

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee August 7, 2024

LINEHAN: Senator von Gillern, do you have the--

von GILLERN: Yeah. I'm waiting for the phone.

LINEHAN: OK. Charles, would you make sure my ringer is off.

von GILLERN: [MALFUNCTION] Revenue Committee public hearing. My name is Senator Brad von Gillern, and I represent Legislative District 4 in west Omaha and Elkhorn. The committee will take up bills, and in this morning's case, amendments in the order that they are posted outside of the room. Our hearing today is part of your legislative process. This is your opportunity to express your position on the proposed legislation before us today. We ask that you limit handouts. If you're unable to attend the public hearing and would like your position stated for the record, you may submit your position and any comments using the Legislature's website by 8:00 a.m. the day of the hearing. Letters emailed to a senator or staff member will not be part of the permanent record. If you're unable to attend and testify at a public hearing due to a disability, you may use the Nebraska Legislature's website to submit written testimony in lieu of personal testimony. To better facilitate today's proceedings, I ask that you follow these procedures. Please turn off your cell phones and other electronic devices. The order of testimony is the introducer, proponents, opponents, and then neutrals. And then we will cycle again through proponents, opponents and neutral testimony. Testimony will conclude with closing remarks by the bill's introducer. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We need 10 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you now. When you begin to testify, please state and spell your name for the record. Please be concise. It's my request that you limit your testimony to 3 minutes, and we will use the light system. We will have 2 minutes on green, 45 seconds on yellow, and then 15 seconds on red to wrap up. If your remarks were reflected in previous testimony or if you would like to have your position to be known but do not wish to testify, please sign a yellow form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our Transcribers are able to hear your testimony clearly. I would like to introduce committee staff. To my immediate left is legal counsel, Charles Hamilton. To my left at the end of the table is the committee clerk, Linda-- help me--

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LINDA SCHMIDT: Schmidt.

von GILLERN: Schmidt. Thank you. Drew, drew a complete blank. Pages today, if you could stand up and introduce yourselves, please.

LANDON SUNDE: I'm Landon.

von GILLERN: Landon?

LANDON SUNDE: Yep.

von GILLERN: Where are you in school, Landon?

LANDON SUNDE: University of Nebraska-Lincoln.

von GILLERN: And what year?

LANDON SUNDE: I'm going into my first year of law school.

von GILLERN: OK. Very good. Thanks for being here. And--

KRISTEN PEREZ: Just him.

von GILLERN: Excuse me?

KRISTEN PEREZ: Just him.

von GILLERN: Just him. OK. All right. You're, you're here supporting. Thank you, Landon. Thanks for your help today. Please remember that senators may come and go during our hearing as they may have bills to introduce in other committees. Please refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use electron-- electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us. It's a critical part of our state government. With that we will open with the first item on the agenda, AM62. Welcome, Senator Linehan.

LINEHAN: Good morning, Vice Chair von Gillern and members of the Revenue Committee. I am Lou Ann Linehan. L-o-u A-n-n L-i-n-e-h-a-n. I represent Legislative District 39, Elkhorn and Waterloo. I'm here today to introduce AM62. This amendment is straightforward. It would tax all alternative nicotine products, such as nicotine pouches, under a \$0.10 per ounce tax. These products will be on a similar footing to cigarettes and vaping products by having a separate tax structure. I,

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I do want to say here, I think we need to be careful that we don't-- well, we can do this in committee. But just for the people that are listening, I, I do understand that we want to encourage people to quit smoking. So we need-- when we tax these products, we need to make sure that we're not taxing more than we-- less-- more than we tax cigarettes. Because getting people off cigarettes is good. So with that, I'm happy to answer any questions.

VON GILLERN: Thank you, Senator Linehan. Any questions from committee members? Seeing none, thank you for your opening. Will you stay to close?

LINEHAN: I think so.

VON GILLERN: Presumed so. We'll welcome up our first proponent testimony. Any proponents for AM62? Seeing none-- do I need to reread the paragraph about silencing electronic devices? Not your first day here. Seeing no proponent testimony, I'll welcome up the first opponent testimony. Are there any opponents to the AM62?

TIM KEIGHER: Yeah. I'm gonna check my phone first.

VON GILLERN: Thank you.

TIM KEIGHER: Good morning, Vice Chair von Gillern and members of the Revenue Committee. My name is Tim, T-i-m, last name K-e-i-g-h-e-r, and I appear before you today as the executive director of the Nebraska Petroleum Marketers and Convenience Store Association, and I've also been asked to include the Nebraska Grocery Industry in my testimony today. I guess, first of all, I was very surprised to see this amendment come up last night. I looked on the internet at 4:00 as I was closing my day out, and the electric bill was on there. I thought, OK, no big deal. Luckily, I have some friends that are paying better attention than I am, and they shared with me that this was coming up this morning. I guess, you know, having found out about this at probably 6:00 last night, I haven't had a chance to talk to my members about this. So that's why I'm here in opposition. I guess, you know-- I have a problem reading with my glasses. They're not readers. In addition, I mean, this is the third attempt. I guess we're going after tobacco. I mean, my members sell a lot of tobacco products to people who are of legal age, who enjoy tobacco products. Whether you are for or against tobacco products, I mean, that's your personal choice, as it is the people who smoke. But I mean, we're, we're, we're raising the tax on cigarettes, we're going to tax vapes, and now, we're looking at pouches? To my knowledge, no surrounding states tax

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pouches, maybe Colorado, I heard, does. I don't know that for a fact. I'll give you an example of-- you know, we're going to raise the cigarette tax and we're going to match Iowa, OK. But we're still going to lose sales. A member of mine who has a store in Iowa was over there one day, and this was a couple of years ago, and his manager had a piece-- pad of paper next to her. And there were people coming in and giving her money, and she was writing down stuff. So after the third or fourth person came in, he asked if she was a bookie, jokingly. And she said no, that it was her turn to go to Missouri to buy cigarettes. So a bunch of her friends and she smoked, and they took turns going down to Missouri, whose tax is \$0.17. Now, I understand we're trying to, you know, "equivalate" everything to a pack of cigarettes and not be any higher than Iowa, but people are still going to leave. I mean, we have an advantage over Iowa now on our cigarette tax. We're getting sales from Iowa, the ones that aren't going to Missouri, that it's inconvenient for them. So I think that, you know, the, the short notice of this is, I, I guess, you know, really makes my members question the transparency of this process. And I don't know that you're going to get the taxes that you think you're going to get by raising them. And I guess with that, I'll just end and answer any questions.

von GILLERN: Thank you for your testimony. I noticed our, our light is not working today. OK.

TIM KEIGHER: I time that it was only 2 1/2. My phone didn't go off, so.

von GILLERN: We'll use our electronic devices for that. Any questions from the committee members? Yes, Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern. Thank you for being here. So we're talking about alternative nicotine product. And I think it's been a little bit unclear to myself and some others that I've talked to what that actually means. I know under statute we define a lot of different things like cigarettes, cigars, things like that. Can you, just for the record and those who might be watching, explain what we're talking about when you say a nicotine pouch or an alternative nicotine product, and what the differences between that and things like what's commonly called chew or thing-- or other items?

TIM KEIGHER: I guess I can give you what I believe my definition is. I don't know if it's the official definition. But the product is coming in a pouch of some type, whereas the chew you're talking about is a loose leaf product. I don't know what the nicotine content of it is

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off the top of my head, but that's the difference-- how I distinguish the difference is loose leaf versus, in a, in a pouch.

DUNGAN: Do you know, in surrounding states or in other areas-- and I don't know the answer to this question-- whether or not that is taxed differently than other, sort of loose leaf tobacco products? Do they differentiate these alternative nicotine products like that?

TIM KEIGHER: I don't know the answer to that. I didn't, didn't look that up before I came.

DUNGAN: Thank you.

TIM KEIGHER: I can get back to you on it, though.

DUNGAN: I'd appreciate that. Yeah. And somebody else who's watching probably will know, too. So I appreciate that.

von GILLERN: Any questions from-- Senator Meyer.

MEYER: Thank you. Do you have any idea how many of your members' facilities use tax increment financing to build new facilities?

TIM KEIGHER: I have no clue. I assume that some of them probably have, but I don't know that the majority of them do.

MEYER: OK. But-- OK. Thank you.

von GILLERN: Any other questions from the committee members? I, I only have one. I noticed you, you said that you're testifying on behalf of the Grocery Industry, also. Are nicotine patches considered groceries?

TIM KEIGHER: I have no idea, Senator.

von GILLERN: OK. Because that definition seems to be coming looser and looser, so I was just curious, so. All right Thank you for your testimony today.

TIM KEIGHER: Thank you.

von GILLERN: We had no proponents. Any other opponent testimony? Seeing none, any neutral testimony for AM62? Good morning.

HUGHES: Whoa. That was funny. Good morning. Good morning, Revenue Committee. My name is Jana Hughes, J-a-n-a H-u-g-h-e-s. Thanks for bringing AM62, to add nicotine pouches to stat-- well, statute-- have it in statute, and then tax. This was something I was going to work on

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in the interim, so I really do not have any research, kind of as George allude-- or Senator Dungan alluded to. A handful of states tax these. I've heard, maybe around 5 or 6. Again, I haven't done a, a lot of research. Nicotine patch use-- or pouches have been skyrocketing. It's a fairly new product, I'm going to say late, like 2019, 2020. But from the quick-- I didn't have much time. The quick research I did, from overall sales, and this was-- or sorry, from March '22-- in 9-- in 2023, ZYN, which is one brand of these pouches, shipped their-- the shipments in the United States hit 385 million cans. And that was a 62% increase from the year prior, so that just kind of shows the growth of this. I will say, anecdotally, from my, my kids-- or I have a son in high school-- that kids now they've got vape detectors and things like that, that kind of schools are watching kids do the vaping thing. So they're turning to these because they're a little bit more discreet. You can put the-- it's, it's nicotine powder in a little pouch. You can put it in your mouth. And it's not as obvious as if you're, you know, smoking on a, on a device. So I-- we had this discussion at home, too. Some people are using these in the workplace, as well, because you don't have to spit from it or things like that. So it's just a much more discreet product, a way to get nicotine. In fact, it's, it's lucrative enough that Philip Morris is-- announced plans to invest a \$600 million plant in Aurora, to manufacture-- Aurora, Colorado, to manufacture these items. So I applaud the, the amendment coming to put a tax on it. I know it's per ounce, but I would-- I think maybe we should leave it at the 20% wholesale, because if you do a pers-- an a-- an amount per ounce, it does not adjust as the price of these items go up. It's a static amount. The other piece is, I think, I think it's just something that we need to look at a little bit more, but I'm glad to get it in the books as we are now. And, anyway, I just wanted to kind of give my 2 cents on that. Do you guys have any questions?

von GILLERN: Thank you. Questions from committee members? Seeing none, I have a couple. The-- you mentioned the taxing by the ounce versus wholesale. And, and again, and to the previous testifiers, this is all-- this has been a, a--

HUGHES: It's a little bit new.

von GILLERN: --a quick turn on this--

HUGHES: Right.

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von GILLERN: --so probably not as much research as we normally would do leading up to, to a hearing like this. The-- is the, is the 20% wholesale, is that the current--

HUGHES: Right.

von GILLERN: --taxing on these products?

HUGHES: That's the current tax right now. Yeah.

von GILLERN: OK. All right.

HUGHES: Well, it-- sorry. They're not getting taxed right now, but that's what is in-- they're changing that in-- with this amendment. The other piece some people will argue is that if you do a 20% wholesale tax, that some of the items like this coming in from overseas, let's say a China product-- Chinese product, is a much less wholesale cost. It's a cheap item. And then a 20% on a cheap item, right, is less tax than if something was manufactured in the United States. But with our vape regulations in place, items like this will have to be registered with the state of Nebraska. That process, they have to be registered by April of this coming-- of 2025. And then by fall, we will be able to regulate what's actually getting sold in, in the state of Nebraska. They will have to be registered items. And so, you could argue then that these cheaper products coming from overseas will not be on the shelves once we regulate that. So I know we've got a year and a half-ish here. That's a little bit of an interim time period, but that-- the cheaper products should not be allowed to be sold, because they'd have to be registered here. So.

von GILLERN: OK. Thank you. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern. Thank you for being here, Senator Hughes. I know you've done a lot of work on vape and taxes of that-- things of that nature. So you were working on bringing a bill for next session with regards to this? Is that what you were kind of getting at?

HUGHES: Well, I was going to, this fall, work on it. I haven't even started it, so this is definitely last minute.

DUNGAN: Do you think this is something that, hypothetically, could wait until next year to take care of in terms of the lack of information or, or research it sounds like we have at this current moment? Do you think it would be--

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HUGHES: Well, I, I think you-- yes. You could wait. And that's why I'm neutral. I, I am not opposed to taxing it now either, because now, at least we get something in the books. And we can, we can always come-- if, if we stick with the ounce, we can always-- I will-- can always come back if-- after my research, and think, you know what? We really do need to do wholesale. Let's do it. I can come back next session and work on that. So--

DUNGAN: That makes sense.

HUGHES: --I think I would prefer getting something on the books. So.

DUNGAN: And you and some of the other testifiers--or I guess the other testifier, indicated some concerns with regards to a lack of notice or things like that, with regard to the hearing, I know things are moving fast. Do you have any-- do you know or do you have any idea as to whether or not the rules of the Legislature contemplate notice with regards to amendments like this in special session?

HUGHES: That is-- I do not have that information. I do not.

DUNGAN: OK, I looked. And I genuinely-- I don't know if we have--

HUGHES: Nope.

DUNGAN: --actual notice about that, so I was curious.

HUGHES: Nope. I don't have any information on that.

DUNGAN: Thank you.

HUGHES: Yep.

von GILLERN: Any other questions from the committee members? Just to that point, notice during special session, the, the normal notice during the long sessions is waived. As long as you provide notice, you can hold a hearing immediately. So.

HUGHES: Thank you for that.

von GILLERN: Seeing no other questions, thank you for your testimony.

HUGHES: All right.

von GILLERN: Any other neutral testifiers--

HUGHES: Thank you, guys.

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von GILLERN: --on AM62? No proponents, no opponents, no neutral. Senator Linehan, if you'd like to close. As she comes up, the letters-- what do we have here-- we have 1 proponent letter and 1 opponent letter regarding AM62, and no neutral testimony, and no ADA testimony.

LINEHAN: Thank you all, and thank the testifiers for coming. I do appreciate them being here. I also understand the time wasn't what it normally is in a hearing. And Senator von Gillern addressed that. We couldn't put out a notice until we had language. And I think we'd all agree that Bill Drafting has been doing heroic efforts over the last couple weeks. So that's-- as soon as we had language, we posted it. I mean, it was-- and people upstairs did everything they could to try and make it move as fast as it could. I realize that there will be some people-- OK, that-- I am a former smoker. I tried to quit several times. It's really hard. I've used all those things. I, I understand that we want to move people away from cigarettes. I think one of your questions, Senator Dungan, was what-- what's tobacco-- tobacco is not the addictive thing. It's nicotine. So-- and it is-- I've had friends who've both been addicted to alcohol and cigarettes. And cigarettes are very, very hard. So some of these products-- and I want to tax them. And I think we should do it all like, all together so we know what we're doing. But I don't want to hurt the products that help people quit smoking. I think it's fine you tax them. I think we just need to be reasonable. So that's what we'll be discussing over the next couple of days, what is reasonable. But now it's out here. And people who couldn't get to the hearing this morning, they have all our phone numbers. I'm sure we will be hearing from them. I think that's all I had.

von GILLERN: Thank you. Any questions from the committee members? Seeing none. Thank you for your testimony. That will close our hearing on AM62. And we will open on AM63. Welcome, Senator. Linehan.

LINEHAN: I just realized I hope my grandchildren aren't watching. Good morning, Vice Chair von Gillern and members of the Revenue Committee. I am Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n. I represent Legislative District 39, Elkhorn and Waterloo, and I'm introducing AM62. Sorry, AM63. They read exactly like right to the letter. This amendment, AM63-- this amendment is also straightforward. It would eliminate the sales tax on sales and purchase of electricity for residential use. This eliminates a tax on a necessity, a policy that has been consistent for the state of Nebraska. Food and medicine are necessary items. We don't charge sales tax. And a lot of people, I think, don't realize we charge sales tax on utilities. Last session,

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as you'll remember, one of the iterations of LB388, we tried to take sales tax off all utilities. I think the last 10 days in Omaha and Lincoln have proven that electricity is definitely, in our world today, a necessity. And I don't think we should be taxing nec-- have sales tax on necessity. So this would also provide a source of tax relief for homeowners and renters alike. And I'm happy to answer any questions.

VON GILLERN: Thank you for your testimony. Questions from committee members? Senator Kauth.

KAUTH: Thank you, Vice Chair von Gillern. Senator Linehan, is this the state's tax on electricity, but not the city or municipalities, though?

LINEHAN: That's correct. This is just the state sales tax.

KAUTH: Thank you.

VON GILLERN: Other questions from committee members? Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern. Thank you, Chair Linehan. Last session, as you mentioned, in LB388, there was a component that had to do with all utilities being exempt from sales tax. I know we had a fiscal note on that aspect. Were we able to sort of delineate the actual cost of just the electricity from that fiscal note? Did we ultimately get that information?

LINEHAN: We have it.

DUNGAN: OK.

LINEHAN: We may not have brought it to the hearing.

DUNGAN: OK. I was-- I know we had talked about that prior to today, and I was--

LINEHAN: We got it late last night. I, I-- it was about 60% of that total, I think, if I remember right-- 70.

DUNGAN: Of, of that total?

LINEHAN: It's a bigger share than-- it's, it's more than 50%.

DUNGAN: OK. Do you have a ballpark of what that would be, or should I just get that information from Charles?

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LINEHAN: We should just have somebody that's watching in my office bring that to us right now.

DUNGAN: OK. Thank you so much.

von GILLERN: Any other questions from committee members? Just one quick one. And just to add clarity, this is for residential electric use only.

LINEHAN: Yes, sir.

von GILLERN: OK. Thank you. All right. Seeing no other questions, we will open for proponent testifiers. Any proponents for AM63?

CHRIS DIBBERN: Good morning--

von GILLERN: Good morning.

CHRIS DIBBERN: Vice Chair "Gill-ahan" [SIC]. Yes I do. My name is Chris Dibbern, C-h-r-i-s D-i-b-b-e-r-n. And thank you to Senator Linehan for her work in this area. I am the Nebraska public advocate for natural gas ratepayers and for jurisdictional utility. So not public power, not public gas, but under the Nebraska Public Service Commission. And I'm in support of removing sales and use tax on residential ratepayers. This bill-- I had to pause a minute because this bill is only electricity, and I work only on natural gas issues. But the concept I'm in favor of. This amendment is only electricity. It'd be helpful to add three words: and natural gas. And-- but it does raise the price. There was a hearing on this last year. The committee did send it out, and I thank the committee for that. It, it saves all ratepayers money. This is a pass-through from utilities. And many states do not tax utilities. All utilities pass through, through these rates to ratepayers. And on behalf of ratepayers, I thank you for looking into saving every household in the state in this package. Any questions?

von GILLERN: Thank you. Any questions from committee members? Seeing none, thank you for your testimony this morning. We'll welcome up any opponent testimony to AM63. Good morning.

JILL BECKER: Good morning, Senator von Gillern and members of the Revenue Committee. My name is Jill Becker, spelled J-i-l-l B-e-c-k-e-r, and I am a registered lobbyist for Black Hills Energy. I'm here today to testify in opposition to AM63, not because of the concept, but because of how the amendment is written. Current Nebraska energy policy protects the rights of customers to choose their fuel. A

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huge thanks to Senator Albrecht, who carried that bill a couple of times. And we passed that legislation last year, ensuring that customers have the right to choose the fuel that they want to use. AM63 seems to ignore that ability to choose, and instead, picks winners and losers. You've heard previous testimony about Senator Wayne's bill from last year that exempted both residential natural gas and electric-- electricity from sales tax. And in his testimony for LB1342, Senator Wayne stated that he believes necessities shouldn't be taxed. That's what we're talking about again today. AM63 would provide that only one type of utility customer shouldn't be taxed, electric customers. However, according to the 2021 American Community Survey, 59% of Nebraska households use natural gas for home heating. More than one out of every two homes uses natural gas for heat or for other appliances within their home. AM63 would exclude them from this tax exemption. When customers call into our call center asking why they pay tax on our bill but not an electric bill, what would our response be? There is no response that would satisfy a customer. There's no policy reason to differentiate between electric and natural gas customers. I respectfully ask that you either include natural gas residential customers in AM63, or not advance the amendment at all. With that, I'd be happy to take any questions.

von GILLERN: Thank you for your testimony. Questions from committee members? Senator Kauth.

KAUTH: Thank you, Chair-- Vice Chair von Gillern. How many people actually call in complaining about the tax on their utilities?

JILL BECKER: I don't know if I would be able to tell you, Senator, just because I'm not sure if we track--

KAUTH: So--

JILL BECKER: --questions in that way.

KAUTH: So then how would you know that people are calling in, saying, well, you're taxing my neighbors or you're taxing my natural gas, but not my neighbors?

JILL BECKER: What I meant is that they would be able to see on their own bills a tax on their natural gas bill, but not their electric bill.

KAUTH: OK. So they use both natural gas and electric?

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JILL BECKER: Yes. I'm going to-- you know, just because everybody uses electricity for, you know, plugging in your cell phone--

KAUTH: So they will be getting--

JILL BECKER: --and those kinds of things that we don't do.

KAUTH: --so they will be getting some relief.

JILL BECKER: Yes, they would.

KAUTH: OK. Thank you.

JILL BECKER: Yes.

von GILLERN: Thank you, Senator Kauth. Senator Bostar.

BOSTAR: Thank you, Senator von Gillern. I-- this is a-- this is an odd position to hear for me. Everybody uses electricity, as we just discussed. So the position of Black Hills is that providing relief at this moment for households through this mechanism is unacceptable if it can't be through your product. I, I, I think actually everyone on the committee would like to remove taxes on all of it. But we can do what we can do when we can do it. And opposing making it easier for people to have the ability to afford necessities because it just isn't your own company's is an odd position to have. When we had the bill last year, it was electricity and it was natural gas. The propane industry did not come and oppose it. We ultimately decided that they should be included, because it's a necessity, too, and it's comparable to gas. But they didn't come in here and say no, people should not get this relief on this necessity because, because it's not us. I don't know what my question is. But--

JILL BECKER: If I, if I may respond, Senator.

BOSTAR: Please.

JILL BECKER: As you heard from the previous testifier, the public advocate, we could have come in in a similar position and said, we support the concept, which is what I stated. And I'm opposed to the language because it leaves out natural gas customers. Not our company--

BOSTAR: Natural gas customers are electric customers, too.

JILL BECKER: They absolutely are.

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BOSTAR: This is about helping people.

JILL BECKER: Agreed.

BOSTAR: That's the goal.

JILL BECKER: Yes.

BOSTAR: I don't have any further questions.

von GILLERN: Thank you, Senator Bostar. Any other questions from committee members? Seeing none, thank you for--

JILL BECKER: Thank you.

von GILLERN: --your testimony this morning. Neutral, right? Welcome up any neutral testimony.

LYNNE McNALLY: Good morning, Senators. Funny you should mention us. Lynne McNally, L-y-n-n-e M-c-N-a-l-l-y, executive director of the Nebraska Propane Association., debating about, you know, what side to be on, on this issue. And I just-- I think it's a great concept. I would like to be included with our, with our membership. I just want to remind you that overwhelmingly, the people that use propane for heating their homes, etcetera, are rural Nebraskans. So if, if you granted an exemption for electricity but not propane, you would be disproportionately affecting rural Nebraska. So that's all I wanted to say.

von GILLERN: Thank you for your testimony. Any questions or comments from committee members? Senator Bostar.

BOSTAR: Thank you. Thank you for being here. And thank you for not opposing the relief to Nebraskans. I mean, I think as we talked about before, right, your customers are also electric customers. And because it's the same exact committee members that were here last session, I can also say that we absolutely would like to remove the tax on propane as well as natural gas, additionally. And I, I believe it will be the work of the committee, even if it has to happen in steps to get to a place where we are removing those taxes on those necessities, because they are necessities, and because they shouldn't be taxed. Anyway, I just wanted to thank you for not opposing this.

LYNNE McNALLY: No problem. And just for the record. I work with Ms. Becker on a lot of things, so I, I understand. And I, and I did consider opposing, but I just thought this was the better position.

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BOSTAR: I think it was the better position. Absolutely.

LYNNE McNALLY: Thank you.

von GILLERN: Thank you. Any other questions from the committee members? Seeing none, thank you for being here today.

LYNNE McNALLY: Thank you.

von GILLERN: Any proponent-- any other proponent testimony for AM63? Seeing none, any other opponent testimony? Opponent to AM63.

BOSTAR: Looking forward to this.

LYNN REX: Good morning. Senator von Gillern-- good morning. Senator von Gillern, members of the committee. My name is Lynn Rex L-y-n-n R-e-x, representing the League of Nebraska Municipalities. If, in fact, this is just the state sales tax, then you need to put that word in, in the line in, in this bill. But if it isn't, if it includes local option sales tax, our concern is just that this is-- would be another, frankly, \$12-15 million loss of revenue for municipalities. I do understand, Senator Bostar, the effort that this committee may be undertaking, but I also want to underscore what this means, in terms of the 261 municipalities that have local option sales tax. Other things that are happening with local option sales tax, for example, as we understand it, any expansion of the sales tax base that would include local option sales tax, which I think is going to be everything that this committee is looking at, localities would not be able to receive that. And just to underscore the importance of that, we have companies that are filed that are applicants under the Nebraska Advantage Act, the ImagiNE Nebraska Act. And as they qualify, they're going to be paying these sales taxes, whatever you end up doing this session, or in the future. And they're going to pay that, and at some point they're going to be back asking for the refunds. Localities will not have the money. Right now, when South Sioux City receives local option sales tax dollars, Senators, you know they set aside a certain amount based on what they are anticipating for refund. They wouldn't be getting that. Now, again, if this is only state sales tax, we'd be neutral on this. And we appreciate and understand the policy considerations that you're facing, but there are other issues here that apply to local option sales tax we would ask you to consider. So with that, I'm happy to answer any questions that you might have.

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von GILLERN: Thank you for your testimony. Any questions from committee members, Senator Bostar.

BOSTAR: Thank you, Vice Chair von Gillern. Thank you, Ms. Rex, for being here. I-- so yes. I believe it is the intent, as we've discussed, to make this only on the state's portion. I would say, though, that, you know, it's a loss of revenue to the state for--

LYNN REX: Absolutely.

BOSTAR: --us to remove the sales taxes on necessities. I, I think even if we allow municipalities to continue to pro-- to add that local option on to this, my hope would be that they would think hard about whether or not that was the right decision for them. And I understand you bringing up other points about the broader effort that's, that's underway during this session. And that's, that's sort of separate from, I think, this conversation specifically. But, you know, I think your members, as cities, should think about whether or not it makes sense to, to impose this tax on, on people. But thank you for being here.

LYNN REX: And I do understand your concern. I understand the policy choices involved in this. But for example, when we're looking at, what I understand from the Governor's Office, about \$500 million of local option sales tax dollars that will not be collected.

BOSTAR: That's not AM63.

LYNN REX: No, it is not, but it fits into that overall perspective. And so there's one thing. And one thing, too, I would just underscore, on that point, which is related but not direct to this, Senator Bostar, is that over the years, as those exemptions were granted on the sales tax side, over and over and over again, for the last 4 or 5 decades by your predecessors, that every time that happened with an exemption, we didn't weigh in maybe once or twice that I can recall, during that time frame. But at no point did somebody say, oh my gosh, that's a loss of local option sales tax revenue. We did not weigh in on that. We're not weighing in on how you generate the revenue this time, per se, to raise the revenue. But please understand, when it's taken away, no one was looking at that implication for local option sales tax. But now that there's a chance to recoup some of those funds, it's deemed to be, by some, a wind-- windfall. And I guess we would characterize it differently.

BOSTAR: Vice Chair, if I may continue.

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von GILLERN: Yes, please.

BOSTAR: So my understanding then is previously when we have passed sales tax exemptions, you've not weighed in on whatever various goods and service. That's my understanding?

LYNN REX: Rarely have-- we're-- we may have once or twice that I can recall.

BOSTAR: Why, why when it's a-- when it's on electricity, a necessity that everyone must consume, is it the time to weigh in and oppose when rarely that's been the case?

LYNN REX: I-- the, the reason I would give you is that it's several fold. Number one, we're facing, unless you change otherwise and we sure hope you do, but if it's a 0% cap, that's with a-- or CPI, which is ever greater, whatever index you choose, with a 0% there, that makes a difference on financing for local government. The issues that we're looking at in terms of losing the possibility-- well, I think based on what this committee is doing-- \$500 million of local option sales tax dollars. Again, the local option sales tax dollar is property tax relief, just like it is if you're giving it to another political subdivision. And we commend you for what you're doing, in terms of trying to assist other local political subdivisions. Municipalities don't--

BOSTAR: So to tell-- so now, because of other legislation--

LYNN REX: Correct. Yes.

BOSTAR: Thank you.

von GILLERN: Thank you, Senator Bostar. Senator Kauth.

KAUTH: Thank you, Chair von Gillern. Ms. Rex, so what happens when a household doesn't have enough money to pay their bills?

LYNN REX: OK, on the electric side--

KAUTH: Nope, nope. What-- when a household-- what--

LYNN REX: Oh, I'm sorry.

KAUTH: We're talking about households who are struggling every day to pay their bills, try to do maybe something nice for their family every once in a while, and they're struggling. And so, what happens? They

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have to make cuts to their budget. They have to prioritize what they spend their money on. I guess my question is, why shouldn't municipalities be the ones who have to say, OK, we have less money. Because you, you said we're going to have a reduction in money coming in. And why shouldn't the municipalities be the ones that have to adjust their budget and adjust their priorities?

LYNN REX: First of all, municipalities do that every budget cycle. I mean, I've been to a number of city council meetings, village board meetings over the years, and they are cutting. Rarely is there an expansion of any great magnitude. And we're also dealing with the state and federal unfunded mandates. We're dealing with all of that. Our most expensive unfunded mandate from the state is Chapter 48, Article VIII, Commission on Industrial Relations to pay same or similar compensation for same or similar work. But it's important to do that. So you have a lot of different things that come into play. But any-- please understand, that there's no question. Municipalities are prioritizing all the time. Their voters are the same ones that elect you. It's representative government. They are holding public hearings. They would give anything, I think, Senator Albrecht, you probably may know, too, from your service on the local level, the number of folks that show up at budget meetings. We wish people showed up at budget meetings, because that's a time to weigh in. So the prioritization is happening all the time. I can remember sitting at one city council meeting up in northeast Nebraska. This was several years ago, but they were having to cut pretty significantly. And one of those things was going to be the van that takes seniors to their medical appointments. And the sons and daughters of those elderly people, elderly people showing up in wheelchairs said, you can't do that. Please don't cut that. So the city council member said, well, then tell me what you would have us cut, because we have to make these decisions. Tell us what we would cut. Answer from this one gentleman was, well, first of all, cut the libraries. I buy my own books at Barnes and Noble. I don't go to the library. Cut the swimming pool. I don't go swimming. So there are serious decisions and discussions being made all the time. So-- but I appreciate the question, because it's-- it is really important to understand that. And we hope people weigh in. And I think that's one of the biggest challenges that folks have, is when you're looking at less revenue, how do you deal with it? When you're looking at the same revenue but additional mandates, how do you deal with it? So we have folks that are dealing with that each and every day. And again, they're taxpayers, too. They get it. They're taxpayers, too. And I know that you, you folks are subsidizing the state of Nebraska. God bless you for doing that. Local governments are

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doing the same. But obviously, they don't have to come to Lincoln. They don't have to get an apartment. They don't have to do that. But believe me, they're not getting paid much of anything. And so with that, they're, they're at church with folks. They're in the grocery stores. They're, they're-- they run into their constituents all the time, and they hear the same things that you hear. And so they're trying to make sure that they're operating efficiently.

VON GILLERN: Thank you.

LYNN REX: And we appreciate your consideration of that.

VON GILLERN: Thank you, Ms. Rex. Senator Meyer.

MEYER: Thank you, Mr. Vice Chairman. Thank you for bringing this--

LYNN REX: You're welcome.

MEYER: --chart to us. I, I guess, after glancing over this, I am really shocked, as this committee and this Legislature looks at expanding a sales tax base in order to offset property taxes. And I look at this list, and literally every, every community in Nebraska is on it. I hear every one of these, maybe not quite all--

LYNN REX: No.

MEYER: --but just about. Every one of these was passed by a vote of the people. Is that, is that correct?

LYNN REX: That is correct.

MEYER: So every one of these communities has voted for a local option sales tax. So, so statewide to me, from real people that are paying it, they don't mind sales tax, because they voted for it to help their local communities.

LYNN REX: I can put probably, Senator, on one hand the number of times an election for local option sales tax did not pass.

MEYER: I rest my case. So, so why is there an extreme-- or I shouldn't say extreme-- some pushback that now we're, we're looking at using that same revenue stream to lower property taxes. Just seems really odd that all of these communities, that people in these communities have voted for this method of taxation because it's a broad-based, for specific purposes, which is what we're looking at. It just seems odd

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that, that there's such a contrast in-- we voted on it here, but not here, if you follow my point.

LYNN REX: I do. And all I can say is that, as we've testified, I think, on LB388, also on LB1414 during the 2024 session, on LB. I mean, the League executive board and the NACO executive board have taken the position that we are not weighing in on how you generate the additional state property tax relief. We just absolutely appreciate you looking at providing additional state property tax relief. Because as the sales tax exemptions and the property tax exemptions have occurred year after year, decade after decade, it has all shifted. And there's a shift every time an exemption is granted. There's a-- whether it's property or sales, that's happened. So-- but we're not weighing in on how the Legislature generates that. We just appreciate your willingness to do that. There are 261 municipalities on this handout. There are 527 municipalities in the state of Nebraska, 377 villages, population roughly between 100 and 800. A lot are below 100 now, sadly-- 177 cities in the second class, those municipalities between 800 and 5,000 in population, and then 31 cities of the first class, population 5,000 and up, and of course, Lincoln, city of the primary class, and Omaha, city of the metropolitan class.

MEYER: Sure. Thank you.

von GILLERN: Thank you, Senator Meyer. Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern. Thank you. Ms. Rex. I apologize for missing your testimony. I had a call for my day job that I had to go take. So I apologize for that. One point that I kind of wanted to ask you-- your opinion of, is based on your experience in working in cities and municipalities across the entire state. Is there a disproportionate or, I guess, a difference in the usage of gas in rural versus urban? Do you see more electricity as the primary source for homes for power in urban areas versus rural areas, or? And I'm curious--

LYNN REX: You mean natural gas, obviously.

DUNGAN: Natural gas, yes.

LYNN REX: You know, I am not going to weigh in on that. But Lash Chaffin, who is our utilities section director, can testify, perhaps in a neutral position, and talk-- he's here today. And he can address that issue. I don't know the answer, and he might. He might. So-- but again, to underscore the fact that we're neutral on this bill if it's

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only the state sales tax. If it's a local option sales tax, because of all the other interplay, then we are, are opposing it if it includes the local option sales tax. If it's only state sales tax, you would need the word-- include the word state in that one line.

DUNGAN: OK, so just to clarify because I missed the beginning, are you, are you neutral or opposed at this juncture?

LYNN REX: Opposing it if it includes local option sales tax, because of the implications of all the other legislation. Absolutely neutral if it's just the state sales tax.

DUNGAN: OK. Thank you very much. I appreciate it.

LYNN REX: Thank you.

von GILLERN: Thank you. Seeing no other questions, thank you for your testimony, Ms. Rex.

LYNN REX: Thank you for your consideration.

von GILLERN: Any neutral testifiers? Good morning.

RICK KUBAT: Good morning, Senator von Gillern, members of the Revenue Committee. My name is Rick Kubat, R-i-c-k K-u-b-a-t, here today on behalf of the Metropolitan Utilities District, known as MUD. MUD serves roughly a third of Nebraska's population in the Omaha metro and surrounding communities with natural gas and water services. We do not handle wastewater. I'm here today testifying on the neutral capacity on AM63. I want to commend the committee on your work towards property tax relief and your consideration of exempting utility sales tax. As the committee looks at the balancing act of eliminating sales tax for utilities, I would advocate that you take a broader approach and consider equitable treatment of both natural gas and electricity. We would be supportive of last year's LB1342 that exempts both residential electricity and residential natural gas. While it is certain that this would add to the fiscal note, and I believe electricity would be a bigger component if you did both, it would avoid picking winners and losers in terms of tax policy when it comes to energy choice. The committee could perhaps consider lowering the tax rate on both to achieve a similar fiscal impact. I would argue that the affordability of Nebraskans to heat their homes during bitter cold snaps is just as important as addressing affordability of electricity. With energy use, the 3 biggest considerations are reliability, affordability and environmental considerations. Our perspective is that with the sales tax advantage to electricity over

natural gas, you are unintentionally negatively impacting reliability and affordability of Nebraska's energy choices. Natural gas is critical to our state for both baseload generation and to support renewable energy. And while all energy sources have drawbacks, I would argue natural gas significantly benefits our state's energy portfolio as a consistent, reliable, affordable choice, and one that is domestically produced. Through giving only electricity a sales tax advantage over natural gas, you are creating a marketplace and incentivizes electrification within the housing market. To be clear, Nebraska is extremely fortunate to be a public power state. Our locally elected boards are best situated to balance reliability, affordability, and environmental considerations. Tax policy that favors one source over another could have unintended consequences, even environmental ones. And this is you got to consider your source from the American Gas Association. And I'm going to wind up here. Since 1990, emissions from natural gas distribution systems have decreased by 70%, and energy related carbon dioxide emissions are at a 40-year low. Today, Energy Star natural gas households can have a carbon footprint that is 16% lower than an Energy Star heat pump and 28% lower emission compared to an electrical resistance furnace. Attempting to force customers away from natural gas is actually be a setback to decarbonization.

von GILLERN: Thank you for testimony. Questions from the committee members? Senator Bostar.

BOSTAR: Thank you, Vice Chair von Gillern. OK. I don't think the intent of Senator Linehan's AM63 is to push people away from natural gas. Some of those statements seemed a little embellished. I, I, I think what I want to try to highlight in this dialogue is how do we make electricity?

RICK KUBAT: With multiple sources of energy, one of which being natural gas.

BOSTAR: Natural gas. So, it's not really winners and losers. It's not really directly comparable products. There's overlap. There's some of that, but there's other elements to consider. If we make electricity more affordable, that's also flowing through to natural gas, since natural gas is a major fuel for the generation of electricity. And I suppose my question is, is why is that not being considered?

RICK KUBAT: There's a few things there. One, I want to commend the committee and Senator Linehan for anything that you can do to bring down utility costs. And it's a complex issue, one of which I would say

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when we use natural gas for baseload generation, generally speaking it's not as efficient. It probably operates around a 30% efficient ratio. When you directly apply it to a home, you're more in the 80-90% efficient ratio. So when it comes to decarbonization, I think that needs to be taken into consideration. In addition to that, I think we need to be cognizant of the fact of how important natural gas is to, at least in my community, in terms of reliability. When we had the polar vortex a few years ago, it really was natural gas that bailed out the Omaha metro area, en-- en-- enabling us to provide electricity to our community. And in terms of this, in terms of the tax advantage, basically what you're doing is, is in terms of new residential development, you are giving electrification of 5.5% head start, as opposed to potentially considering natural gas.

BOSTAR: Is MUD a public entity?

RICK KUBAT: We are. We're a creature of you. You make our rules. And we, we-- whatever you tell us to do, that's what we do. And--

BOSTAR: Right.

RICK KUBAT: --we-- and, and and we-- I'm a huge, huge supporter of public power in the state.

BOSTAR: I mean, there's some, you know, the, the testimony from Black Hills, the opposition from Black Hills, I, I actually get a little bit more, because they're trying to drive a level of corporate profit off of their utility sales. Black Hills has that, that dynamic. But a public entity, utility, entity talking about winners and losers in competition with other public entities, these are just policy choices. These aren't-- you're not in competition. You're, you're there to serve a utility and, and the public I don't understand.

RICK KUBAT: I, I would go even further and say that the Omaha Public Power District and MUD were partners. We work together on a regular basis. We have a great working relationship. I'm, I'm just saying that my-- our perspective would be that the Revenue Committee, I really believe, should take a broad look at utilities in general. Just, just a little side note not related to this issue, but for water and wastewater, for example, you may not be aware of it, but on the-- if I'm a, a community and I do water and wastewater and I'm going to buy a truck, I'm going to buy it on the wastewater side because that is exempt from sales tax. If I buy it on the potable water side, which is a cascading on the potable water side, you pay city and state sales tax on that. So I, I think as the, the time has gone on and we've

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considered legislation like, like this, one bits at a time, we haven't looked at the holistic picture in a perfect sense. We have time and we can look at utilities and our tax policy in a broad sense to find out what the, the best strategic advantage situation is for Nebraska, in terms of tax policy.

BOSTAR: Thank you. And again, just to reiterate one more time, I know everyone on this committee would like to remove the taxes on all of these things. I believe it is the intent of the committee to get to a point where we are removing the taxes on all of these things. Sometimes, we can't do everything all at once.

RICK KUBAT: And you, you certainly, with the items under your consideration this session, there's a lot of moving parts, and certainly appreciate and understand that.

von GILLERN: Thank you, Senator Bostar. Senator Kauth.

KAUTH: Thank you, Chair-- Vice Chair von Gillern. You said that you liked what was on LB388 from this current session, correct?

RICK KUBAT: The--yeah. I think it was Senator Wayne's-- I think it was LB1384 [SIC].

KAUTH: Right.

RICK KUBAT: It exempted propane, natural gas, and electricity.

KAUTH: Did you then go on to support LB388? Were you advocating for that, to get that through?

RICK KUBAT: In, in-- I'm lost in translation in terms of was LB388--

KAUTH: LB388 it was a bill that ,that Senator Wayne's was added to, to make it palatable. What I'm, I'm asking, is you're coming here and, and talking about this one, did you also come out in support of LB388, after it had that bill added to it?

RICK KUBAT: I don't know.

KAUTH: OK.

RICK KUBAT: And, and I apologize. I know we supported Senators Wayne's bill that exempted propane---.

KAUTH: Correct.

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RICK KUBAT: --natural gas and electricity. At this moment, like, I can't remember specifically-- I'm embarrassed-- what LB388 did.

KAUTH: That's OK. That's OK. Thank you.

von GILLERN: Thank you. We don't always remember the bill numbers, either, so. Senator Murman.

MURMAN: Thank you. If we're going to be fair to all residential energy sources in taking off sales tax exemptions, would you not include propane, also?

RICK KUBAT: I would. I would recommend equitable treatment of the energy sources across the board.

MURMAN: Thank you.

von GILLERN: Other questions from committee members? I just have a couple here real quick. You, you mentioned baseload energy natural gas used for baseload generation. Is, is-- if, if you sell-- and I don't know that you do, if MUD sells to OPPD, but if you do, is there a sales tax generated between those-- that-- in that transaction? Is that not a wholesale?

RICK KUBAT: I, I would defer that answer to Lash, and he can correct me if I'm wrong. My conjecture is that it would be considered to be an input or manufacturing exemption.

von GILLERN: Right.

RICK KUBAT: My presumption is, that one would be tax exempt.

von GILLERN: OK. OK.

RICK KUBAT: I, I can stand to be corrected by the League on that one.

von GILLERN: OK. Thank you. And then you mentioned and this was shocking to me-- a little bit off topic from the Revenue Committee-- but natural gas used for baseload generation is 30% efficient?

RICK KUBAT: As, as it relates to the efficiencies of natural gas being directly to the home.

von GILLERN: Correct.

RICK KUBAT: Yes.

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von GILLERN: OK. All right. I think that's a shocking statistic that many people need to know.

RICK KUBAT: The, the, the direct application to the home, I believe, would be more near 80-90% range, as opposed to the baseload generation to support renewables.

von GILLERN: I'd like to learn more about that. And I'd also like to have a conversation about the comment you made, about sales tax being paid for certain purchases that would be on the potable water side. I think that's a good conversation for future, because obviously those are flowing down to consumers.

RICK KUBAT: It's, it's something that I know that some members of the Revenue Committee, specifically, Senator Linehan, has had to listen to me gripe and complain about. When we buy things on the potable water side, that's incorporated in our bill. And then, there's a subsequent tax for the overall bill. That being said, you did exempt residential water, but you have a cascading of taxes on the residential potable water side.

von GILLERN: Love to have a follow up conversation on that after we--

RICK KUBAT: I'd love that conversation, Senator.

von GILLERN: --settle out of this session. Thank you. Thank you. Seeing no other questions, thank you for your testimony today. That was neutral, so we'll cycle-- are there any other-- any proponent testimony for AM63? Proponents. Seeing none, is there any opponent testimony on AM63? Seeing none, are there any other neutral testifiers for AM63? Anyone testify in the neutral position? Good morning.

LASH CHAFFIN: Good morning. I'll keep this very brief. In answer to-- my name is Lash, L-a-s-h Chaffin, C-h-a-f-f-i-n, a staff member at the League of Nebraska Municipalities. In, in answer to Senator Dungan's good question, it's interesting, interesting, because I sort of know the answer to that because I had the same exact question from Senator Moser last year. And we had a long chat on this, on this very issue. And, and the answer, no surprise, is a little nuanced. The-- in an urban area like Lincoln and Omaha, my guess is it's 50/50. Your electric bill-- residential electric bill is probably close to your residential gas bill. What throws it, what throws it off, and as I indicated to Senator Moser last year, I think the Fiscal Office and Senator Linehan have a pretty good grasp of that number. Because what throws it off is there are large chunks of Nebraska, large regional,

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regional areas that don't have natural gas at all, and-- including some sizable urban places, Valentine, places like that. The, the pipe just doesn't run there. So, so that, that throws-- I think that throws off the average substantially. Also, there's a little bit of glitch to the whole calculation, in that some utilities when they bill, they don't bill residential/nonresidential. They may bill on use, or meter size, or a number of other issues. And you know, that's, that's a technical issue that can be dealt with. But currently, no one's out there calculating the exact amount because it's never been asked for, to this point. The Department of Revenue doesn't need that number. So no-- so nobody sends them that information in that format. You know, and that can be dealt with. But I, I guess, you know, I guess-- I think the Fiscal Office has a pretty good, pretty good guesstimate, of, of these amounts at this point. And I think they did last year, as well. As far as the, the, inputs going in, that-- OK, that, that also is nuanced. There's a full column in the Department of reg-- of Revenue regulations on that exact issue. In general, yes, those inputs are not subject to sales tax. But there are, there are, there are plentiful exceptions to that. And it, it depends a lot on what exactly is going on. So it's a, it's a, it's a difficult calculation to make without the regulations in front of you as you're making your transaction. So.

VON GILLERN: Thank you for your testimony. Any questions from committee members? Senator Bostar.

BOSTAR: Thank you, Vice Chair von Gillern. Thank you, sir, for being here. So if gas bills and electric bills in the urban areas are roughly similar, and the Fiscal Office believes that the bulk of the fiscal note for all these utilities combined is made up of electricity, would that not then mean that in the rural areas there is sort of a-- that, that you could make the argument that actually removing the taxes on electricity disproportionately benefits the rural areas?

LASH CHAFFIN: I've never thought about that policy, Senator. That-- I, I, I understand where you're going, but you, you-- that-- that's [INAUDIBLE]. I don't-- I would-- I'd have to think about that a lot [INAUDIBLE].

BOSTAR: I'm just saying if--

LASH CHAFFIN: It's--

BOSTAR: --If statewide--

LASH CHAFFIN: Yes.

BOSTAR: --most of the cumulative dollars spent in taxes on utilities comes from electricity, and in the urban environment they're split 50/50, that would then have to mean that the non-urban environment is loaded more toward electricity taxes paid than non-electricity taxes paid. Just--

LASH CHAFFIN: Probably. I appreciate someone doing math in their head, for sure. Because you know, that's-- that seems rare in today's world, but the-- I think that argument probably could be made and I don't [INAUDIBLE].

BOSTAR: And then considering--

LASH CHAFFIN: There's probably other things to offset it maybe, but I don't know. I have to think about it.

BOSTAR: And then considering what you told the committee that there is-- there can be access issues to something like natural gas, that potentially the most equitable way of providing some relief on taxes paid on utilities would be through electricity, which, of course, hits every household.

LASH CHAFFIN: There are other mechanical issues to the calculation. And they may not make a difference, to your, to your deference, in that sometime-- there are a lot of residences that have a commercial component to the residence. And the-- for instance, say someone lives on a farm and they have a, they have an electric meter coming to their home. Then they also have part of their house devoted to cutting hair. You know, what-- is that residential? Is that commercial? The number, the number is not easy to grasp for the first time. I mean, once you've sort of settled into it, it's not-- it's a little hard to come up with that number. But I, I see your, I see your logic. It's, it's--

BOSTAR: Yeah. And there's no question--

LASH CHAFFIN: It's hard to argue with your logic.

BOSTAR: There's no question that there are-- there's going to be on, on any utility, if we're differentiating between residential and commercial, there are those edge cases where that line can be blurred.

LASH CHAFFIN: Yeah.

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BOSTAR: And we'll have to, we'll have to figure that out. And that would be true whether we're talking about water, gas, electricity, sort of anything. I think you're the last testifier, so I'm just going to say again. I think the intent of the committee is to remove the taxes on all of these things. And we will do so with the resources we have. Thank you.

von GILLERN: Thank you, Senator Bostar. Any other questions from committee members? Seeing none, thank you for your testimony today.

LASH CHAFFIN: Thank you.

von GILLERN: We're out of proponents, we're out of opponents, are there any other neutral, neutral testimonies? Seeing none, Senator Linehan, if you'd like to close. And while Senator Linehan comes up, we received 1 letter for the record as a proponent, zero opponent, and zero neutral.

LINEHAN: First, I want to thank everybody that came. It was short notice, and I understand natural gas and propane, and maybe if they had a little more time, they would have been a little more careful about which side they were on, if-- you know. So, thank you all for being here. I do have the list-- the fiscal note-- I'm sorry-- that we got yesterday afternoon, or I guess we got it yesterday morning. I don't know. Anyhow, here it is, for your information. And I don't, I don't really have anything. I thought it was a good hearing.

von GILLERN: Questions from committee members? Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern. Thank you again, Chair Linehan. Thank you for all of your hard work on this. I don't envy your position at all throughout all of this. I just wanted to clarify something on the record, too, because I brought it up earlier and you mentioned it, I think, in your opening with regards to the rules. I continue to get questions and calls from constituents about all this. And I see our Rules Chair here in the back, so I just wanted to make sure this was clear on the record. Our special session rules with regards to notice as for bills in hearings says as soon as possible. But the actual Chapter 9, Section 4 rule doesn't contemplate amendments. Is that fair to say?

LINEHAN: I don't know. I'm-- I've never been a rules expert.

DUNGAN: Well, I--

Transcript Prepared by Clerk of the Legislature Transcribers Office
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LINEHAN: I follow-- I talked-- we talked to people that run the-- that are in charge of Legislatures and rules, and we did everything they said to do yesterday.

DUNGAN: And this is not to imply otherwise. This is to say that our rules maybe need to be amended in the future, to specifically address that. Because I think there was some concerns that things were happening that were not in compliance with the rules, but to the point that we're making is that you did everything that the rules say. The rules are just silent as to amendments and referrals. And so it just seems like something we should maybe address moving forward with our Rules Committee. So.

LINEHAN: Yes. And I think the Clerk and the Speaker would be happy to talk to you about that, because I don't think they like it when they've got to decide whether it fits in or not. But again, I will say that the Revenue Committee staff worked very closely with the leadership of the Legislature yesterday, and we did everything according to their [INAUDIBLE].

DUNGAN: Yes, absolutely. Thank you so much.

LINEHAN: You're welcome.

von GILLERN: OK. Thank you. Any other questions from the committee members? Seeing none, that'll close our hearing on AM63 and close our hearing for the day. And thank you all for being here.