will-- do we need to do budget cuts in LB2 and LB3?

LINEHAN: I don't know, I'm not the Chair of Appropriations.

M. CAVANAUGH: But, I mean to-- if we pass this bill, then do we need to do budget cuts--

LINEHAN: No.

M. CAVANAUGH: --to, to pay for this?

LINEHAN: If we pass this bill just like it is--

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M. CAVANAUGH: Yes.

LINEHAN: There's no pay-fors that I know of. Will there be bills brought tomorrow and the next day that will put more money in it? Yes. But if you pass this--

M. CAVANAUGH: What will those look like?

LINEHAN: --and I'm looking at staff, to make sure I'm right here. There's-- this costs you nothing.

M. CAVANAUGH: OK. And what would be added to this that would cost something?

LINEHAN: I don't know, that discussion is tomorrow. And I think it's more appropriate if you ask the Chairman of Appropriations, because I have a hard time keeping up with the Revenue, so, I don't really understand Appropriations that way.

M. CAVANAUGH: I'm sorry. I guess I thought you were saying that things were going to be added to this bill tomorrow.

LINEHAN: No.

M. CAVANAUGH: OK.

LINEHAN: This bill has no cost. The money we're going to use on this bill is already in the bank; we're just going to send it to people so they don't have to pay it and then get it back. And the 45 percent of the public that is not getting it now will get it, because it will go on their property sti-- tax statement.

M. CAVANAUGH: OK. Thank you. I think I understand now.

LINEHAN: Thank you.

M. CAVANAUGH: Would Senator Hunt-- you want time?

KELLY: Senator?

M. CAVANAUGH: I will yield my time-- the remainder of my time to Senator Hunt.

KELLY: Senator Hunt, you have 2 minutes, 5 seconds.

HUNT: Thank you, Mr. President. Thank you, Senator Cavanaugh. I'll take a little bit of time. I have been so overwhelmed with the

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outpouring of support for Governor Pillen in his time of need. Hundreds of Nebraskans have reached out, between now and my last time on the mic, to donate to Pennies for Pillen, the foundation that I started in between now and my last time on the mic. And I also wanted to share that any amount in excess of the \$1 million per year that Governor Pillen needs to get back on his feet will be distributed in the form of scholarships to private Catholic schools in Nebraska, which, for the service of doing that, I will be taking 7.5 percent cut off the top. Thank you, Mr. President.

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

MURMAN: Thank you, Mr. Lieutenant Governor. As I talked about earlier, we're in a property tax crisis in Nebraska. Whether we're talking about agriculture, housing, or commercial, we're in a property tax crisis. We're not in an income tax crisis. We're not in a sale-- in a sales tax crisis. We, we are a high-tax state, but the crisis in this state is property taxes. Property taxes are very regressive, especially for young people and even low-income people. I'm going to give an example of a young person, or a young couple or person, that are trying to buy a house in Nebraska. They're going to buy a reasonably, reasonably priced house, whether it's in Omaha, Lincoln or greater Nebraska-- \$250,000 house. Might be a little on the high side for a young couple in greater Nebraska, but it'd look probably a little on the low side in Omaha or Lincoln. But, to buy that house, the school tax on it would be about 1 percent. And-- you know, and that varies across the state, of course, and we would like to get those levies closer together, as we talked about earlier. The young couple would have about, you know, they'd probably make a 10% down payment, something like that, so they'd have 10% equity in the house. So, the taxes due on-- the property taxes due on that house, on their equity-- or, excuse me, on the whole house-- would be \$2,500 a year, and that'd be about 10% of their equity. So someone that already owns a house, it'd be 1%, but on a young couple trying to buy the house, it would be 10% of their equity. So, that's just an illustration of how regressive property taxes are. And that's true whether you're a young farmer that's trying to buy or rent land to get started in farming, or you're a young couple or a young person trying to build equity in a house. It's a very regressive tax on what you are trying to invest in. So, I don't think this amendment goes nearly far enough, but I do support it, because at least it's a step in the right direction. We need to do a lot more for this crisis, and-- I could talk more on it, but, I would like to yield the rest of my time to Senator von Gillern to further talk about this amendment.

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KELLY: Thank you, Senator Murman. Senator von Gillern, you're recognized to speak, 1 minute, 55 seconds.

von GILLERN: Thank you, Mr. President. Thank you, Senator Murman. I don't think I'll need all of that time, but I, I do want to reiterate an important part of this frontloading feature of this amendment. One of the things that we discovered when we were talking about the LB1107 tax credit is that many, many people-- in some cases, almost 50% of residents are not capturing that tax credit on their income tax. It's safe to assume that the folks that have their taxes prepared by a professional are capturing that tax credit, and it's also safe to assume, in many cases, that those folks are of a higher income. So, what we are doing by frontloading this tax credit is making sure that every property owner gets the advantage, takes-- gets the, the benefit of that tax credit, and that directly helps people of modest income and people of low income. So, we've heard a lot today about how people of low income are not being cared for, and that we're not concerned about the outcomes there--

KELLY: One minute.

von GILLERN: --nothing could be further from the truth. Thank you, Mr. President. By being able to frontload this property tax credit, we'll ensure that, based on my numbers, about \$280 million of tax relief will make it to the place that it's supposed to go. Those folks no longer have to apply for that tax credit through their income tax. It'll be [INAUDIBLE]-- to their property tax statement. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. Good evening, colleagues. I wanted to just kind of walk through some initial thinking after having an opportunity to review the, the pivot that members are working on after the-- Governor Pillen's plan failed to advance for now, the second time, and it basically includes a, a few components that we haven't had a chance yet to score from a fiscal note perspective, we haven't had a chance to subject to public hearing and I know members are working hard and tired and are trying to dig into the nuances of some of this. So I think the kind of 3 main pieces that I'm hearing about in the pivot plan include the, quote unquote, frontloading for the LB1107 credits. And I think members have done a good job kind of explaining the design flaws in that plan, perhaps, that prevented some otherwise eligible beneficiaries from reaping that property tax relief. So I do want to point out a couple things in that regard.

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LB1107 frontloading, or in present form, of course, does nothing to help the renters in, in the state because it's dedicated to the-- to the homeowner. Additionally, I think that there's a lack of clarity or perhaps multiple reasons in terms of why some of those credits are not actually being claimed by Nebraskans or other folks who would otherwise be eligible. I think we've hit the nail upon the head that it might be some eligible homeowners do not have access to a CPA in order to assist them with tax preparation and they, they have, may have missed some of those credits. I know walking door to door in my neighborhoods in north Lincoln, I have shared that information with people and it was news to them. So I think that's definitely a piece of it. I've also heard, even though it is a refundable credit, that perhaps because of program design, that particularly folks who are out of state, may not be availing themselves of the credit which is, again, perhaps another reason why a significant, important part of that has not been utilized. And, again, I think we need to, to keep that in mind. So while it is modest and meaningful relief that I think we can agree on, I do think that we need to be clear that it won't help those Nebraskans who, who rent their home. Additionally, I think there, there is a lack of agreement in terms of how we pay for that because they don't pay for themselves. And because of program design, which is different than how homestead exemption works for example, we have to figure out how to pay the, the price tag for that frontloading. So that's why, as part of Governor Pillen's plan, he put forward really significant budgetary costs to take up on the budgetary adjustments we just made when we adjourned a, a few months ago. And I think that there is definitely hesitation as to taking cuts, particularly from Health and Human Services, to pay for these tax credits. Additionally, I think that there is hesitation in moving forward with I think it's been watered down to intent language at this point in time, but really a forecast or a foreshadowing of what was lifted up in the Epiphany report. And that was a recommendation that we raid our Cash Reserve and that we push it down farther. And, friends, that's fiscally not sustainable--

KELLY: One minute.

CONRAD: --thank you, Mr. President-- or responsible, in addition to being one of the top three states, as my friend Senator Lowe noted, and, you know, being in the top 10 in terms of education and other great things we know about Nebraska, we're also always right at the top of that list when it comes to having sound fiscal policies. And a big part of that includes having a solid Cash Reserve and not raiding it. So I think that's part of perhaps the, the debate that's happening now, not to mention some of the sincere policy issues that come with

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the caps as proposed. Taking public safety matters off the table is good to advance our shared public safety goals, but it means a tighter cap on roads and senior vans and libraries and pools and mental health and housing. And, and that's something that we need to be really thoughtful about as well as we check in with our local communities--

KELLY: That's your time, Senator.

CONRAD: --and communities across the state to see if that's workable. Thank you, Mr. President.

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

BOSTELMAN: Thank you, Mr. President. Good afternoon, Nebraskans. So where are we now? So we have a bill or an amendment, AM84, what we're looking at. So you know it's a total of 9 new pages. It's 22 pages long. There's 9 pages of new language in there. There's a couple other pages that has a line struck here or there so we're talking about less than 10 pages. This isn't a hard bill to figure out. This isn't a hard bill to understand what it's doing and, as Senator Linehan said, it's-- there's funds paid for. We're not going out in the-- in the AM--we're not going out and using any new sales tax or they're not in the-- in the amendment. But then we hear people saying, well, my gosh, I don't know. You know, the counties may do this. The cities may do that. This may happen here. This may happen there. You know what? When we were back on the amendment on AM34, we had funds in there. We had funds in there for the counties, for jails. We had electricity rates, taking the tax off electricity bills. We had a lot of things in there to help people and would answer a lot of those questions. But, no, we couldn't do that either. People in Nebraska are demanding property tax relief. And, yet, we are standing here and say, no, no, can't do that. Can't do this, can't do that. Can't do anything. So in some sense, you may be correct in the sense we don't levy taxes. We don't. Your local government, your local bodies do. Your school boards right now are setting their budgets. I hope you go-- if you're upset with your property taxes and your counties and cities, I hope you go on those meetings when they have those budget meetings and you tell them that. They're the ones that levy the tax. Not us. We give them authority to levy taxes, but we don't levy that tax. We don't assess the value of the property. We don't do none of that. But what we've tried to do here and what the Revenue Committee has tried to do and others have tried to do, is begin to work a path forward in which we do make a change in how we fund schools. Not taking anything away from the schools, they still can budget to do the things, we're just going to

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have the state pay for reducing that property tax that each of us is responsible for. But what we're hearing now, once again, is no we can't do this. We can't do this one. We can't do anything. If you ran and if you talked, and what I've heard from everybody here, is property tax number one. Here's one-- here's one that bugs me, has bugged me for years, and you're against that too. Guess what? The zoos keep their sales tax. That's tax that's already paid. You're not increasing any tax on anybody. But, no, you don't do that either. Right now--

KELLY: One minute.

BOSTELMAN: --our economy, we cannot grow our economy out of this. So we have to look for other opportunities. This is a way to help people immediately without costing a great deal of money anywhere. If you're going to stand up and say, no, we can't do this for this or that reason, then you're just against property tax relief, just against flat out. I urge you to support AM84 and the underlying bill. Thank you.

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

DORN: Thank you, Mr. Lieutenant Governor. Would Senator Linehan yield to some questions?

KELLY: Senator Linehan, would you yield to some questions?

LINEHAN: Yes.

DORN: OK, want to talk about, I call it, the amendment that's supposedly getting-- will be the amendment. When we say frontloading LB1107, \$568 million this year, we'll use that for a number, I think that's it.

LINEHAN: Right.

DORN: --When we frontload, are we also including more money and going up because some of the other bills had us going up another 180, \$200 million. Are we doing that in this amendment?

LINEHAN: It says we're doing that in that amendment. My point with Senator Machaela Cavanaugh is those bills are coming from appropriations to pay for it. It's because if we're not real clear, then tomorrow they'll say, well, you spent \$700 million yesterday, now here's another hundred, we're at a billion dollars.

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DORN: No, no, and I understand that. It's not. It's just I want to know it's not the \$568 million. We're not frontloading just that, it's frontloading it to that greater amount, whatever that greater amount is that I wanted clarification on.

LINEHAN: 700-- I think--

DORN: And yes, the funding still has to come. We realize that.

LINEHAN: OK.

DORN: The funding-- but I just-- I just didn't want people to think that it's-- oh, it's the \$568 million.

LINEHAN: Right.

DORN: It is that greater amount which generally the bill has been talking about, our bills have been talking about. The other thing is the caps. I know you have said, or at least I thought you said or, or Senator von Gillern said, that the part about the public safety is still in there. So just wanted to make sure that is correct. You know, it's, it's the-- whatever that formula is. But out-- with that or part of that cap, then is also public safety or is that not in there? I want clarification on that.

LINEHAN: The public safety-- so there's confusion on this because there was a cap on public safety in LB588. Right? That was only about salaries until they got-- this cap is public safety writ large. It can be cars. It can be fire trucks. It can be-- it's anything public safety.

DORN: Is it county attorneys, that part, too, just like that?

LINEHAN: It's county attorneys.

DORN: OK.

LINEHAN: Public defenders.

DORN: OK. When, when we say-- and this is, I call it, more of a question to, to understand what we're saying. When we say it's outside that cap, that caps over here. And for sake of a discussion, we'll say that's 4%. So in their budget increase if-- use whatever year-- that rest of their budget is at that figure, that 4%. Now this is, I call it, it does not have a cap on it. So if, if for whatever reason they have an issue come up, or whatever, and they for their county, their

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city, they need 7, 8, 9%, then they are OK doing that, they don't need a vote of the people or anything?

LINEHAN: Right. There is no cap, none on public safety.

DORN: And no vote of any people or anything on it?

LINEHAN: No.

DORN: OK. Thank you. That's what I-- I wanted clarification on it so that as we discuss the bill or the amendment and tomorrow, assuming we have discussion on funding it, that we all understand that-- what those are. So thank you very much. Appreciate that. I'll yield the rest of my time.

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

VARGAS: Thank you very much. I had a few-- well, one, I, I did want to make sure-- I am glad we're not talking about the previous bill. I know we've kind of moved forward on talking about something different. In particular, you know, what the frontloading looks like and, and the fiscal solvency and, you know, talking about the caps. I had a few questions because-- I know there was questions on the mic-- well, about 2 things. One, just about the mechanism. I just got a sheet from our Fiscal Office and I wanted to make sure to give Senator Clements the opportunity to talk through it, because if you have a question go and talk to him about it. I'd rather him share it, because we talked with Keisha in Fiscal Office a little bit about the General Fund impact of the bill-- this AM84, and I was wondering if Senator Clements would yield to a few questions?

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

CLEMENTS: Yes.

VARGAS: Senator Clements, will you talk through a little bit of fiscal year that we're currently in, in terms of what, what the end game is with, with this current amendment?

CLEMENTS: Yes. The amendment transfers \$750 million to the Property Tax Credit Fund. We currently have \$565 million in that-- in the budget for that. So there would be \$185 million that is not funded by this bill, which are LB2 and LB3, will be providing most of that money in this year. I'm, I'm figuring \$139 million if LB2 and LB3 pass,

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would leave \$46 million that would still be needing to come out of our excess reserves.

VARGAS: And how much do we currently have in this current biennium or this right now on the green sheet that we could take from, you know, General Fund?

CLEMENTS: We have \$504 million of excess reserves. If you took \$46 million, we'd still have \$458 million.

VARGAS: OK. And then for LB2 and LB3, you talk through what those differences between LB3 and LB2 are?

CLEMENTS: LB2 is taking money that has not been spent as of June 30 of '24, it was unspent money. We took a portion of that. And also looking at, at agency budgets, we're reducing their spending authority for this fiscal year as well.

VARGAS: OK. I wanted to make sure people can hear that, and we've had our own disagreements within Appropriations Committee on which things we do or do not support for cuts. I would say we probably found some agreement on about 70% of them that were more code agencies. And then we had disagreement on probably 20-30% of them. I do disagree with the DHHS cuts. I've made that very, very clear and voted, voted as such in committee. However, I wanted to make sure that people were clear on the fiscal solvency on how you see it and did you talk to Keisha, our Fiscal Office, about these numbers?

CLEMENTS: Yes. The numbers I have quoted you match what the Fiscal Office gave me for their analysis.

VARGAS: And does this bill include-- or do we-- do we transfer Cash Reserves or is it intent language to do so in the future?

CLEMENTS: That is intent language in 2027.

VARGAS: OK. So just for clarity for people, that means that our future Appropriations Committee will have to transfer \$200 million, that's a vote that they have to take, it is still a choice. It is not set in stone and it's not an automatic. Correct?

CLEMENTS: That's correct. That would have to be put in--

KELLY: One minute.

CLEMENTS: --by Appropriations Committee and voted by the Legislature.

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VARGAS: OK. And at the end of '26-27, under your calculations, if we don't take the cash fund transfer-- Cash Reserve transfer, where would we be in terms of General Fund? Neutral, negative, positive?

CLEMENTS: About \$177 million negative.

VARGAS: Yeah. Oh, I'll just correct you on this. We'll be at about -20.

CLEMENTS: Oh.

VARGAS: Just-- but that--

CLEMENTS: Oh, excuse me. Yes, that's right.

VARGAS: Yeah. Yeah.

CLEMENTS: I'm sorry, \$22 million is what my number is.

VARGAS: OK. All right. Thank you very, very much. Colleagues, I just wanted to make sure you had the most up-to-date information on this because it's helpful to know where we actually are. I also think it's helpful to know that, you know, we're no longer talking about increasing taxes on individuals and we're talking about using the different mechanisms we already have.

KELLY: That's your time, Senator.

VARGAS: Thank you.

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

McKINNEY: Thank you, Mr. President. I rise in opposition of everything on the board. Honestly, because people keep getting up and saying all Nebraskans want property tax relief, that's why we're here, Nebraskans really want property tax relief. That is true, but there's context to that. Nebraskans want property tax relief, but they don't want to be screwed over in the process. We got to be honest about that. Then this LB84-- AM84, I mean-- I mean, frontloading LB1107 is good. Should have been done a long time ago. My problem is there is still nothing that's going to help the renters in my community. As much as people get up here and stand up and say renters are going to benefit, they are not. A company from Ohio, I believe, purchased 150 or close to 200 homes in my community. They're renting them out. They're going to get the relief, not the people in my community. And they're owned by a hedge

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fund. And the last time I checked, the hedge funds aren't trying to save people money. They're trying to make money. So where is the relief for the renters in my community? And then these caps and talk-- the talk about the public safety exception. Honestly, I don't need more cops in my community. We need more services for public health and community programs and things like that. Where's the exceptions for that? Where's the exceptions for prevention? Where's the exceptions to make sure kids aren't going into the streets? Where's the exceptions for after-school programs? Where's those-- where's those exceptions? That is public safety. Making sure kids aren't going into the streets, that is public safety. Having after-school programs, community centers and things like that, that is public safety, not being able to hire a bunch of cops. It's just-- it's just, to me, it's just crazy. And then I've listened to the conversation today, and it's really interesting because there's conversations about the American dream. And honestly, what is the American dream to somebody who was born into a community that's been impoverished forever? They're renting a home, let's say, for example, they work for the state and the state doesn't pay a lot of money, not even competitively to the private market. So they work for the state and they're renting, they don't get no relief from none of this. How are they going to buy a house? How are they going to obtain the American dream when even the state doesn't want to pay money? They're cutting jobs. Please tell me how, how is that obtainable? Because it's not. Then I have no idea what's in the Appropriations bill. I'm gonna figure that out today because there's a lot of harmful things in that as well, especially cutting \$25 million from DHHS. The Department of "Hell and Harm" is definitely going to be the Department of "Hell and Harm" if we cut \$25 million from their budget. It's just going to get worse or \$200 million or whatever it is, it's already bad. They are already losing kids. Kids are already dying in their care and you all want to cut the budget for property tax relief. And that's probably why you all don't want Senator Wayne's LB57, because the state might get sued--

KELLY: One minute.

McKINNEY: --because the state has shown that they dropped the ball a bunch of times. And we just need to be clear about that. So when you all stand up here and say all Nebraskans want property tax relief, please say all Nebraskans want property tax relief, but they also do not want to be screwed over in the process. And renters need relief as well, because not every Nebraskan can own a home or is in a position to own a home. So where's their relief? Where's the care for them? Think about that because the, the, the landowners are not going to

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pass that down, especially not homes and properties that are owned by hedge funds. Tell the truth when you get on the mic. Thank you.

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

MOSER: Thank you, Mr. President. Well, it sounds like everybody thinks that we should do something about property tax, just not whatever we're talking about right now. So earlier today, it wasn't the bill we had. And now we have a substitute amendment and now this isn't the right bill. Pretty soon it sounds like property taxes are not something that you're wanting to do anything about because you give excuse after excuse after excuse about what's wrong with what we want to do. You agree there's a problem, but this isn't the solution. No, that's not the solution. No, that's not the solution. And then we got to get into how much money we all have, whether that matters in the decisions we're making for the state. You know, some of us have been more successful than others. I particularly was disappointed in the discussion of the Governor and his motivations. He's been very successful in business, and whatever he does here is not going to affect how he lives. The-- one of the biggest competitors to his business is owned by China. So if the Governor's business was not going well, the Chinese would sell more pork to us. You know, I don't-- I don't-- I don't get the problem with him being successful and feeding so many people. He hires hundreds of people in the processing plant he owns, I believe he owns part of one and I think that's in Fremont. It's not in Madison, as somebody had said earlier. But back to the, the task at hand. I was wondering if Senator von Gillern would respond to a couple questions?

KELLY: Senator von Gillern, will you respond to some questions?

von GILLERN: Yes.

MOSER: So this amendment, AM84, just in bullet points, not too deep into the weeds, what is different? What's different about it than what we were looking at before? Are there any taxes in this-- tax increases in this?

von GILLERN: No. The biggest-- the biggest differences are the sales tax exemption eliminations are gone. So the elimination-- the, the, the things that people had issues with as far as eliminating exemptions on candy or pop or, you know, whatever it happened to be, whatever everybody's favorite complaint was on that,--

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MOSER: Are you still raising sin taxes?

von GILLERN: --that's gone.

MOSER: Are you raising--

von GILLERN: The sin taxes are gone. There's no sin tax changes any more.

MOSER: There's no tax increases in this that--

von GILLERN: No.

MOSER: --were in the previous one?

von GILLERN: No. Just want to highlight a couple other changes from the last amendment. There also is no homestead exemption change which would have benefited seniors and veterans. There also is no expansion of the Earned Income Tax Credit, which would have benefited the poor. Senator McKinney talked about renters and, and people of modest means in his district. They would have benefited from the EITC. Also, the elimination of the sales tax exemption on electricity is gone. That's not in this amendment. So that would have benefited the poor and renters also.

MOSER: OK. And did you listen to the discussion of the cost of this amendment and Senator Clement's explanation of that?

von GILLERN: I did, and I went over those numbers with Senator Clements earlier and, and I trust his, his numbers.

MOSER: So that's going to come up when we talk about the Appropriations bills?

von GILLERN: Yes. That'll come up over the next 2 days.

MOSER: OK. You're comfortable with this amendment?

von GILLERN: I am comfort-- this is the minimum-- as I was looking at this as we were strategizing in the past few weeks,--

KELLY: One minute.

von GILLERN: --thank you, Mr. President-- this is the absolute minimum that I feel that we should do. I mean, I'm, I'm--

MOSER: It's not everything--

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von GILLERN: --you asked a personal question. I am-- I am disappointed that this is all that we're talking about doing.

MOSER: Yeah, it's not everything you wanted.

von GILLERN: No.

MOSER: Thank you.

von GILLERN: Thank you.

MOSER: Appreciate that.

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

KAUTH: Thank you, Mr. Lieutenant Governor. I rise in support of FA103. As, as we've been talking about how hard work we've been doing, and we have been working hard. We are tired. But do you know who's really tired and who's working really, really hard? Homeowners, homeowners who are trying to pay the bills, raise their kids, keep up with everything that's going on with inflation and the shock and horror when they get those pink cards in the mail that say, hey, guess what? Your valuation just went up 25%. They know that their next property tax bill is going to be much higher and they are in despair. So I agree with Senator von Gillern, this is the absolute least we can do. It is a start. It's nowhere near what we really wanted, but incremental positive movement is still positive movement. It does kind of stun me, though, to hear senators who have been fighting this tooth and nail all day long, obstructing, and, you know, threatening and trying to get things off of there, complain that there's not enough. Our Earned Income Tax Credit would have doubled. That would help those people who are working who have kids. We would have removed the tax on electricity. And, quite frankly, I didn't even know we had a tax on electricity. And I went and looked at my bill, \$10, \$15 extra a month. How much would that help people who are low income? We removed everything that would actually help broaden the tax base. And for as long as I can remember, all I've heard is we have to broaden the tax base. Well, what happened is when we went about trying to broaden the tax base, everybody said, well, yes, I want to, but not with mine. Make it somebody else's. So now we're in a position where we are going to be frontloading the tax credits, and that will help people. At, at least half the doors I go to, they've never heard of it and they don't know they can do that. So making that process simpler will be helpful. But when households have to live within a budget, based on what they

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earn and on what they choose to do, they go through a priority list. They say, OK, we don't have the money to take that extra vacation or maybe you can't take tap or ballet or karate because we just don't have the funds. Homeowners are constantly making those choices and living within their means. Political subdivisions have been able to collect more of property owners' hard-earned money as those valuations raise and this bill will help by putting hard caps on that. So I do support this. I wish it was more and we will continue working for more. But right now I know Senator Hughes would like to ask some questions so I'd like to yield her my time.

KELLY: Senator Hughes, you have 2 minutes, 3 seconds.

HUGHES: Thank you, Mr. President. And thank you, Senator Kauth. So I'm looking over this new amendment, AM84. And on page 4, it talks about how a county or city can do a levy override by a vote of the people. And it talks about the county clerk or election commissioner shall place such issue on the ballot at the next regularly scheduled election. And so I was wondering if Senator Linehan could answer a question?

KELLY: Senator Linehan, would you yield to some questions?

LINEHAN: Yes.

HUGHES: Thank you, Senator Linehan. So we discussed this previously. So in my-- in my area, we just have election-- it would be every 2 years. And we had talked about that might-- that potentially might be a, a problem that you'd have to wait 2 years to do something. Can-- do you want to mention what we were kind of discussing or what you were thinking about that?

LINEHAN: Sure. I, I think-- again, you see what you see from where you sit. Right? So Lancaster and Douglas County have--

KELLY: One minute.

LINEHAN: --city elections on the off year. So I think what we could do and I-- we really want to work with you between now and Select, pick one of those dates and just say that's when a statewide election is going to be every year. And then they wouldn't have to have election if it's not an election year. But if it is, if they do have one, at least they're all in the same time frame so everybody knows there's elections going on. What we're trying to get away from is these elections that come through the mail, they look like junk mail because

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we get junk mail that looks like election stuff and they don't get in the house and people don't know what's going on.

HUGHES: OK. Thank you, I appreciate that. And then just before my time was up, something else that, that kind of came top of mind was that our counties also pay for our elections at every county level. And I know with last year's bill passed that we've got some new equipment and things like that to manage elections that the counties pay for. And I'm wondering if we can't have the discussion, too, if maybe that should be outside their cap. I want to keep my-- I don't want to have to pay for election and not have my roads graded. So I think that's just a conversation--

KELLY: That's time, Senators.

HUGHES: --that needs to happen. Thank you, Mr. President.

KELLY: Thank you, Senator Hughes. Senator Riepe, you're recognized to speak.

RIEPE: Thank you, Mr. President. I, I saw my name up on the queue and I thought, well, it's going to be Saturday before I have to actually talk so I'm coming from that position. In the, the future discussions as we're looking at property tax and its impact on public education. We need to address several planning assumptions. And I'm a believer that every good plan starts with a foundation, which are the assumptions made and the first failed assumption, I think, that we have made in this process is the appropriate identification of what property taxes should be and how much. When Nebraska is compared to neighboring states, as in the property tax burden in the 2003 publication of Rich States, Poor States by Art Laffer and, and ALEC, Nebraska is the highest. I admit to that. This is the highest of neighboring states, higher than Iowa by 6.4%, Wyoming 11.9, and Kansas by 20. My point is, we do not need to drop from the top to the bottom of all the associated states that are in this particular neighborhood. At this time, a midpoint would work that is 20% reduction, not the 50% we started with, not 40, not 35, not 30, but 20. That can make all the difference in terms of the assumptions that we go forward with that imply how much money we have to come up with. The second failed assumption is that total state and funding-- total state funding is not stable nor sustainable and that-- for public education. Funding for public education needs to be like one's personal investment portfolio. Let's call that the public education portfolio. And it needs to be diversity-- and it needs diversity. The fund needs property taxes to provide a greater level of stability, much like

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bonds do in your portfolio. State aid reflects stocks with their greater risk in the economic model with all of its volatile cycles. That means less stability for the public education foundation or a portfolio and for public education. With an economic downturn, and I assure you that it will happen, the state will find it necessary to cut programs. Support for public, public education, given the size of funds required, will be subject to cuts with a total dependance on state aid-- or not a total dependance but a major dependance on state aid. Public education will be on the cutting list before federal participation programs such as Medicaid and other programs which result in the state losing a federal dollar-- it requires a cut of \$2 because they're matching dollars to get \$1 for the state. And that's not a good future for public education and that is something that we as a state, I believe, are committed to. What started out this morning as one version of LB34 has now changed almost by the hour. It is a challenge to know clearly what is LB34, and even more difficult for the citizens with skin in the game as to the changes. The bill started poorly and has been an example of biting off more than one can chew. I want property tax relief, but without financials and modeling--

KELLY: One minute.

RIEPE: --thank you, sir-- it makes it difficult to support anything and everything as we move forward. I want to be part of a property tax relief process, but I struggle to major with-- I struggle to work with policy that dictates an in-depth-- and requires an in-depth study and planning and to not be just a summer adventure. I believe that, and subscribe to the fact, that I've never lived by the theory of jump and the net will appear, and I am afraid that is where we're at. I have also-- I live by the philosophy, and I tell young people this all of the time, it's better to be single than to wish you were. And it's better to have no legislation than to have bad legislation. Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. I almost don't know where to begin. The-- it's been a long journey and, evidently, some haven't kept up, because I can tell you that where we are now is at a point where I almost don't care. Because what we're really talking about in LB84 [SIC] is simply frontloading the LB1107 tax credits that you have to claim on your income tax return or file a separate form to get back. There are many residents in Nebraska, homeowners and landowners who aren't claiming that. Guess where most of them are? Lincoln and

Omaha. Lincoln and Omaha. So by frontloading this, what we're saying is we're going to actually credit it on your property tax statement and you won't have to pay it to begin with and you won't have to claim it. So we're almost forcing you to take it. OK? And if you live in Lincoln and Omaha and are opposed to that, then God help us, you don't care about your taxpayers in Lincoln in Omaha, because they're the bulk of the people are going to credit from this. Yes, there are some out west, but not that many. And it's because I've got a few in my district, too, that I will support the bill. But what I support most and is an absolute minimum is the caps. If we don't put caps on political subdivisions, cities and counties is what we're talking about here, not school districts, cities and counties. And we've got a formula and it's a-- it's an index that's higher than CPI. And let me also explain. Property taxes are one piece of what cities and counties collect for their budgets. We're only capping how much they can assess. It's going to be this new index, the higher of this new index or zero plus real growth. In the case of a city, if you're collecting sales tax and if you're not, you should, you get to keep all of your sales tax, local option sales tax. You can vote to increase it if you choose to. You're also going to get your other fees that you collect as a city. As a county, you're still getting inheritance taxes. What did we hear in the inheritance tax debate? We heard we can't-- we have to have that inheritance tax because that's how we pay for roads and bridges when we have something that comes up. And now all of a sudden, well, we got to have that in this-- in this-- in this General Fund expenditures each year. No you don't. You already have reserves out there and you have the inheritance taxes. Now if we take the inheritance taxes away, yes, we're going to have to find a pay-for for that. Folks, it's that simple. I'm, I'm truly flabbergasted that we're debating whether we want to do the minimum. I mean, it doesn't get more minimal than this. Senator Linehan is exactly right. And I think about all the things that we're giving up in the bigger bill. Earned Income Tax Credit. Senator von Gillern ran a number of models with homes with lower-income people owning homes. And when you model it, every one of them, under the bill that we had, LB34, and actually, LB9 and LB1, showed that low-income people benefited. And you know what happened to higher-income people? They were the ones that lost. He can show you--

KELLY: One minute.

JACOBSON: --the numbers. He can show you the spreadsheets. I mean, if you hate supporting Governor Pillen and this plan, then go ahead and vote no. But I will tell you, every taxpayer out there in the state of Nebraska who isn't getting that LB1107 credit ought to be calling your

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state senator right now and saying you better vote for this. This is a no-brainer. It doesn't get easier than this. It doesn't get more simple than this. I can't believe we're having to urge people to vote for something that is this simple, this fundamental. This is the minimum. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. I do appreciate all the love that the Earned Income Tax Credit is getting. My first year here, I brought a Earned Income Tax Credit bill, and I believe it was the very first bill IPPed that session by the Revenue Committee immediately after I had my hearing and that was-- I think I, I wasn't even sure what-- that that was the thing that could happen at that point. So I appreciate that everybody has come around to the Earned Income Tax Credit. I brought it my first year. I think Senator Conrad brought it as soon as she got back here. And I think I inherited it from Senator Pansing Brooks, who maybe inherited it from Senator Conrad-- from Senator Conrad's first stint here. But, yeah, so it's, it's something that I certainly believe in. And think that it's-- it is something we should do. And I appreciate all of the folks here who have come around to it. So it should be, during the next regular legislative session, something that we could all agree to not only not IPP in the Revenue Committee, but maybe forward to the full Legislature to discuss and adopt and provide some aid to those low-income Nebraskans who fall within that area. So it's great we're all on the record as being in favor of Earned Income Tax Credit. So where we're at right now is talking about-- well, we're on the division, which is AM80 which is Revenue, the AM80 Revenue division, which last time I was talking was about the-- whether we should be dividing. This division has most everything in it except for the sales tax increases and the pop and candy and, if I remember right, the delivery tax and the school levies. And there's a lot of folks talking about levy lids and what are the virtues of that? And I wanted to take a little time to talk about the levy lids, because I've heard from my local government entities, the city of Omaha and Douglas County are still opposed. And I do appreciate the exemption exception that's been put in for law enforcement and public safety. I do appreciate the exception and the attempt at incorporating public defenders and county attorneys, because those both are part of the criminal justice system, but they're also unforeseeable-- like, their expenses that the county doesn't really have control over. You know, crimes happen. Law enforcement has to respond. Public defenders get appointed. County attorneys prosecute. So all those expenses are, are ones that you

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can't really expect. But I would point out, and I think somebody pointed it out before, that all of that system has large amount of inputs. A lot of people come into the criminal justice system because of failings in our physical health, mental health, housing. And so when we put a cap on our local entities that prevents them from adequately providing essential services, nondiscretionary services, that that will have an effect of increasing the costs in the criminal justice system, it will increase all of the costs for law enforcement, for first responders, fire, EMT,--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- for the prosecutors, for the public defenders. It'll have increased costs for our jails as well. So while I do appreciate the exception, I think it's-- it, it is a good idea if we're going to do caps to make sure that we're contemplating all of those costs. But one of the reasons I'm opposed to caps is there are a lot of costs that we, as a Legislature, can't contemplate what it's like to be a county. There's 93 different counties. They all have different needs. They all have different makeups. Some of them have more law enforcement. Some of them don't have jails. Some of them need road graders, which I hear so much about from my rural friends. But that's why we don't have a top-down directive on how to run local government, is because the people best situated to determine what needs-- what the needs are of Boyd County are the Boyd County commissioners. So that's one of the reasons I'm opposed--

KELLY: That's your time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

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

BRANDT: Thank you, Mr. President. We've heard an awful lot today about rich and poor and wealthy and not wealthy. And I don't know if anybody's made this statement, but not everyone who owns a house is rich, and not all renters are poor. This is a bipartisan issue. Both Republicans and Democrats, rich and poor, everybody in this state owns property. And whatever relief comes about because of this bill affects all equally. And I think that's, that's how it should be. Because when they tax these properties, they don't go in and see if, if you're a Republican or a Democrat or wealthy or poor. Trust me, you owe this tax. They expect you to come up with the money. If you don't come up

with the money on the property it's going to be on a tax sale. All of our taxes, all our property taxes are local control. You have a locally elected school board. You have locally elected commissioners or supervisors, locally elected city council, local elected NRD. And it's very important for the people listening today in Nebraska that that's where the pressure needs to be applied first and foremost. You need to let those people know they're doing a good job or not doing a good job of managing their fiscal resources. And if they are not doing the job that, that you think they are, you need to look at running for that or maybe electing somebody else on the next election. And I guess the last thing I would like to address on the current amendment on the board, which I support, is the caps. Originally, the other bills had CPI or 0%, and it's become apparent that the counties cannot use CPI because it measures Consumer Price Index, things like food. And so they've gone to the State and Local Consumption Expenditure Index, SLCE, abbreviated as SLCE. And Senator von Gillern gave me a comparison of the last 20 years on SLCE. And I find it very interesting that a lot of local subdivisions are very concerned about this, and I don't think they should be. So I'm going to read from 2010, which was the worst year for SLCE, that was at 0%; 2011 was actually worse, it was -0.4; 2012, 0.1; 2013, 3%; 2014, 2.4%; 2015, 3%; 2016, 2.7%; and to put that into perspective, on 2016, the CPI is 1.3; 2017, 3.2% on the SLCE, 2.1% on CPI; 2018, 5.3% versus 2.4; 2019, 5.5% versus 1.8; 2020, 4.4% versus 1.2; 2021, 5.2% versus 4.7; 2022, 8.2% versus 8%; and last year, 5.8% versus 4.1. So last year, the counties and the cities could have gone up to 5.8%. What the zero says is that one year in here, in 2011, when it was negative, -0.4, they couldn't get less than 0%. So when this chart actually goes negative they are floored at 0%. So I think the caps in here are solid. And I think we can--

KELLY: One minute.

BRANDT: --try it to see how it works. So once again, I support the bill and would ask the other senators to vote green on it. Thank you.

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

DUNGAN: Thank you, Mr. President. Good evening, colleagues. I rise today, again, opposed to the motion to withdraw and substitute. I don't want to take too much time here. I will be yielding some time here in just a second. But I wanted to say, since I've been up here and we've been having these discussions about the hard caps or the caps and whether or not they have an impact on counties. I've received

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a number of emails from county commissioners and people around the state who have pointed-- and made some really good points. And essentially, if I were to summarize their concern, it's that, yes, public safety is an important exception, but there are other departments that need to be looked at, too. And if we put a cap on them, it could cause problems. A county commissioner from Seward pointed out here that there are other departments like Roads that get left out, stating the motor grader operators slept in our shops rather than staying with their families during the snow emergency in January of '24 to ensure they could be available ASAP. They work tirelessly every season, classified as essential workers, and are always the first to be forgotten. So just want to make sure we ensure when we're talking about all these different divisions that we're not just singling out some, that, in fact, all of our county and state employees do essential services. So with that, Mr. President, I would yield the remainder of my time to Senator McKinney.

KELLY: Thank you, Senator Dungan. Senator McKinney, you have 3 minutes, 45 seconds.

McKINNEY: Thank you, Mr. President. Thank you, Senator Dungan. Wanted to get back up because after I got off, I heard a conversation or some statements saying that if you don't support this you don't care about the property tax owners in your district or your community. And I think that is far from the truth. The thing is, all districts are not created equal, and I care about everybody in my district. I'm not going to vote for something that's going to harm some and help some. That's just unfair. If you are aware of anything I say when I get on the mic, it's always about fairness and doing the right thing. It's not about messing somebody over just to help somebody else. That is not something I believe in. I try to lead with mostly just trying to help and trying to do the right thing as best as possible. Am I perfect? No. Is this body perfect? No. But I think we should caution, caution ourselves when we make statements like that. Just because I don't like this don't mean I don't care about the property tax owners in my district or the property owners in my district. What I said was that there was a company that is based out of state, for one example, but there's multiple, multiple examples of this. But one example of a-- of a company that bought 100-plus properties in my community, they are owned by a hedge fund. They are going to get the property tax relief. And last time I checked, hedge funds are designed to make people money or keep people wealthy. So in what world is a hedge fund going to say, wow, the Nebraska Legislature just passed property tax relief. Let's stop trying to make money or keep-- or, or, or decrease the amount of wealth people are going to have or-- it's just not a

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fact. It's just not going to happen. So if somebody could stand up and explain to me when hedge funds decided to stop making money or to stop keeping people wealthy, I'm interested in that conversation. And these caps, again, public safety should not just be limited to law enforcement or, or firefighters or things like that. Our communities need them. But my community is already over-policed.

KELLY: One minute.

McKINNEY: What we need is more things to keep youth off the streets, community centers, finance. We need more things for our seniors. I met with some seniors a couple weeks ago and they feel like people don't think about the seniors enough. I think our seniors need more resources as well and our cities and our counties can help with that. But if we cap them, they can't or, or they will be limited in what they can and cannot do. So we should think about that. So that's why I'm standing up. But just because I don't like this don't mean I don't care about the property owners. I just care about all the people in my district, and not just people who are fortunate enough to own property, and especially ones owned by hedge funds that are doing nothing but making money. Thank you.

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

von GILLERN: Thank you, Mr. President. There's been a lot of conversation around this index, which we're referring to a SLCE, and I want to just hit on that again. I know probably seems like we're beating this a little bit of a dead horse, but there apparently is still some misunderstanding around this. Senator Brandt reviewed some of the years' numbers on that, 2010 was a 0%; 2011 was a -0.4%. Everybody in this room lived through 2010 and 2011. Some of us were trying to run a business during 2010, 2011. All of us were trying to pay our bills. Well, I take that back, some of the younger senators, maybe their parents were still paying bills. But anyway. Sorry, Beau. But the rest of us were, were trying to make ends meet during what is now known as the Great Recession. Now I want to say, if, if we went through the Great Recession again this year, next year, or the year after that, and my city or county came back and wanted to increase their budget, I would lose my ever-loving mind. Now, if you think the pink postcards or, or, you know, the, the truth and taxation doesn't work, man, I tell you what, float a budget to increase your local spending during a time where there's negative inflation and people are losing their jobs, people are worried about losing their homes, losing their businesses. If we ever experience the Great Recession again,

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localities should, at a minimum, have a flat budget. The SLCE Index shows a -0.4% in 2011. Our bill, this amendment, AM84, says you can maintain a zero budget. So at a time of negative inflation, you can maintain a zero budget. Last year based on this SLCE Index, cities, counties, municipalities, anyone that's subject to AM84, the inflation index on that could have increased their budget by 5.8%, their tax taking by 5.8%. That's 29.8% beyond the CPI, 30% above the CPI, Consumer Price Index. For, for anyone to say that this indexing is unfair or unreasonable or doesn't represent the costs that cities and municipalities incur, they're simply not looking at it closely enough. It's getting a little frustrating trying to explain this to people who clearly don't want to understand it. Just another quick review over AM84, what it does, what it doesn't do. Frontloads the LB1107 property tax fund. I misspoke last time I spoke accurately, it said that there were 50% of people failed to claim the LB1107 tax credit, but the-- my-- the, the, the dollar number was incorrect. I checked with Senator Clements, \$185 million of the LB1107 tax credit went unclaimed last year. It's easy to draw the correlation to see that those were people of modest means or poor people that were-- that either didn't know that they could claim it, didn't know how to claim it, didn't hire somebody to do their tax return. AM84 applies the ongoing savings that, that are generated in the budget. None of the sales tax exempt-- exemption eliminations are included. None of the sin taxes are included. There is no tax increase. Again, unfortunately, there's no change in the homestead exemption. There's no increase for the Earned Income Tax Credit for poor people, poor families and renters. The exemption on electricity went away. It's-- again, I feel like I'm beating a dead horse, but people are refusing to, to listen or they just don't want to acknowledge--

KELLY: One minute.

von GILLERN: --the facts. I'm asking that we advance this amendment through General File and onto Select. We do this all the time. I've been here through 2 sessions, a long session, a short session, I can't-- I've lost track of the number of times that this has happened where people say this isn't perfect. We need to clean this up, we need to clean that up, and we'll do it on Select. We're not asking to, to move mountains here. And I want to reiterate what I started with my first testimony. If we do nothing, it's a vote to raise taxes. Every Nebraska taxpayer will pay more next year than they're paying this year. Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Senator Hunt, you're recognized and waive. Senator Linehan, you're recognized to speak.

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LINEHAN: Thank you, Mr. President. I will yield my time to Senator Wayne.

KELLY: Senator Wayne, you have 4 minutes, 43 seconds.

WAYNE: Thank you, Mr. President. Thank you, Senator Linehan. I had thoughts before and then I got pulled off on a procedural question and I'm kind of thinking about that right now, but I guess I'm just disappointed. It's no secret what happened when I sent off an email to the entire Legislature about how we even started session. But I just feel like we're really not-- really not working on anything. We just started with a position, didn't have the votes, we're just back down to the minimum. But that minimum is not good policy. And that's what I think people fail to realize, is that at least in east Omaha, this benefits a lot of out-of-state companies, companies, not just people, companies who have homes and apartment complexes that will still raise rent next year. And I just struggle with anybody who says they're defending the poor and working class, how they can vote for this. So that's the reason, Jacobson, why it doesn't matter to me as far as complaining about whether people vote for it or not, or it's just the minimum. It isn't the minimum. This is bad policy. It has to be fixed, but it has to be fixed in a larger, larger context. And my problem is I don't think people really know how to count in this body. And then I also think there are a lot of people who never had to negotiate, negotiate from a, a side of weakness. So you take a stance, and every time we've taken a stance in here on one issue or another, it became worse for my community. Every time. Corporate tax rate, income tax. The reason why Earned Income Tax Credit is not in there, it was offered multiple times in negotiations, but we just couldn't do it. The bill was going to pass, people. It did pass. But we-- most of us have never had to negotiate from a position of weakness. That has been my entire life. And when people say, well, Senator Wayne is cutting a deal or Senator Wayne is doing this, it's because, one, I can count and, two, I think something is better than nothing for my community. Every single bill that we have said we claim defeat in my 8 years has somehow come back and we have lost and didn't get anything for it. If you don't work, Earned Income Tax Credit doesn't help you. If you don't have kids, Earned Income Tax doesn't really help you. We had on the table renters deductions, didn't stay on the table that long because nobody wanted to move anywhere. So now we get this watered-down version that literally benefits a Ohio investment company in my district. And next year, they're still going to raise rents. So let's celebrate that. It's not a policy issue. It's not a policy issue when the voters of east Omaha would prefer a little bit of increase in their cigarettes to help with the rent. It's not a policy issue when

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they would go ahead and say, I'll pay more. Because here-- here's how I know it's not a policy issue, because there's a lot of people in east Omaha to go over and play--

KELLY: One minute.

WAYNE: --basketball at Iowa West. They don't stop at the gas station and say I'm not going to buy something because candy is taxed there. They don't stop at the gas station and say I'm not going to get this over here or I'm not going to buy this fifth of gin because it's taxed higher. They don't have that conversation because it's a want. But we're going to take some bold stands here. We're going to celebrate that we stopped a, a massive bill which we probably could have made better. And I'm not in favor of this bill as, obviously, you can see. I wasn't in favor of the last bill, I think it could be better. For what? Because the parents in my district are still moving. Had a family move out of my neighborhood last week because their valuation went up \$100,000. So my next time, I'm next in the queue, we're going to keep talking about--

KELLY: That's your time, Senator, and you are next in the queue.

WAYNE: Thank you, Mr. President. You want to talk about affordable housing and how you've been down here fighting for affordable housing. Let me tell you why affordable housing isn't happening. Because our property taxes are going up. Because the cost is going up. See, when you go get a mortgage, the bank-- and you can ask Jacobson and any other bankers, they look at how much you make. And they put that into a range of debt to equity and to cash flow ratios and these little formulas. What's unknown now for most of these people who are being put out of their homes is property taxes and their electricity, of which we could have helped them both-- could have helped them both. Let's say it was a \$2,000 renter deduction, at 5.5 cents, do you know how much you got to spend to get \$2,000? I mean, \$2,000 renter deduction. You got to spend over about \$30,000 in something to get sales tax on equal that amount. You're worried about tax on certain candy. Well, guess what, if you're on SNAP, you don't get to pay taxes anyway because when they run your car through it deducts any tax because federally, you can't charge a local tax. So that whole poor group who's on SNAP can't be charged tax if the local store is deeming that as candy-- as food. We're not changing the federal statute on that. It's easy to stand up and just say no. It's hard to work. And they're probably going to have enough votes. People are going to get to run for campaigns and say they voted for property tax relief. Meanwhile, many people-- many people, this benefits no one. You tell

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me a property tax owner-- a property owner right now who is renting to somebody in east Omaha who is not going to raise their cost next year. And I guarantee you it's going to be more than the savings that they got in this bill. But we're OK with that. We're OK with that. It isn't that a cigarette tax bill increase is a problem because people have brought it before. It's now, it's a problem this year. If you don't like the amount, let's talk about the amount. But let's just not throw it all out. We get caught up in policy and, and, and some new principle that wasn't a principle on other issues. And who's hurting are the people in Nebraska. Who's hurting are people-- areas like I represent. It's just disappointing that we came down here, canceled trips, maybe missing first days of school, and we can't have an open and honest conversation about how we make things better. This doesn't help one renter. Doesn't help hardly any low income unless you own a house. And even then, I question it. So I'm asking you who won today? Who's going to win this special session? Because it's not the majority of the people in my district, not the majority of the people in Senator McKinney's district. Again, we get left out for your principle stance. But on other bills, not so principle. I'm still here if people want to negotiate, figure something out, I hope we can do more than just this, because this is the bare minimum, Senator Jacobson, and the bare minimum isn't good enough--

KELLY: One minute.

WAYNE: --for my district. Thank you, Mr. President.

KELLY: Thank you, Senator Wayne. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I stand in support of the substitute AM84. I also, like Senator Wayne, I'm disappointed that the excellent work that the task force did and the committee did had to be taken out for lack of a few votes. I was on the task force. We started meeting in May and met every week. And we looked at the exemption-- sales tax exemptions that had been given over the last 50 years. And we looked at what South Dakota tax is and we were going to-- we considered some of those. And we looked at what Iowa sales tax is. And there was in the, I think there were about 18 senators on that task force. And I was pleased that the government's-- the Governor's reply when we would object to a certain tax. I objected to seed chemicals and fertilizer inputs as being taxed, and those were removed. There was a number of other items. South Dakota still is going to have a lot of sales taxes that we don't have. And there wasn't a, you know, an effort to force anything down anybody's throat. I think we've been

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very good at trying to work with things that wouldn't hurt people. Things that were-- needs were not being taxed, the things that were wants like cleaning your pool, landscaping, lawn mowing, we-- I believe the committee was very good at working with people who had objections. There were some-- but on the other hand, there was still a lot of revenue that needs to be raised in order to reverse this trend of the property tax going up and up and up. And it is really going up fast. So this isn't going to solve that. This will help those people who have not been claiming the credit on their income tax return, that will just automatically come off of your property tax bill. And you'll also not have to file a tax return. There are people who pay property tax but don't file income tax. That's-- those are the ones that have been missing out. So we're-- this, this amendment will add \$185 million in of state funding for property tax relief. If you've been claiming the 30% credit, you're going to get no more money. And if you've not been claiming it, you're going to automatically receive it. And, I believe, that is a good thing-- that is a good thing. I was-- have been surprised at the number of people that didn't claim it. As a tax preparer, I made sure all my clients claimed that credit. And so I do support this bill. And also going to have to ask you, the \$185 million that we're increasing the property tax credit need to come from some budget adjustments. And that's what the Appropriations bill-- Committee has been doing the last 2 weeks. We have about 24 different agencies that we identified savings that we could come up with that isn't going to hurt any agency.

KELLY: One minute.

CLEMENTS: We're, we're going to be able to fund the \$185 million and then the future amounts, the next-- 2 more years. And I will be, hopefully when this bill-- this amendment passes, will be able to start working on how we come up with the extra funding to fill in the about \$750 million total, about \$185 million that is not in the budget. But we do have room to fund that and we'll, we'll hopefully talk about that later. Thank you, Mr. President.

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

RAYBOULD: Thank you, Mr. President. Good evening, folks. You know, I, I wanted to follow up on a lot of the comments that were made, certainly from Senator Wayne. He's absolutely right. There's nothing in this piece of legislation that, that helps renters, all the other assistance were taken out. But, you know, during the session, there were so many wonderful, thoughtful, exceptional ideas and bills put

forward, but they were summarily dismissed in the process to just focus on LB1 and LB3 to get those out of the gate. And there was no real serious consideration to these type of programs that would help our renters, which are considerable. They're considerable in my district. States like Minnesota, they have been offering assistance to renters. When there is a property tax reduction, they send out checks to those renters that qualify to get that type of payment. There were other amazing things offered throughout this special session that were not considered. I want to really talk a lot about the lid in this proposal. Yes, we all want to make sure that LB1107 is so much easier for our taxpayers to get that credit. It would be nice if we didn't make things so hard for them. But when it comes to putting in that cap and the lids for cities and counties, I think it's, it's really heartbreaking to hear that people don't understand what counties do and don't understand the roles of cities. You know, the counties rely on property taxes and fees. That's the basis of their revenue that's generated. And when you put a, a lid, which they already have lids right now, I don't know if all of you are aware they already have a 2% lid on growth and you can get an additional 1%, but you have to have a supermajority of the votes that allow you to get that 3%. And I, I find it fundamentally disturbing to think that you think that our counties are not frugally and fiscally managing the funds that they have. That is really disheartening to hear. You know, there was a time when they did negotiate before on how much that, that lid would be, at 3%. And now it seems like they want to take it when it's zero. That is really going to be impacting them. And, oh, by the way, the cuts that the Governor has proposed to DHHS, to juvenile justice, to foster care, to behavioral health, guess who has to pick up that lack of funding? It's the counties. Look at Douglas County, how much they spend on behavioral health. Senator Wayne brought up, if you don't have adequate mental health services, you can almost predict that those individuals will ultimately and unfortunately fall through the cracks and get involved in the criminal justice system which, by the way, will cost us even more money. But the point I'm trying to make is that the counties end up picking up that tab. Great. I'm glad that the public safety element was carved out as it should be, because that is a cost that you cannot control. You know, if you want to hire and retain law enforcement, firefighters, paramedics, you have to offer an incentive pay, a retention signing pay. And that has really, really impacted the budget.

KELLY: One minute.

RAYBOULD: Thank you, Mr. President. But you know what really concerns me about this whole discussion of how we can afford property tax

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relief is our failure to properly examine revenue alternatives, new sources of revenue. You know, we have to be honest and open to looking at expanding sports wagering, medical and recreational marijuana. You have to look at new broadened revenue sources if you want to continue to enact these type of reforms that people are requesting. We also need, and I'll keep harping on this next session as well, if we freeze the accelerated income tax rate reduction, we could generate \$249 million this year, \$689 million. And by 2028, we could generate \$1.1 billion that could go towards property tax relief. And so, as we are--

KELLY: That's your time, Senator.

RAYBOULD: Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. We are, I don't know, like 30 minutes or so from cloture. I don't know what we're voting on. I keep getting text messages. I don't-- I mean, I know cloture-- I know cloture. This is chaotic. And I've been trying to read the amendment as well, but also listen to the debate and talk to people and see what's going on. I-- I'm not clear on why we would need to have any appropriation bills if this doesn't cost anything. This-- as a person who likes process and strong public policy and due diligence, this is an infuriating process for me. It is fast and loose from minute to minute and I, honestly, I don't think that I support whatever this AM is because of what Senator Raybould was just saying about the caps. And then I was trying to read about the caps in the amendment. I don't agree with putting caps on our municipalities, and so I'm-- that, that alone would be a reason that I don't support the amendment. I was under the impression at the start of the debate on this potential amendment that it was just frontloading LB1107 and I 1,000% agree with Senator Wayne that that is not enough. That's something that we should have done with LB1107. But if the idea of bringing us all here is for property tax relief for Nebraskans, frontloading LB1107 is a wash, basically. I mean, yes, it will more readily and make the LB1107 tax reimbursement more accessible. And I support doing that, but not at the cost of everything else. And if we're only going to do that, then why are we adding caps for cities? What's the-- what-- I mean, like, what is the point of adding caps for cities? We can-- we can vote for our city council and our mayor on our own. Thank you. We don't need outstate Nebraska telling us how to run Omaha and Lincoln. I don't understand why that's in here, especially since the taxes that are paid, the revenue that comes through Omaha and Lincoln pays for a lot

of things across this state. A lot. So no thank you. We don't need you to tell us how to do our business. I think that Jean Stothert and the city council are doing an OK job. At least OK enough that I'm not going to fight them-- fight for them to have caps like this. I might disagree with them from time to time, like I disagree with people here from time to time, but as far as taxing in Omaha, we're doing fine. We're doing so fine that the rest of you are doing fine. So we don't need caps. Thank you. We can police ourselves. Thank you. So this isn't just frontloading LB1107. It's frontloading LB1107 and hamstringing our 2 largest economic driving cities of people and doing nothing for anybody who's not a property owner. And that doesn't make--

KELLY: One minute.

M. CAVANAUGH: --any sense. What are we doing here? Why have we all been missing vacations and planned cruises and whatever else we've all missed? Why are we here if we're only going to shift what we already do? That's not property tax relief. And caps on cities is not property tax relief. That's just the Legislature taking away local control. I thought we weren't about big government that way, but I don't know anymore. I don't know what we're all about anymore, so. I think I'm about out of time. I stand in opposition to all of this. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. Good evening, colleagues. So I want to return to a reoccurring theme that has been part of my thinking during the entirety of this special session thus far. And as we move into Day 11, looking towards Day 12, perhaps, we're starting to move towards one of the, the longer special sessions in modern history. We're starting to look at one of the most expensive special sessions in modern history. And, and that shouldn't be a surprise or a shock to anyone, because it was clear, headed in without a coalition, without a plan, without an actual exigency to address in terms of the state entering into an extraordinary session of the special session, we run the risk of not having a successful session. We run the risk of a runaway special session. And today, we find ourselves in a place that shouldn't be surprising or shocking because political leaders across the state, citizens across the state, citizens and leaders across the spectrum stepped forward and said what the heck is going on in Nebraska? Why are we rushing into a special session with one of the largest tax increases in history that nobody really supports here? And

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that's been demonstrated by emails and phone calls to our offices, people grabbing us in the grocery store, the polling, which is abysmal. The list goes on and on and on. Look at the committee statements that have historic records of, of opposition. And now that that measure is put aside because people don't want to vote on it and find it too risky and toxic, we're now at another place of extraordinary risk. We don't have a fiscal note. We don't have a sense about how this is going to work out in practice. We don't have clarity about how we're going to pay for it. We're at Day 12. We brought forward over 100 different-- about 100 different bills. Look at the-- look at your worksheet. There's 2 bills on General File through Day 11, LB34 and Senator Blood's LR1CA. The other measures, whether it's renters' credits or revenue generators or news streams or what have you, nothing's been advanced. So it's not that people are obstructing. We're obstructing the largest tax increase in history, which you've already walked away from. And now it's a scramble to try and get something on the board that, again, contains risk and is outside of our process. There's a considerable amount of risk once you vote on cloture and we work at that board. People need to think really carefully and listen really carefully what I'm saying about the political risk and the unprecedented nature of the procedural posture we find ourselves in. So if you didn't want to take a risk on voting for the Governor's tax increase because you were concerned about how that would look to your campaigns and your constituents, think real carefully before you cast your vote on cloture. With that, I'm going to yield the remainder of my time to Senator Slama.

KELLY: Thank you, Senator Conrad. Senator Slama, you have 1 minute, 30 seconds.

SLAMA: No. You're fine. Thank you, Mr. President. And thank you, Senator Conrad. No, I wanted to take this moment before we get to cloture and say I stand opposed to this exercise in futility. Procedurally, look at what this took for us to get here. This is the substitute amendment on the division to the amendment to the committee amendment on the bill that's the replacement for LB9, which is the replacement for LB1, which we went through 6 different iterations for in the span of the last week--

KELLY: One minute.

SLAMA: --or so. Thank you, Mr. President. And the place that we've gotten to is a bill that doesn't actually provide any relief for the majority of Nebraska taxpayers. So we've got a cap on cities and counties with a public safety exception. So cities and counties

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account for about 20% of your property tax bill. The public safety exception covers about 70% of that. So you're looking at maybe a 5% new cap. Like, that's not real, bare minimum spending cuts. And also frontloading, which overwhelmingly benefits out-of-state property owners. Yes, there are some people falling through the cracks, but that's a program you handle through the Department of Revenue and educating taxpayers, not through a special session that's the longest and most expensive in our state's history. I'm a no on this. We need to start fresh and this process is simply not the answer. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I am still opposed to all this. This is a day of craziness. A lot of moving parts, a lot of things going on in the body. And it's, it's like, why are we here? Why did we come here? You know, why did we come back in the middle of the summer for just frontloading LB1107 and capping cities and counties? People brought legislation forward that would create new revenue streams. But for whatever reason, we don't want online gambling in the state of Nebraska. But I could easily just be in Omaha and go to the Bob Kerrey Bridge and just step on the Iowa side and place my bet and step back on the Nebraska side. Real simple. It's-- really, it's just dumb that we're not legalizing and taxing it. Then we don't want to legalize marijuana because such a horrible drug, it's going to destroy our state. I don't believe that is true. There is no evidence that that is true. And everybody that seems to believe that marijuana, weed, cannabis, whatever you want to call it, is such a harmful substance, why aren't we prohibiting alcohol? Literally, why aren't we? Why aren't we bringing bills forward because alcohol is a harmful substance? It had a black market because of prohibition. Then it became legal and the black market went away. Yes, people still sell moonshine here and there, but the black market is really not a black market anymore. We could do the same with legal marijuana, but don't want to do that, which would raise \$150 million and solve a lot of our problems. But we don't want to solve our problems. We came here to provide a lot of lip service to property tax relief to make the people of Nebraska feel like we were trying to do something, but we really weren't trying to solve the problem because you can't say on one hand we need to get back to the Legislature for a special session, we need to put everything on the table, everything will be considered, and we'll figure it out. But everything was not considered. Let's just be honest with people. Everything was not considered. And I don't support just frontloading and capping the city because it doesn't help people

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in my community as I stated many times. So I guess we're just here and we'll be here tomorrow talking about the Department of "Hell and Harm" and how the Appropriations Committee voted to cut their budget, which is crazy. It's already a horribly ran department that it's going to get worse. There's already cuts in other departments, like the Department of "Punitive" Services, which if you cut their budget, it's probably going to get worse. I don't understand the, the thought processes here. If we need to find dollars, why aren't we seeking out new revenue streams? Why are we cutting programs that help people? Why are we cutting programs that many people in our state need? It, it doesn't--

KELLY: One minute.

McKINNEY: --make any sense. And just know when you vote for, what is this, AM84, that you're voting to not do nothing to help the people in your communities. You're just voting to do something we could have did in April. We could have did next January. It's really just a waste of our time. But we're here and we're here, so thank you.

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

J. CAVANAUGH: Thank you, Mr. President. Thank you, colleagues, for the time and consideration today. So I rise in opposition to the substitute and withdraw. I rise in opposition to AM80 and to LB34. And I will be opposed to the cloture vote that we get to in about 15 minutes here. So what we're being told at this point is that we're going to have the bill, as Senator McKinney just described, which is a frontload of the old LB1107 fund. And then we're going to put caps on our local government subdivisions. And this is no-- this is not new tax relief. This is the same tax credit people are entitled to. Thankfully, we are no longer pursuing this misguided approach of raising taxes on Nebraskans. This special session was doomed from the start. The Governor had a year and a half of working last summer with a working group. Then I recall when we were debating LB388, somebody stood up and said, well, we had all these great meetings and everybody talked. And anytime there was dissent, we told people, well, you should leave if you're going to dissent. And then everybody was surprised when LB388 was not a consensus bill and failed. And then after that, the Governor convened a group this summer of a larger group of folks and that group was unable to come to a consensus as well. The Governor called us in with 22-hours notice with the purpose of shrinking the number of options that are available. So whenever somebody has stood up and said people didn't bring us ideas, we

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brought the ideas we could get together in the time we had within the call. And, by the way, none of those ideas have been forwarded from any committee other than the legalized sports platform constitutional amendment was, was advanced by the General Affairs Committee. But no other bills-- Senator-- actually, Senator Blood's bill was advanced by the Government Committee, but has not been given an opportunity to be heard on the floor. But there are other ideas that have been put out there that have not been given a chance. And that first bill, LB1, which was the purposefully brought to be jammed through and then was-- ran into a roadblock, essentially, of opposition and, I guess, procedural hurdles was then pivoted to LB9. LB9 ran into problems before it was even reported out of committee. And then we were given LB34 yesterday at 4:00, I think. And then we come in today and we are on to AM84 amending and striking out most of LB34 as proposed by the Revenue Committee. We are on-- I, I think I lost count, maybe iteration 5 from the session. And we are down to giving folks the tax relief they are already entitled to, but in easier form, which is not a bad idea, but it is not new tax relief and caps on local government entities telling them how to run their governments, which I disagree with. And we got called back here, if you recall, after LB388 failed and the Governor said he'd call us back until Christmas to get his, I think it was 40% tax relief. So I, I hope-- PRO has been pulling a lot of folks out to get you all lined up on this bill, but I hope that they are promising you at this point that we will not be called back in for--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- that we will not be called back in for another special session for failing to achieve the 40% or 50% that the Governor arbitrarily set as the mark here. So we're going to get to a vote here in a few minutes. I will be opposed to this for those reasons. I'm opposed to not giving due consideration of all of the ideas that were put forward, of not having ample time to actually take apart these bills and talk about what is in them and what are the implications. So I would encourage your red vote when we get to cloture here at 6:50, which is in about 10 minutes. And I would encourage your red vote on the underlying bill. And I would encourage somebody to file a sine die so we can all go home and come back in January and try this in a regular session with all of the options on the table. Thank you, Mr. President.

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

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MOSER: Thank you, Mr. President, and good evening, colleagues and fellow Nebraskans. Well, it's a little bit disappointing, a little bit anticlimactic to be where we are at this point. This amendment does improve the property tax situation a little bit. It's not the magic bullet that some of us had hoped for. But at this point, I think it's the best we're going to get. Mention was made of the process earlier where the calling of the question accelerated some of the debate. But on the flip side of that, makers of priority motions attempted to withdraw their motions and then there were objections to the withdrawal of the motions. Those were strategic procedural moves to try to thwart the process. So the rules were followed, the rules worked. Both sides tried every angle that they could come up with within the rules to try to affect the outcome. And that's how we got where we are here. So no taxes are raised, no new items are taxed. Some funds will be used to increase the property tax credits and that's an improvement from where we were. But in about 5 months, we're going to be back here again. And we're going to start over on some of these same questions and, and see where we can work together to make more progress on our quest to reduce property taxes and level out the other forms of taxation so that those other forms of taxation raise more money and property taxes raise less. At least that's my goal. So I think we all got through it without any great lasting feuds coming out of this discussion. You know, I'm hoping that we have enough people to support it to at least get this much done. I'd encourage you to vote for cloture and to vote for the motion to withdraw and substitute AM84. Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President, and good evening, colleagues. I have a friend who's a lawyer, and he's a trial lawyer, and one time he had a really complicated jury trial, and he got up for his closing arguments. And instead of having some quip or thing that he could say to them about the actual theory of the case, he stared at the jury for a few minutes or a few seconds, and he just looked at him and said, this is a mess. This is a mess. And that's kind of how I feel right now. This entire process has felt just like a mess. Senator Slama, when she got up, was kind of going through what our actual votes are going to be on here. And so I stand opposed to the motion to withdraw and substitute AM84 for the floor amendment, MO152 going into FA103, which it-- it's very complicated. But long story short, I stand opposed to a bill or a proposal that could potentially hinder a political subdivision from doing what they need to do in order to fulfill their obligations to their citizens. As I've said before, I am

absolutely for cutting unnecessary spending. I am absolutely for getting rid of unfunded mandates. I am absolutely supportive of finding some property tax relief, of which we saw a number of proposals come up during the special session, which I think actually have threads of good ideas. But the consistent through line for all of this has been a frustration that I've had, at least, that we've not really had the time, I think, to genuinely workshop a lot of these issues. The Governor and other folks have lamented the involvement of special interest. We hear about that a lot. Special interest get involved, special interest tell people how to vote, special interest buy people off. I don't know if other people have ever been bought off, I certainly haven't. But what I think is important to delineate are special interests and subject-matter experts. And throughout this process, what I've heard from the subject-matter experts, whether it's folks in local government, folks in education, folks in tax policy, is that they feel like they're constantly playing catch-up to what we're doing in the special session. And so I've made it a point to reach out and have conversations with my friends that are administrators, that are teachers, that are superintendents, that are county board officials, that are city officials, folks who work in tax policy, folks who have been in tax policy think tanks for decades to ask questions. And when they say, this is going to hurt us, I think it's important to listen. That's not to say we always have to do what experts say. Certainly, we can all differ on how we feel about things and policy and politics. But when a person in a certain area of expertise says this is going to harm us, we should listen. And I think that's where a lot of my concern comes into play with the proposed hard caps that are being discussed with AM84. I've talked about it before. I'll reiterate it again. In times of economic downturn, it is going to be very, very difficult for cities and counties to recover. You look at places like Michigan where there are pretty strict hard caps in place, and you look at the growth of their local economy and how it plummeted during the 2008 recession. And thanks to laws that were in place there, they were only able to slowly staircase their way back from the brink of really just being bankrupt over a long period of time. And as of like 2020, 2019, before the, the, the pandemic, they were still not quite on their feet recovering from the 2008 recession because--

KELLY: One minute.

DUNGAN: --caps-- thank you, Mr. President-- similar to what we're discussing here, put them in a situation where they were unable to economically recover. We should listen to the people telling us this is going to affect our ability to invest in mental health. We should

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listen to the people who are telling us that this is going to affect our ability to invest in upstream treatments, like substance use disorder treatment, and we should certainly listen to the experts who were telling us, if we pass these bills, this cap, it's going to have a bad effect on our cities and our counties, roads, bridges, maintenance. So I say that to reiterate, I do oppose AM84, I am in support of broad strokes and ideas that were brought up over the last couple of weeks, but certainly they should be fleshed out and we should take more time to address them. We can do that in January, and we can accomplish what we've all come here to do. We just have to make sure we pay proper attention. Thank you, Mr. President.

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

ARCH: Thank you, Mr. President. We are approaching cloture and I would like-- I'm, I'm asking for a parliamentary clarification on the implication of the cloture vote just so we, as a body, understand exactly what the votes are that we'll be taking at cloture. Mr. Clerk, would you please.

CLERK: Mr. Speaker, the understanding from a parliamentary perspective, this is based on past precedent and conversations between my office and the Bill Drafters is that you will be voting on a cloture motion. If that cloture motion were to be successful, you will then be voting on the withdraw and substitution of AM84. If that is successful, you will then be voting on AM84. AM84 is a white copy amendment and that it will completely replace, despite the fact that your rules speak to the fact that AM80 will become AM73 because the committee amendment will come together. AM84 will replace all of the contents of AM73, at which point AM73 will replace LB34. You will essentially be voting on AM84 all the way up the board. If the motion to withdraw and substitute AM84 is not successful, you will then be voting on FA103, AM73, and LB34. We will do our best to keep the board accurate and up to date as we make through-- our way through those votes, Senator.

KELLY: Mr. Clerk, you have a motion on your desk.

CLERK: I do, Mr. President. Senator Brewer would move to invoke cloture pursuant to Rule 7, Section 10.

KELLY: Senator Brewer, for what purpose do you rise?

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BREWER: Mr. President, I'd like to do a call of the house and a roll call vote in regular order, please.

KELLY: 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: 33 ayes, 4 nays to place the house under call, Mr. President.

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. Senators Kauth, Slama, McDonnell, please return to the Chamber and record your presence. The house is under call. All unexcused members are now present. Members, the first motion is the-- the first vote is the motion to invoke cloture. All those in favor vote aye; all those opposed vote nay. There's 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. 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 voting no. Senator Clements voting yes. Senator Conrad voting no. Senator Day voting no. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Erdman voting yes. Senator Fredrickson voting no. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould voting no. Senator Riepe not voting. Senator Sanders voting yes. Senator Slama voting no. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz not voting. Senator Wayne voting no. Senator Wishart voting yes. Vote is 34 ayes, 11 nays to invoke cloture, Mr. President.

KELLY: Cloture is invoked. Members, the first vote-- the next vote is the motion to withdraw and substitute AM84. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

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CLERK: 38 ayes, 6 nays on the motion to withdraw and substitute, Mr. President.

KELLY: The motion is adopted. The next vote is on the adoption of AM84. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 35 ayes, 4 nays, Mr. President, on adoption of the amendment.

KELLY: AM84 is adopted. The next vote is on the adoption of AM73 as amended by AM84. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 35 ayes, 8 nays on the adoption of the amendment, Mr. President.

KELLY: The amendment is adopted. The next vote is to advance LB34 to E&R Initial. There's 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. Senator Bosn 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 voting no. 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 voting yes. Senator Fredrickson voting no. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould voting no. Senator Riepe not voting. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz not voting. Senator Wayne not voting. Senator Wishart voting yes. Senator Day voting yes. Vote is 36 ayes, 8 nays, Mr. President, on the advancement of the bill.

KELLY: LB34 advances to E&R Initial. Mr. Clerk, next item. I raise the call. Senator Clements, you're recognized for an announcement.

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CLEMENTS: Thank you, Mr. President. It's my understanding now that LB2 and LB3 from the Appropriations Committee will be on General File tomorrow. The Fiscal Office has prepared a booklet summarizing what's in LB2 and LB3. And I'm having the pages hand that booklet out now so that you can have a chance to be able to review what there is, what, what they amount to is budget adjustments. The bill that just passed needs about \$140 million of money to fund it-- or 185, excuse me. And I think there's about \$140 million of that will be in LB2 and LB3, and we'll be discussing that in detail. The-- I want to thank the Appropriations Committee for the work they've done. We've been working hard to make sure we had some funding for this bill. And I just look forward to tomorrow. Please get your packet and take a look through it and we'll discuss it more tomorrow. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Mr. Clerk.

CLERK: Mr. President, some items: series of motions to be printed from Senator Wayne. In addition, amendments to be printed from Senator Ibach, Senator Dungan, Senator Hunt, Senator John Cavanaugh, and Senator DeBoer. Finally, Mr. President, a priority motion, Senator Wishart would remove to adjourn the body until Wednesday, August 14, 2024 at 9:00 a.m.

KELLY: All those in favor of the motion to adjourn vote aye; those, those opposed, nay-- all those opposed vote nay. Record, Mr. Clerk.

CLERK: 33 ayes, 0 nays to adjourn, Mr. President.

KELLY: The Legislature is adjourned for the day.