von GILLERN: Good afternoon, and welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing the 4th Legislative District, and I serve as the chair of this committee. Committee will take up the bills in the order posted. The public hearing yours-- your, your opportunity to be a part of the legislative process, and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name, and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by the proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer, if they wish to give, give one. We'll be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you'll have one minute remaining, and the red light indicates you need to wrap up your final thoughts and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard; it's just a part of the process, as senators may have bills to introduce in other committees. A few final items for today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room; such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position statements on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I'll now have the committee members with us today introduce themselves, starting at my left.

SORRENTINO: Tony Sorrentino, Legislative District 39, Elkhorn and Waterloo.

JACOBSON: Mike Jacobson, District 42, North Platte, Lincoln County, and Hooker, Thomas, Logan, McPherson, Hooker and most of Perkins.

MURMAN: Dave Murman from Glenvil, District 38. And I represent eight counties, mostly the southern tier of counties along the Kansas border.

IBACH: Teresa Ibach, District 44, which is eight counties in southwest Nebraska.

von GILLERN: Thank you. Also assisting the committee today, to my right is our legal counsel, Sovida Tran. To my left is our legal counsel, Charles Hamilton, and far left is committee clerk Linda Schmidt. Pages for the committee today, please stand and introduce yourselves.

LAUREN NITTLER: Hi, I'm Lauren. I'm in my second year at UNL, and I'm studying ag econ.

JESSICA VIHSTADT: Hi, my name's Jessica. I'm also in my second year at the University of Nebraska-Lincoln, and I'm studying political science and criminal justice.

von GILLERN: Please-- thank you for your help today. With that, we'll begin today's hearing-- hearings with LB468. Please welcome up Senator Clements.

CLEMENTS: Thank you, Chairman von Gillern, and members of the Revenue Committee. Thank you for giving me more than three minutes. I've timed myself at 12 minutes. I'm sorry.

von GILLERN: You get more on the opening statement, so you're OK.

CLEMENTS: It's a, it's a pretty complicated bill. So we'll start with this. I'm Senator Rob Clements, R-o-b C-l-e-m-e-n-t-s, and I represent Legislative District 2. I'm here to present you LB468. LB468 will take Nebraska's three drastically different inheritance tax rates down to a single rate. Nebraska currently has a 1% rate after $100,000 exemption for immediate relatives, but an 11% rate for distant relatives, and an even higher 15% for non-relatives. This kind of taxation is fundamentally unfair. Two people could jointly inherit a property with one paying 11 or 15 times more tax than the child beneficiary. I don't believe this is in the spirit of the state constitution when it refers to "uniform and proportionate" taxation. I believe we owe it to Nebraskans to do better. During my time at the Legislature, I have worked to improve Nebraska's tax structure to make us a more competitive state. Addressing Nebraska's inheritance tax is a significant part of improving Nebraska's tax structure. It also helps our families by preserving family assets, increasing private capital formation. Currently, when a beneficiary cannot pay the inheritance tax, they're forced to sell the property. This opens up property for purchase by out-of-state interests that is lost by local families. I believe Nebraska families deserve better, and we can do better. Inheritance taxes have been repealed by 45 states since 1925. 14 of those states dropped the tax after the loss of the state credit against federal estate tax in 2001. Nebraska and only four other states still collect inheritance tax. These are Kentucky, Pennsylvania, New Jersey and Maryland. Nebraska remains the only state where it is paid to counties. Iowa had a tax, but it eliminated its inheritance tax completely on January 1 this year. In the 2024 session, I brought LB1067 to phase out Nebraska's inheritance tax gradually by 2028. It came a few votes short of passing on General File due to potential property tax increases by counties. To meet the goal of lowering Nebraska to a 1% tax with $100,000 exemption for all beneficiaries while holding total county revenue level will require approximately $34 million of funding for counties. I would like to do more, but am limited by the current budget shortfall. The inheritance tax is a very inconsistent form of revenue for most counties, and can fluctuate wildly from year to year. The changes I propose would provide revenue that is much more stable for counties. I want to thank NACO for hosting several stakeholder meetings this interim. The counties have expressed interest in phasing out inheritance tax if we could find replacement revenue. Jon Cannon and Candace Meredith of NACO worked hard to identify various sources of county revenue we could increase. Since last May, my staff and I worked with NACO on several ideas for revenue replacement. The LR34-- LR314 interim study hearing in November gave the Revenue Committee some of these ideas. LB468 proposes several county revenue sources. Please turn to the county revenue sources list in your handouts. I'll go down the list, starting with number one. Motor Vehicle Tax Administration Fee. This change I propose to the Motor Vehicle Tax Administration Fee simply doubles the county fee from 1% to 2%. Would keep the cost of a license the same for the vehicle owner. Slight changes in the distribution amounts in the bill would hold the cities harmless. The change to school funding would cost local schools $1 million, and the state $1 million in TEEOSA aid, but these losses are made up in other parts of the bill. Number two, Insurance Premium Tax. I propose lowering the state's share of Insurance Premium Tax from 40% to 30%, and increasing counties' from 5% to 15% of the $148 million total. Prior to 1985, counties received 25% of the total premium taxes. Then, fund shares were increased for cities and schools, and counties were reduced to 5%. My change replaces some of the revenue the counties lost by reducing the state's share. Third, Securities Act Cash Fund. The Securities Act Fund-- Cash Fund receives revenues under the Nebraska Securities Act. It's paid by investment firms for licensing fees to the Department of Banking for supervision. The fund has been used in recent years to supplement the state General Fund. LB468 allocates $5 million of the approximate $40 million a year from the fund to reach the goals of this bill. Fourth is the (Train) Car Line Tax. Currently, the $3 million of (train) car line tax is distributed according to property tax distribution, so counties only receive about $600,000 of this amount. However, counties receive 100% of air carrier taxes. I propose to distribute the car line tax like the air carrier tax, so counties would receive all of the $3 million. There would be no change in the tax rate. Schools would lose about $1.8 million statewide, but equalization aid would offset about 50% of the amount, and other parts of the bill offset this loss. Number five is the Nameplate Capacity Tax. The nameplate capacity tax was started in 2011 at a rate of $3,518 per megawatt in lieu of property taxes to help renewables start up. Since then, property taxes have increased 86%, averaging 4.55% per year. But this tax rate has never changed. If the nameplate tax had increased the same as property taxes, it would be $6,560 per megawatt. With the current distribution of the tax, counties rec-- would receive $2.5 million of this new revenue. This figure is based on 2023 reports, and will likely be higher. Schools would gain $7.5 million locally, more than offsetting their other revenue losses previously mentioned. Number six is documentary stamp tax reallocation; 6a is site and building. Documentary stamp tax funding of $0.25 per $1,000 going to the site and building fund [SIC] would be transferred to the counties. The fund would continue to function, but receive [INAUDIBLE] from-- revenue from DED, General Fund requests, or individual bills. This fund has functioned mostly as a flow-through fund for bills, with $47 million of flow-through from bills in the last few years. Counties would receive $4.1 million. 6b is affordable housing. The Affordable Housing Fund [SIC] would go from $0.95 to $0.90. The fund has been built up in recent years, and this year, $12.5 million was transferred to rural workforce housing, and $12.5 was transferred to middle income housing from extra funds. The fund would still get $16.3 million a year rather than $17.1. Counties would receive that difference of $835,000. 6c is behavioral health. Behavioral health services would change from $0.30 to $0.25 to match the homeless shelter doc tax rate. Revenue would change from $5.4 million a year to $4.6 million a year. Behavioral health expenditures have been under $3 million a year, and the unspent fund balance there is $12.6 million. Counties would receive $835,800. Line seven is a doc tack-- doc stamp tax increase. LB468 would increase the doc tax by $0.50 to $2.75 per $1,000. This would add $125 to a $250,000 house sale, and generates $8.3 million of revenue for the counties. Lines eight through eleven. There are four other fees-- NACO pointed out four fees which have not been updated in many years. These include marriage license, advertising, motor vehicle inspection, and distress warrant fees. NACO and my office estimate these fee updates would produce an extra $2.1 million of revenue for counties, and come closer to the actual cost for providing these services. Next, we go into some of the revenue replacement items. Line 12, ImagiNE Nebraska monetization. My bill would remove the monetization tier of the ImagiNE Nebraska Act for new applicants. This tier is projected to cost the state $9 million a year, and higher in coming years. This tier applies to companies offering $50 million or more in new capital expansion, but not necessarily offering new employees to the state. This tier is a sales tax refund through state tax credits. Lower corporate income tax rates and lower property tax will more than make up for this change, in my opinion. Current applicants for the program will still be eligible. 13 is the data center sales tax. Data center sales tax exemptions totaled $7 million last year. LB468 will remove this exemption, and save the state this amount, offsetting losses from other provisions in the bill. Lower income taxes and property taxes should also offset this amount for these companies. Next, please change-- please go to the inheritance tax change proposal sheet, which I have around somewhere. This one. The inheritance tax change proposal sheet shows the change-- changes to the 2024 county inheritance tax revenue based on changes in exemptions and tax rates. I am reducing Class 2 and 3 rates first, which penalize heirs who are not children; these 12% of beneficiaries pay 38% of the total inheritance tax. Line 12, lowering the Class 2 and 3 rates to 1%, raising the exemption to $100,000 to match Class 1 rates will require $33.8 million of replacement revenue. LB468 totals $43 million of revenue, if all adopted. I've committed to matching the county total revenue loss with replacement revenue. I will offer amendments to the tax rates if the committee changes the revenue items to hold counties harmless, and you can see that I have a computer spreadsheet that's able to calculate different amounts with different rates of tax. In closing, LB468 doesn't repeal the inheritance tax, but will at least make this tax more fair. If state revenues were not short, more could be done this year. Nebraska is losing retirees faster than we are gaining population from other states. Our inheritance tax contributes to this outmigration. I believe we can do better as a state in this area, and give people more reasons to stay in our state and not leave. Thank you for attending this hearing today. I'll be glad to hap-- answer any questions at this time. Thank you, Mr. Chairman.

von GILLERN: Thank you, Senator Clements. Questions from committee members? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you, Senator Clements. You've given us a lot to digest here. I just have a couple-- or a few questions I want to go through, to make sure I understand a little bit more of the revenue sources listed or being proposed here. And if anybody following you has additional answers, you can defer to them, too. The first one here, you're talking about the, the county motor vehicle tax admin fee increasing from 1% to 2%. You made the comment that that would not affect licensing costs for individuals. So who, who is paying that additional money if we increase that admin fee from 1% to 2%?

CLEMENTS: The, the, the person licensing a vehicle who's going to pay the same that they did, but the county is going to take an extra percent off the top, which reduces the amount other-- it currently then distributes to counties and schools, especially. And the-- you know, the change on the right-hand side, you can see $2 million to the counties and $2 million less to the schools, which I'm say-- I've been told that the TEEOSA formula would cover about half of that loss to the schools. That's why we have new revenue of $2 million but schools minus $1 million and state minus $1 million by funding TEEOSA.

DUNGAN: So that's more of, like, a, a reallocation, essentially. They're taking more off the top, but individuals--

CLEMENTS: Yes.

DUNGAN: --going in are not going to pay extra money.

CLEMENTS: Right. I think our motor vehicle tax licensing is already pretty expensive. I didn't want to raise it at all. It would be the same price.

DUNGAN: Yeah. OK. That makes sense. On line 4-- or, I guess number 4, the, the train car line tax, the--

CLEMENTS: Yes.

DUNGAN: The change there-- similar to what you just said. You're-- you said that your understanding is that TEEOSA would offset that with the equalization aid. Could you speak just a little bit more as to how this change in funding affects the resources portion of TEEOSA? Is that what you're saying, is that this will change--

CLEMENTS: Yes.

DUNGAN: --the resources that are at the schools, so that will be offset by increased equalization?

CLEMENTS: Yes. That-- switching this-- oh, let's see here-- to the county-- currently the schools are about $1.8 million. They're going to lose some resources there, but they'll lose about half of it, the-- when they lose resources, TEEOSA formula makes up for that half. So, I'm showing the school loses $900,000, and the state funding more in the TEEOSA formula to schools.

DUNGAN: OK.

CLEMENTS: --would-- they'd pick up the $900,000.

DUNGAN: That makes sense. And then, on line number 5, on the nameplate capacity tax. I know I've had conversations with companies about increasing that tax over the last few years, and it sounds like, to me, there are folks in the industry willing to be a part of that conversation. Have they, I guess, for lack of a better way to put it, signed off on this increase or said that that's a, a doable increase for them? Or is this more of an increase just to get to a particular number?

CLEMENTS: This was an increase to have them-- have the same tax increase that property taxes had been. But I have not really worked with that industry as far as what their opinion is. I haven't heard from them, and I have--

DUNGAN: OK [MALFUNCTION] in the room here today or not.

CLEMENTS: I don't know.

DUNGAN: We can find out at some point, I'm sure.

CLEMENTS: Right.

DUNGAN: And then, moving on to the, the reallocation. So, it sounds like with the doc stamp reallocations, we're talking about reducing the amount of funds that come from that doc stamp to those three different funds, behavioral health, affordable housing and site and building development. It sounds like from your comments, you believe that those funds are still funded sufficiently,--

CLEMENTS: They're still-- they're sustainable. I--

DUNGAN: Sustainable.

CLEMENTS: --didn't want to take much off of them; wanted to reduce them a little bit, but there's-- it would still be sustainable on what they're spending versus what they take in.

DUNGAN: OK. And I think that the hard part for me to understand, at least from our position in Revenue, is we hear, in this committee, time after time, "We need more affordable housing. We have behavioral health shortages." I mean, we-- the Legislature hears that all the time. So, I'm trying to sort of understand why there's that additional money just sitting in those funds if we're hearing from those individuals that they need that money. Is that more of an Appropriations question? Is that fair to say?

CLEMENTS: Well, no, it's applicants asking for the money, or DED distributing it. If there, you know-- could be that it's not being distributed, but I-- it just has-- both of them do build up rev-- surpluses.

DUNGAN: OK. And I, and I-- we can dig more into that, as I'm sure we talk about the budget moving forward. But I appreciate that. The last couple of questions-- I apologize, I'll be done here soon-- is we're talking a lot about increasing the, the, the cost or the fees for certain things the county does, right? Marriage licensing, motor vehicle inspections, distressed warrant fees. And I know during the interim study, I think you and I had a conversation at that hearing about matching the fee to what it costs to administer that actual thing. And I'm trying to wrap my head around how-- if we're increasing the fee just to what it costs to administer that thing, how are we making extra money? Because I, I think we can have a valid conversation about, you know, raising fees to make them commensurate with how much things cost nowadays if they haven't been raised for a long time. But if we then increase that fee beyond what it costs to actually administer that thing in an effort to capture more money to pay off this inheritance tax balance, I guess that's where I get a little bit more concerned, is that we're trying to raise these fees beyond what it actually costs. So, I'm trying to understand how we're raising money if we're actually just increasing the fees to what they should be to pay for that individual item.

CLEMENTS: Well, and-- you know, column three talks about what the actual cost is. Marriage license is going up to $40, and NACO found $50 was their cost. This would be the amount of revenue increase NACO would get; that's being funded by property taxes right now. And if that-- if the property tax levy can stay the same, this would be new revenue to replace inheritance tax loss.

DUNGAN: OK. And then the last question I, [MALFUNCTION] sort of about the big picture place-- where we are today, and how we got here with this [MALFUNCTION] and I know we had this conversation then, too, and I just want to make it sure it's clear to the committee-- the conversations that were had with this sort of tack-- task force, this working group, was there agreement amongst all of the individuals in that sort of task force that this is what we should do? Or was that more of an idea-generating kind of organization, and then this is what you're proposing?

CLEMENTS: Right, that was an idea-generating item that I worked with NACO on possibilities [MALFUNCTION] came up with what I think changes in rates would be. And it's been a lot of moving pieces. And so, this is my proposal, and I'm assuming that the committee may make some changes to it.

DUNGAN: OK. And then the last question I had is, do you or anybody else, I guess after you, have any sense as to how many people [MALFUNCTION] we're trying to modify first, do we have any sense as to how many folks that actually affects?

CLEMENTS: I do. I have the 2024, 2024 report through June 30 of '24. If I can get to the total here. There were a total of 13,960 in fiscal year-- as beneficiaries. 1,700-- about seven-- about 1,800. Excuse me. 1,700 of those were Class 2 and 3; 12,200 were Class 1.

DUNGAN: Thank you. I appreciate that. Thank you, Senator Clements.

von GILLERN: Other questions? Senator Bostar.

BOSTAR: Thank you, Chair von Gillern. And thank you, Senator. I, I had a question about the fiscal note, specifically the fiscal note from the Nebraska Department of Banking and Finance. I'm just trying to understand. So, it's representing in '25-'26 and '26-'27, $5 million expenditures out of cash funds and $5 million in revenues into cash funds. But I-- so, so, no net difference. But within the description-- and I'm trying to just wrap my head around it-- it talks about how the, the $5 million would transfer to the count-- [MALFUINCTION] as a result of LB468, the transfers to the General Fund would decrease by $5 million annually, but there's no negative on the revenue side, on the, on the fiscal note, under general funds. And so, I'm trying to-- I'm trying to figure out where that--

CLEMENTS: Well, the fiscal note-- fiscal note just came out yesterday. I haven't had a chance to look at it closely, but there should be a $5 million reduction to state general funds.

BOSTAR: OK, that's-- yeah, that's what I thought, and I just wasn't seeing it, so.

CLEMENTS: Yeah, that's why I show that on, on line 3.

BOSTAR: Got it. Well, thanks.

CLEMENTS: We're just sending $5 million that currently comes to the state General Fund over to the [INAUDIBLE]. Right.

BOSTAR: Thank you so much.

von GILLERN: Other questions? Seeing none. Thank you, Senator Clements. I presume you'll stay for a close?

CLEMENTS: Yes.

von GILLERN: All right. We'll welcome up our first proponent for LB468.

CLEMENTS: I've asked my brother to come next.

von GILLERN: We won't hold that against you.

CLEMENTS: Thank you.

RICHARD CLEMENTS: Chairman von Gillern, and the committee members, I'm Richard, Richard Clements, R-i-c-h-a-r-d C-l-e-m-e-n-t-s. I'm Senator Clements' younger twin brother. By one minute. I'm an estate planning attorney. I've been practicing in Elmwood, Nebraska for 49 years now, and I, I support LB468 on the general policy reasons of-- first of all, the imposition of tax on nieces and nephews and other relatives at 11% and 15% versus 1% for children is unfair and equal-- unequal treatment for Nebraska families. And I would say that it really is an imposition of a penalty on decedents who died without children to receive their assets. And I guess I-- on page 2 of my handout, I have an example of two estates that I've handled in the recent past. One of them had two children that received $3 million; the taxable estate of that-- of their decedent, and their exemption was $200,000 and their, their tax due was $28,000. The two nieces in a different state received about $300,000; they paid $24,000, almost the same amount as the people that paid-- that received ten times the amount of the estate. Just, just shows the discrepancy. And persons that would have been non-relatives would pay another $10,000 more-- dollars more than the heirs that had ten times the property. So, it-- that just gives you a, a life-- a real-life example in my practice of what has happened. I guess in, in 2024, I represented two UNL students whose, whose uncle passed away without children and left them their great grandparents 'farmstead. They were wanting to home-- to keep that farmstead, a, a, a home near Murdock, Nebraska, and they had to sell the-- they had to sell that homestead in order to pay the $40,000 inheritance tax. They're students in, in university and didn't have their own cash to pay it, so they ended up selling that. I did have a neighbor recently that moved to Florida a few years ago. He recent-- he then since died, and he moved specifically to, to get rid of the income and inheritance tax issues that his estate would have incurred. The-- my last point is the exemptions that my brother has presented also present another way to equalize the, the taxation of-- among different types of relatives that-- I guess I quoted on my last-- on my last point. 51 years ago, the Nebraska "promate"-- Probate Code was enacted to promote a speedy and efficient system for liquidating the estate of the decedent and making distributions. The inheritance tax of-- at least for persons with-- that are nieces and nephews is delayed and certainly expensive, and not efficient at all. But I would welcome your questions.

von GILLERN: Thank you for your testimony. Questions from the committee members. Seeing none. Thank you for being here today.

RICHARD CLEMENTS: Thank you.

von GILLERN: Next proponent. So, these are not props, I take it.

JON CANNON: I hope not.

von GILLERN: All right. Your light's on.

JON CANNON: All right. Good afternoon, Chairman von Gillern, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials-- you may have heard of us referred to sometimes as NACO-- here to testify today in conditional support of LB468. I certainly want to thank Senator Clements for the, the work that he's done on this, he's put in. He and his staff have, have really done an-- made a yeoman's effort as far as trying to make sure that column A lined up with column B, to make sure that the counties remain whole and, and their effort certainly is to be commended. I also want to make sure I specifically thank the governor for supporting the premise behind this, this exercise that we're here today. We had him on, and, and I know that if I, if I misspeak, there's a representative from his office that can correct me if I'm wrong, but he assured the NACO board when we were on our call to take positions on bills, including this one last week, that we will not let the counties go backwards, as far as their revenue streams. And so, we certainly appreciate the prem-- the, the governor supporting the premise behind this, this whole thing. And again, as I said, our support is conditioned upon counties being made whole throughout all of this. And so, there's a lot of pay-fors that Senator Clements has put into this bill. You know, and, and as he has noted, the pay for is exceed the total revenue reduction, and so I, I think it's almost like a menu of options for the Revenue Committee to decide which ones they would like to advance to the floor. I will make my remarks brief. It's really centered more on kind of the overarching tax policy. Ms. Meredith, the deputy director for NACO, will be behind me to cover a lot of the technical detail. And so, that gives me an, an, an out; if you ask me a question that's probably too hard for me, I'll, I'll defer to her. LB1067 last year, I, I, I think we all-- most of us remember it. You heard from the counties about replacement revenue. How do we want to found-- fund the county government? You heard that again when it came to the floor. I know that a lot of members on the-- of the Legislature that were here last year, that you all got a lot of phone calls from your, your constituent county officials. You will hear different counties testifying in different capacities today, and you'll receive a lot of letters from them. And it just reflects the incredible angst that all of us have when it comes to this particular issue. You know, last year, about $914 million was levied by counties in property taxes, and counties received about $93 million in receipts from the inheritance tax. And so, if you look at the overall receipts that counties received, that represents a little over 10% of, of the whole. And so, you can imagine, from, from our perspective, it's either 10% more of a spend on the property tax side, or it's 10% less services, which we hear from our constituents they don't want less of. In the materials than you have, there is a poll that we have, and it's after the-- in the red tab, toward the, the, the back of the red tab included in the materials. And what this poll reflected was, when you explain how the inheritance tax works and what it pays for, 80%-- 76% to 80, 80% of Nebraskans are opposed to eliminating it without appropriate replacement revenue. My light is on. I'd be happy to answer any questions that you have.

von GILLERN: If you'd just finish that thought, please. On the poll.

JON CANNON: Sure.

von GILLERN: Thank you.

JON CANNON: Yeah, thank you. So, as far as the polls is concerned, you get toward the end-- it's from New Bridge Strategies-- Nebraska voters want the state Legislature to focus on eliminating or drastically reducing property taxes or state income taxes, 53% and 21%, respectively, for property taxes and state income taxes. Just 12% point to the inheritance tax. If you go another couple of pages, and I don't a-- I don't have page numbers, I apologize. But there's-- one of the, the things says three in four voters support the state dedicating other tax revenues to maintain county services if the inheritance tax is eliminated. And on the very next page, most voters oppose counties increasing taxes or limiting services if the state eliminates the inheritance tax. I, I think that's just an adequate representation, a fairly accurate representation of how the voters feel about this particular issue. And so-- anyway, that, that-- that's it, as far as the part about the poll is concerned.

von GILLERN: Thank you. Thank you. Any questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you for being here, Mr. Cannon.

JON CANNON: Thank you, sir.

DUNGAN: We've talked about this a number of times, both in this committee and in meetings afterwards. And I just want to make sure I understand sort of NACO's position here. So, is it fair to say that your support for the bill goes so far as to say you just want to ensure that your revenue is replaced? Is it-- and not necessarily support for these particular revenue streams? Where, where does the level of your support fall? If that makes sense. Is it "we don't care what you do so long as we get made whole?" Or, is it "These ways that Senator Clements bill proposed are the ones we want you to do to get there?"

JON CANNON: Yeah, I, I, I appreciate the question, Senator, and I'll, I'll try and give as, as inartful answer as I can. When it comes to replacement revenue, we have a, a few basic premises of, of what that should look like. It should be adequate, as in dollar-for-dollar [INAUDIBLE] and as the governor had, had told our board, no county should be left behind. It should be sustainable. It should be something that, when you look at the, the long term, is going to roughly reflect the economy in general, and what, what the cost of government-- how much that goes up on, on an annual basis. And, and frankly, the best ones are those that are locally-sourced. And so, we have the documentary stamp tax in there. It, it-- that really satisfies all three of those things, you know, because it's, it's generally dollar-for-dollar replacement, it's going to be locally sourced, that-- in, in the sense that it is collected by the county and then a, a portion of it is remitted to the state. When you look at the documentary stamp tax, you know, it is a tax for the privilege of recording a transfer to-- title the land in the recording systems of our state, and that's in, in, in each county. And that, that would be at the Register of Deeds office or the clerk's office in each county. And, of the $2.25 per $1,000 of, of value that the tax is imposed upon, $0.50 goes to the county; $1.75 goes to the state. Now, generally, when, when I think of tax policy, I, I think in terms of that-- the subject of the tax should roughly correspond to the object of the tax. And so, if the purpose of the, of the documentary stamp tax is to-- is for the privilege of recording, then it stands to reason that it should go towards the people that are doing the recording. And so-- anyway, as far as the, the specific avenues that Senator Clements has suggested, you know, the-- you're never going to have the, the, the perfect match for, for everything. But I think this is a very good start, and, and at the very least, it has us-- it has us embark upon a conversation that-- ordinarily, when we've had the, the inheritance tax discussion in this committee before, it was a fairly sleepy affair; it was NACO, a bunch of counties were generally opposed, and a few people were, were generally in favor of it. And now, today, I'd like to welcome everyone else to the conversation.

DUNGAN: Well, I, I definitely appreciate your continued work on this, and I know that you've worked really hard with the governor and Senator Clements. I, I genuinely appreciate that. You know, if you-- if your, your sort of north stars that you're looking at with regards to revenue replacements are that it's an adequate funding source, that it's sustainable, that it's, it's locally-sourced, the other one that I would add to that that I'm often concerned about is, who's it going to impact?

JON CANNON: Sure.

DUNGAN: Is it in fact a progressive or a regressive impact? And just to be frank, I get concerned when we start talking about the increase in fees in order to offset lost revenue, because the question I think we start having to have is who is this impacting to make up for a decrease in taxes for-- who's that affecting? Right? So, if we're talking about 13,000, I think, people, is what-- we said-- saw beneficiaries from this, or people affected by the inheritance tax, I think that roughly calculates to 0.06% of the population that's affected by the inheritance tax every year.

JON CANNON: Yep.

DUNGAN: Certainly, we can bring bills that affect those people. But do you have concerns that an increase in these fees that are being discussed here is going to have a larger impact on a larger number of people to offset the benefits for a smaller portion of folks? Does that make sense?

JON CANNON: It, it does. I understand the, the, the premise, Senator. I-- and I guess the way I look at it is the fees really cover the cost of government, and-- when you look at sheriff's fees, for instance. I, I think one of them, for service of process, it's $2. I mean, that, that doesn't even cover the cost of starting the car. Right? And so, to the extent that, that the cost is going to be borne by everybody on the property tax side, you know, your, your point about 0.06% of the population being impacted by the inheritance tax is well-taken, but again, on the fee side, when the-- the cost of government is borne by everybody. And so, you know, having that go directly to the people that are, that are using those services directly, I, I think, from a tax policy perspective, it seems to make a little bit more sense.

DUNGAN: That makes sense. Last question I have for you. In these discussions that happened through the interim study and, and coming up into this session, was there also a discussion about eliminating some fees that essentially are negligible? And if so, which of those have you had conversations about as a part of this whole equation?

JON CANNON: We have had that conversation. We've-- and actually, Ms. Meredith might be-- I'm, I'm, I'm volunteering someone behind me-- Ms. Meredith may have a better idea on this. I, I seem to recall that on motor vehicle taxes, I, I know that we make a first step on the motor vehicle tax portion of this bill. There are, there are actually probably ways of, of redistributing or, or re-figuring the fees on the motor vehicle tax side, where the actual cost is borne by the people that it, that it should be borne by. But, but some of those fees kind of go away. There may be others that, that I, I seem to recall that we've had discussions about. You know, some of these are just kind of obsolete.

DUNGAN: Mm-hmm.

JON CANNON: And, you know, frankly, I, I, I don't have a position today. I'm sure I, I would have-- be happy to take a look at them and, and say, yeah, these, these actually cover the cost of government, and these, maybe, do not, and should go away.

DUNGAN: OK. Thank you. I appreciate that.

JON CANNON: Yeah. Thank you, sir.

JACOBSON: Other questions from the committee? Yes, Senator Bostar.

BOSTAR: Thank you, Chair Jacobson. And thank you, Mr. Cannon.

JON CANNON: Yes, sir.

BOSTAR: For the record, I appreciate your support for eliminating the inheritance tax. But I also keep finding new reasons to be very intrigued about your processes at NACO. So, I just want to understand. So, your-- the, the counties that make up NACO are split on this particular bill?

JON CANNON: I would say that there's not universal support for any one position, and I, I would suspect that it's going to run the gamut.

BOSTAR: Is-- are the counties represented on your board split?

JON CANNON: Yeah, I'm pretty-- well, we're-- we'll find out today, but I'm pretty sure that, that at least two of them are going to be in opposition. So, yes.

BOSTAR: So, I, I think that then, this, this is why I-- this is what I'm interested in. So, we had a bill earlier this session introduced by Senator Ballard where there was-- it was supported by counties on the NACO board, and another county on the NACO board expressed reservations; that moved NACO to neutral. But in this case, that didn't move NACO to neutral, NACO is still in support. And so, could you tell me a little bit about how this works when you have a divided membership? How is that decision made about when NACO is supportive, or potentially neutral, or in opposition in those circumstances?

JON CANNON: Yeah, fair question, Senator. So, what I can tell you is that there were no nay votes when it came time to take a vote on NACO's position at the board for this bill. As for the bill you're referring to, Senator Ballard's bill, we took positions the morning of the, the hearing on that. The recommendation from the NACO staff had been we should support the bill. There was a question that was resolved. We didn't have the opportunity to have it resolved in time for the hearing, because we, we wanted-- and, and I think I expressed during my testimony-- we wanted to visit with Senator Ballard and the stakeholders. We were generally supportive of the concept, et cetera. And so, the, the, the NACO board said, well, we're going to go to neutral. And I'm like, well, that's kind of, like, a beige alert. I mean, you know, we're, we're not-- we're, we're very-- we're very-- we feel very strongly about not feeling very strongly about something. But that was the direction from the board, and so we got-- we had our questions resolved. And, and I, I-- as I recall, the-- that, that bill came whistling out of committee 8-0. But-- which we were happy with.

BOSTAR: So, so the-- when, when the NACO board voted on this bill, there was no opposition from the board members?

JON CANNON: There were no nay votes, sir.

BOSTAR: Yet, they will be in opposition at the hearing.

JON CANNON: So, we have representatives from individual counties. The three largest counties each get a, a representative on the board. We have district representatives as well. You know, they comprise the five NACO districts. And when someone that's a representative from, say, Sarpy County issues a yes vote, that's one vote on the NACO board, and they're also one vote among five on the Sarpy County board. And so, if the Sarpy County board takes a position that's, that's not at odds, necessarily, but is different from what the NACO board has decided, then that's one vote out of 20 on the NACO side, one vote out of five on the Sarpy County board side. Not to pick on Sarpy, because I'm sure I'm going to get an angry phone call or text here in a little bit, but--

BOSTAR: This is what I'm trying to understand. So, so the, the way this can happen is if the individual board member on the NACO board, let's say, is supportive of something, but they again that-- they then get outvoted on their own county board, so the county takes a different position? Is that, is that-- I mean, is that the circumstance that we're kind of--

JON CANNON: It could be. Yes, sir.

BOSTAR: Well, I, I suppose I would hope that those that are on your board representing your counties try to do a, a-- you know, the, the task of representing the, the holistic view of their counties. But I appreciate your answers.

JON CANNON: Yes, sir. Thank you.

JACOBSON: Any further questions from the committee? I do have maybe one or two. I guess, listening to Senator Dungan's question-- and I, I would tell you, I'd probably look at this from a little bit different lens. What I have heard from my constituents consistently is they want property tax reductions. And so, I made it clear on the floor last year that, that I hate inheritance taxes, but I hate property taxes more. And I still have that position. So, if we're going to make the elim-- reduce the inheritance taxes, we-- we've got to get pay-fors to ensure that it's not going to impact property taxes. I also believe that, when it comes to the pay-fors, that, in a perfect world, we would have fees aligned with services provided so that we're at least collecting the hard cost and some of the overhead for everything out there. So, when we start talking about eliminating fees, I kind of bristle, because if somebody is being charged a fee, they're getting a service, and why shouldn't they pay for that service? I'm also a believer that outside of essential consumer goods and business inputs, I think that, that income-- or that, that sales taxes are a better way to collect tax revenue. It's, it's, it's less in-your-face; in a lot of cases, it's, it's invisible, and, and those-- and collecting those dollars to reduce property taxes seems to make sense. I know last year, we did put caps on counties and cities in terms of budget growth. We still have some work to do with public schools. But-- and I recognize the fact that that's where the bulk-- the majority of our property taxes go. So with that said, I'm-- I-- I'm-- my only issues that I see with the inheritance tax change in this bill has been the fact that we're going-- we're only reducing the-- those that are unrelated and those that are, that are cousins, and so on. And my concern, along with, with [INAUDIBLE] inheritance taxes is the, the big, big hit is the federal inheritance tax. And the 1% at the state level is probably not going to break anybody. But now we're going to have everybody at 1%, and if we're trying to pass on generational wealth from mom and dad, that's one thing. But if it's somebody that I haven't known for years, and somebody I've never visited for decades, I don't know what's wrong with paying 15% if that happens. Particularly if you're living outside the state. But, but nonetheless, that, that's not how the bill is crafted, and, and it's moving us in the right direction. But it's still going to leave us with an inheritance tax in Nebraska. My question for you is that my assumption, as I-- I think when we visited last year, the 1% is the lion's share of the property [SIC] taxes collected today. Is that correct?

JON CANNON: Yes, sir. Roughly two-thirds of, of receipts across the state.

JACOBSON: So this is going to take that other third and reduce it dramatically. And-- but they're still going to be paying the 1%, but then it's-- everybody's at 1%. And I understand why Senator Clements is bent on that. He does tax returns, and it's hard to explain to people why you're getting-- you're, you're getting hit with 15%, and you're at 1%, but--

JON CANNON: Yes, sir. I--

JACOBSON: But I-- go ahead.

JON CANNON: I, I would also add, sir, that, you know, there is a recognition from NACO that this is-- this does make us an outlier among the, the states that-- remaining that have, that have an inheritance tax. Now, of the states that, that have an inheritance tax, of-- actually even of, of any of the states that have had inherit-- an inheritance tax, Nebraska is an outlier in that it goes to the counties directly instead of the state, where it just becomes budget dust. But the-- what makes-- really truly makes us an outlier is the fact that we have the higher marginal rate. And so, when you look at our rankings, one of the things that's almost always picked on is the fact that, you know, 13% for the, the unrelated folks that, that makes us one of the higher rates in the country.

JACOBSON: I think it's actually 15%, isn't it?

JON CANNON: I, I thought we reduced it, but yeah, that-- you're-- I'm sure you're right, sir.

JACOBSON: I, I-- I'm just-- I'm-- that, that's what I've read.

JON CANNON: Yes, sir.

JACOBSON: So-- now, I, I hear you, and I think of that-- and, and that's an important piece of, really, trying to grow the economy and get other companies to, to locate here. So, I, I, I appreciate that, that color. Well, I think that-- that's probably all I needed to ask you, and I-- there'll be other testifiers I may have some questions for, so.

JON CANNON: Yeah. And, and again, I, I, I hope I artfully deferred almost all the good questions for Ms. Meredith, because--

JACOBSON: I, I think you have.

JON CANNON: --she's, she's "champing" at the bit to answer them.

JACOBSON: I think you have. Any other questions from the committee before we let-- all right. Thank you.

JON CANNON: Thank you very much.

CANDACE MEREDITH: Good afternoon.

JACOBSON: Welcome.

CANDACE MEREDITH: Candace Meredith, C-a-n-d-a-c-e M-e-r-e-d-i-t-h. I am the deputy director of the Nebraska Association of County Officials, and here in conditional support. Again, I'm here to kind of give the CliffsNotes version of the study that we-- happened over last summer to kind of talk about the revenues that Senator Clements picked out from the discussion. So, in the packet under, the second clip there, there's what I'll be discussing today. The one thing I did want to bring up is the antiquated views that we did discuss. That is something that we're continuing to work on. I think there was one bill that already moved through, was a jewelry repair liens. We already got that. We knew that was antiquated, pushed that through. So, we continue to identify these things as we go forward. Again, there was just not a lot of time this summer to get as [INAUDIBLE] as this was, so, still working through that. But just wanted to start giving that Cliff Notes [SIC] through the revenue replacements that Senator Clements brought up in his testimony. So I'm going to start off with the motor vehicle tax fee and structure. So, during the study conducted this summer, it was recognized that Nebraska motor vehicle tax and fee structures could benefit from a comprehensive review. We-- as we started digging into the layers, it became more complicated, but we see that there's opportunity there to do a review on that. However, given time constraints, the immediate proposal to increase the county's administration fee from 1 to 2% represents a good step forward in strengthening that non-property tax revenue streams that we're talking about today. That adjustment is expected to increase non-property tax revenues for counties by approximately $2 million annually. The greatest impact will be seen in medium and large counties with a higher volume of vehicle registrations. Increasing the administrative fee provides a reasonable approach to adequately compensate for the work involved in collecting and distributing motor vehicle tax revenues, which you were just discussing, Senator Jacobson. The next one-- again, when we talk about diversifying these revenues-- as Senator Clements mentioned earlier, prior to 1985, the, the counties were receiving a larger portion of the insurance premium tax. However, that was taken a-- taken away. So again, there's a vulnerability that-- but bringing it back is another sustainable source that we believe would be great, great going forward. Currently, the car line-- there's only 77 counties that do collect the car line tax, so this revenue is distributed to political subdivisions based on the ratio of that rail-- railroad tax is levied. So, the proposed language does seek to align the car line tax with the airline tax, which is collected and remitted directly to the county's general fund. This additional revenue stream is $2.4 million, and would help counties offset that recommended decreases in inheritance tax collections. The nameplate capacity tax. Currently, there's only 36 counties that do collect the nameplate capacity tax. So, taking that megawatt from $3,518 to $6,560 per megawatt. That would increase the overall purchase-- participating counties' tax collection by additional $2.5 million. Again, that would help some of the smaller counties, when you're looking at revenue replacement--

JACOBSON: Go ahead, go ahead and finish up.

CANDACE MEREDITH: So, that would help some of the smaller counties that do receive that nameplate capacity tax when we're looking at the overall revenue replacement per county. And again, there's some other stuff in there, but I will open up for questions.

JACOBSON: If it's relatively brief, go ahead and tell us.

CANDACE MEREDITH: So if-- trying to do the CliffsNotes here. A lot of information.

JACOBSON: If it was Jon, I would probably not be as [INAUDIBLE].

CANDACE MEREDITH: Fair enough. So the doc stamp tax, Jon covered that pretty well, so I won't go over that. Again, when we're talking about those smaller fees, like the distress warrants, the marriage license, the advertising fees, things like that, those are just trying to get us up to the cost of doing business necessarily-- maybe not necessarily revenue replacement per se, per-- for inheritance tax, but again, if it-- if it's not getting done through the fees, then we're looking at property tax increases because of the salary, benefits, and just the cost of doing business, so. Otherwise, I'll be--

JACOBSON: All right.

CANDACE MEREDITH: --happy to answer any questions.

JACOBSON: Well, thank you. Questions from the committee? Senator Dungan, would you have a question?

DUNGAN: I, I do, Chair Jacobson. I've had a lot of caffeine today. I apologize. I'll stop here soon. But I, I really am trying to wrap my head around some of these suggestions, because this is really complicated, and I, I try to make sure I fully understand the interplay between some of these things. The one I keep coming back to is this car line tax, and Senator Clements had discussed that if we do in fact change the allocation and make it more like the airline distribution, there will be an impact to schools. And there's a, a hope, or a desire, I think, that the TEEOSA equalization would offset that. Two part question, I guess. One, can you speak more to the interplay between that tax and school funding and why they would reduce their-- or, get less funding? And two, is TEEOSA really going to offset that with equalization, given that not every school even receives equalization aid? And I'm trying to understand how this-- they're going-- how are schools are going to be made whole if this changes?

CANDACE MEREDITH: Sure. I need a class in TEEOSA. I'll be honest, I don't know nothing about-- I-- that's an area of-- I just don't know. When we were looking at the study, we do have a page in here-- I've always called them one-pagers, but they never turned out to be one-pagers-- but we do have a page in here talking about how care-- car lines are currently distributed. And when we were looking at the analysis, as-- you know, for the air carrier and receiving the 100%, it was just one of those recommendations that, if we looked at the car line similar to the air carrier, that would help bolster the county's revenue share. When it-- and obviously, when these portions are set out from the department, they're collected by the Department of Revenue and sent out to the counties, and the counties then distribute based off of the railroad levies. So, yeah, there is an impact to those political subdivisions. But once it gets past that, I couldn't tell you the impact.

DUNGAN: And, and then, the second thing I had, just based on what you said at the very end of your testimony with regards to the fees. It sounds like you were saying this increase in fees in order to make them commensurate with the cost of the service is almost a separate issue from inheritance tax. It's-- it sounded like what you were saying is this is not going to raise us revenue that we can then turn around and spend on, you know, buying down inheritance tax, but that you want it to be raised to this just separate and apart, because that's what you need to break even.

CANDACE MEREDITH: So again, at-- when we had this study, we threw out all I-- revenue ideas that we possibly could, and put these in place. One of the-- the, the idea of increasing fees has always been in existence for counties, and we have some-- always quite a few-- had resistance for many years. But what happens when we don't raise the fees is then, we start getting into property tax burdens. And then, when we're talking about reducing inheritance tax, then our largest revenue source is property taxes. So, trying to basically proportionately assess what this will look like. That's why we trying to look at here's the cost of doing this particular discretionary item, and how do we get close to be, be able to cover the cost of that. So, again, Senator Clements is-- you know, did pick these revenues out from that idea-sharing that we had over the summer.

DUNGAN: OK. Thank you. That helps. I appreciate it.

CANDACE MEREDITH: Yep.

JACOBSON: Other questions from the committee? I think that as we look at-- I'd be curious on your opinion as it relates to-- we've got a long list of potential fees and sources that could be the pay-for. I know that there are certain sources listed on there that are going to be very politically sensitive, and I'm kind of always wanting to kind of figure out how can we avoid-- let's take the path of least resistance. I think there are several doc stamp fee bills that we're, that we're looking at in the Legislature. I know there's one trade organization that was adamantly opposed to raising doc stamp fees, even though they haven't been raised in 20, 20 years. But I guess my thinking is if you-- if, if NACO were going to look at what fees would make the most sense for you for us to focus on, that would minimize the number of fees, give you, like, you know, a larger percentage of those fees even up to 100% of the fee, to be able to raise-- reduce the number of fees that we'd have to mess with.

CANDACE MEREDITH: Mm-hmm.

JACOBSON: Not increase, but mess with where the, where the fees go to. Does that makes sense?

CANDACE MEREDITH: Yeah.

JACOBSON: Thoughts there?

CANDACE MEREDITH: Yes. A, a couple of different thoughts. One, at the beginning, the, the number one was the county motor vehicle tax admin fees, and it's not specifically the county tax, but just the overall, general-- how we distribute our taxes and fees for motor vehicles. I, I believe that needs to be-- definitely have a comprehensive review and take a look at what that looks like, because there is a, a significant amount that do go to the schools that we would need to, to definitely take a look at and be very thoughtful about. So that's, that's the first one that I, I see a potential opportunity to revisit. The insurance premium tax re-allocation-- again, when we start diversifying our revenue sources-- again, [INAUDIBLE] say this, we were burned in the-- before 1985, and so there's always this vulnerability when you start breaking down your revenue sources. Again, in any sort of business world, diversifying your revenue sources is the right way to go, so you're not stuck with a, a large source, and then economic downturn happens, or policy change happens. But again, the-- I think the insurance premium tax is the right way to go if we can keep it sustainable and show the benefit of that. Again, car line's somewhat small, not in all 93 counties, so when we're looking at the 93 counties as a whole, that's-- it's kind of a tough one, right there. And again, schools, as Senator Dungan mentioned, schools can be impacted, and we don't know what the full effect of the TEEOSA would look like. So, those would probably be my top ones. And you're right, doc stamp tax-- I was surprised about how many bills were dropped regarding the documentary stamp and the ideas there. So, there is a lot of idea-sharing, so if we put something in place, whatever it looked like today, I think that might be vulnerable for a-- for more discussion to-- so, maybe another review of how we should be using doc stamps might be in order, and what those buckets look like.

JACOBSON: Well, and, and one of the things I also look at is, it seems to me that today inheritance taxes are an uneven funding source. I mean, it's reliable, but it's very uneven. And as a result, I think many counties try to build reserves for the lean years and-- as opposed to basically programming it into property tax and, and regular expenses, and maybe easing property taxes. So, it seems to me to the ex-- to eliminate that, if we can find those fees that are very predictable, that would seem to be what you would prefer to have, and what I think would make sense so that we can truly have a pretty steady income stream. No need to build big reserves, spend down those reserves, reduce property taxes by doing it. That seems to be a way that would be more sustainable, predictable for you, and helpful to the property taxpayer. Does that make sense?

CANDACE MEREDITH: Yes. And-- because especially in smaller counties, just a lot of large numbers, the fluctuations, you know, it's really not a measure of the, the budget, really; it's more of a cash reserve, as you see in your notes here. So, yeah-- the, the idea of having more stable, long-term sol-- you know, budgeting, forecasting would be ideal. Again, we've been working on cash reserve templates to identify almost like an insurance policy where you look at your emergency response, your cash flows and making sure that your inventories for capital planning projects are managed. So, wanting to focus more about that, so the stability would help in your rev-- our revenues.

Especially as we're transitioning from a lid to a cap, cash reserves now are going to be more important than ever, as well.

JACOBSON: Right. No, I understand that. And that's why I think there needs to be an identifiable cap. And then, we need to make sure we're allocating any other dollars to-- and that's what the governor is trying to do at the state level with some of these cash reserves that have built up over time: let's take that money now and use it for the budget, as opposed to just sitting on funds because we actually have them. So, thank you. Other question from the committee? Guess there's just a few of us here right now. Thank you.

CANDACE MEREDITH: All right. Thank you.

JACOBSON: Next proponent. I'd just remind everyone again that several senators have bills that they have to present in another committee, and as Senator-- and I think Senator Sorrentino probably is heading that way, too. So, it's not that we're not interested in this information, but this is one-- that's one of the problems is when you're on a committee and you've got a bill that another committee that meets the same day, you can't control some of that. So, they'll be back. Welcome.

DOUG KAGAN: Good afternoon, Senators. Doug Kagan, D-o-u-g K-a-g-a-n, Omaha, representing Nebraska Taxpayers for Freedom. The suggestion means to replace the inheritance tax revenue lost by counties because of lowering the rates in the bill appear fair because local subdivisions are discovering that fees and charges for government services are not keeping pace with inflation and costs of providing services. One source of revenue suggested by LB468 is to remove a sales tax exemption. There is an increasing number of sales tax exemptions since this tax first levied in the 1960s. We suggest ending additional exemptions in order to replace lost inheritance tax revenue. Auditors are discovering that tax credits like one mentioned in LB468 not always utilized as revenue are statutorily required. Consider revoking such credits misused. Also, President Trump has accelerated the apprehension of criminal illegal aliens across the country. Immigration authorities actively are seeking local county jails in which to house these criminals pending deportation. Lucrative income from detaining criminal illegal aliens would serve four positive purposes: substituting for the inheritance tax, taking the pressure off county property taxes, protecting our lawful citizens, and helping to deport vicious criminals. Counties already participating in this program have not only stopped property tax hikes, but also saw tax decreases. Douglas County is currently negotiating a contract. Our taxpayer group recognizes that counties have utilized inheritance taxes to fund basic county services. However, in Douglas County, and perhaps in other Nebraska counties, these dollars have paid for extraneous expenditures, such as funding a UNMC clinic. Understand also that pre-death gifting or transfers are excluded from this inheritance tax if the gifts or transfers made more than three years prior to a decedent death. Gifts to anyone made within three years of such date of death excluded, if the gift is not required to be reported on the federal gift tax return. This tax does not apply to annual exclusion gifts made by the decedent before death, because such gifts need not be reported on the federal form. Thus, such avoidance mechanism deprives counties of inheritance tax revenue similar to income tax exclusions. Thank you.

JACOBSON: Thank you. Questions from the committee? All right. Seeing none, thank you. Next proponent.

MARK SCHOENROCK: Good afternoon, members of the Revenue Committee. My name is Mark Schoenrock, M-a-r-k S-c-h-o-e-n-r-o-c-k. I was born and raised in Jefferson County, and upon graduation from UNL, I served our country in a long career as an officer of the United States Army. And upon returning home to Nebraska, became a Jefferson County Commissioner. I'm going on my tenth year of service, four of those as county board chairman. I was elected and also served as the Nebraska Association of County Officials southeast area director, representing the 17 counties of southeast Nebraska. In all my service, I've always strived to do the right thing and to best serve our citizens that we, as fellow elected, elected representatives and officials represent. I would like to thank each of you for your service here in the Nebraska Legislature. On behalf of all Nebraska elected county officials, we would like to thank Senator Clements and thank Governor Pillen for working so diligently with NACO to get us to this point. We've worked long and hard with them to identify solutions to significantly cut the inheritance tax, and ensure that Nebraska county government retains the revenue needed to provide essential services to our citizens. When I last campaigned for reelection, I knocked over a thousand doors, and the overwhelming message from my constituents was that while they would prefer a reduction in their taxes, they do not want the critical services provided by county government to be cut. The costs of all inputs required for the operation of county government-- as it has for our citizens, families, businesses and schools-- have increased significantly, especially in the last four years, to include equipment, parks, fuel, supplies, personnel, benefits, and services of all kinds. The 93 counties in Nebraska county government must procure these in order to provide these essential services to our citizens. In Jefferson County, our costs increased 20% in the last four years to maintain the same level of service to our citizens; our tax asking increased 12%. We primarily made up the difference with inheritance tax revenue, and grants and other state funding, such as the bridge match program, to keep our budget in balance. I know many of our county boards across Nebraska, and I believe we're fiscally prudent and responsible managers of our respective county budgets. We strive to operate efficient operations and take our responsibilities seriously to ser-- responsibly manage the revenue provided by our fellow Nebraska taxpayers. LB468 presents some common-sense practical solutions to significantly cut the inheritance tax and ensure a sufficient and sustainable county government revenue. Our citizens do not want less of the critical services provided by county government, and I believe that this is a responsible solution to what we are trying to achieve here, as fellow citizens of Nebraska. Please support this legislation; it is critical to good government and tax policy in Nebraska. And once again, thank you for your service here in the Nebraska Legislature, and I'd be happy to entertain any questions that you might have.

JACOBSON: Thank you. Questions from the committee? All right. Seeing none--

MARK SCHOENROCK: Very good.

JACOBSON: ---thank you for your testimony.

MARK SCHOENROCK: Thank you, Senator.

JACOBSON: Next proponent.

ALAN SEYBERT: Alan Seybert, A-l-a-n S-e-y-b-e-r-t. Thank you for the opportunity to testify before this committee. I'm a member of the Nebraska Taxpayers for Freedom, and I'm for LB468. In a 2025 fiscal note from Lancaster County, they claimed their revenue would drop $6.6 million from $7.3 million if LB468 passes. So, Lancaster would only get $649,000. However, if you use the same distributions by class as are in their physical [SIC] note, Lancaster County would get $4.9 million, not 649-- $649,000. It appears Lancaster County is using creative accounting. Moving on, Nebraska is one of five states that still have an inheritance tax. Inheritance tax is paid by the inheritor. It's bad enough to lose a loved one, but Nebraska wants to inflict more pain by charging an inheritance tax. There's a little over 44,000 farms and ranches spread across 44 million acres in Nebraska. That's about 92% of Nebraska's land. Families and individuals live on 81% of those farms and ranches. Agriculture contributes 2-- $29 billion to Nebraska's economy. That production is already taxed one way or another, but Nebraska wants more. 59% of our farmers and ranchers are over 55, and Nebraska loses 300 to 400 farms and ranches every year. Family farms are disappearing and the inheritance tax contributes to that loss. LB468 doesn't get rid of the inheritance tax, but it is a step in the right direction because-- whether it is applied to farms, ranches or other assets-- Nebraska's inheritance tax is like circling vultures waiting to feed on a carcass. Again, thank you for the opportunity to testify before this committee.

JACOBSON: Thank you. Questions from the committee? All right, seeing none. Thank you. Next proponent.

RYAN McINTOSH: Good afternoon, Vice Chairperson Jacobson, members of the Revenue Committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, appearing before you today as the state director for the National Federation of Independent Business and registered lobbyist. Nebraska, as you've heard today, remains one of the few states that still imposes inheritance tax that we believe to be outdated and unfair to beneficiaries; LB468 would go a far step in correcting that. First, inheritance taxes discourage economic growth and retention of wealth; it incentivizes wealthier individuals to leave Nebraska to avoid taxation of heirs upon death, resulting in a loss of economic activity and investment within the state, as it is a tax on capital. States without an inheritance tax attract more retirees and business owners, ultimately fostering economic growth. Eliminating Nebraska's inheritance tax wouldn't [SIC] make the state more competitive and encourage wealth retention. Second, Nebraska's inheritance tax has an inconsistent effect on heirs depending on relation. This would be corrected under LB648 [SIC] as you've heard today. One example that you haven't heard yet, it's perhaps two individuals that reside together in a close relationship but do never get married; they would face the current 13% inheritance tax upon death, whereas a spouse would have no tax liability whatsoever. I can go on and on with examples where this is unfair. Third, inheritance taxes effectively impose double taxation. The assets being passed down have already been subject to income, capital gains, property taxes throughout the original owner's lifetime. Take-- taxing these assets again at the time of inheritance is an unnecessary and excessive form of government intervention in the personal financial affairs of individuals. Nebraska inheritance tax is an outdated, unfair and economically harmful policy that should be repealed. It discourages wealth retention, places undue burden on only certain beneficiaries, and serves as an unnecessary form of double taxation. By eliminating this, Nebraska would promote economic growth. By passing LB468, you'd at least make a far step in equalizing the burden among individuals in Nebraska. With that, we urge this committee to advance LB468. Thank you.

JACOBSON: Questions from the committee? Senator Murman.

MURMAN: Yes. You mentioned that Nebraska loses, I think, businesses and maybe individuals also because of the-- our high inheritance tax. Do you have any figures of how many that might be?

RYAN McINTOSH: No, I, I do not. You know what I also submit-- we started out with just collecting data on inheritance taxes paid in Nebraska a couple of years ago. The first iteration of that bill only captured inheritance tax paid via estates, not through wealthy individuals that usually use trusts. And so, we missed out on it. So, that first year of data was really unreliable, in my opinion. We're now capturing the full data that Senator Clements testified to earlier, but I'm not aware of any mechanism to, to collect the moving out of state. When I do estate planning for Nebraskans that own real estate in Nebraska, we typically put that land into an LLC, and then it becomes personal property that is part of their estate in a different state. And so that money is-- there's no inheritance tax levied by their state on the personal property, i.e. the ownership of a limited liability company. So, it-- I think it'd be impossible to track that data.

MURMAN: Thank you.

RYAN McINTOSH: Probably a long answer to your, your question.

JACOBSON: Senator Dungan.

DUNGAN: Thank you, Chair Jacobson, and thank you for being here. I had this question earlier when I was thinking about estate planning. And so you do estate planning, is that correct?

RYAN McINTOSH: I do.

DUNGAN: I don't.

RYAN McINTOSH: When I'm not here.

DUNGAN: I am an attorney, but I don't do estate planning. Is it fair to say that through creative and, and intentional estate planning, you can find ways to circumvent this inheritance tax?

RYAN McINTOSH: Yeah, as long as-- yeah. So, if, if someone-- when somebody is residing out of state, if somebody-- you know, if you, if you move to Arizona to retire, and you still own property in Nebraska, you would have to do an ancillary probate proceeding, or at least do an inheritance tax determination in Nebraska to remove the, the, the taxing on that and, and disperse it. When we have individuals that move out of state and still own property in Nebraska, it's very simple. You either put it in an out-of-state domiciled trust, or in a limited liability company.

DUNGAN: And in doing so, do the estate planning attorneys charge a fee that is a percentage of that inheritance to do that?

RYAN McINTOSH: Not for the-- on the estate planning side. When, when we do estates and petitions to determine inheritance tax, customarily, there's a percentage fee on that, yes.

DUNGAN: What does that range generally, in the percentage range, of what you're charging for that?

RYAN McINTOSH: I understand that in-- some counties have moved away from that. For probate assets, 2 to 2.5%; for non-probate, i.e., if you're only doing the inheritance tax determination, close to 1%.

DUNGAN: OK. Thank you.

JACOBSON: Other questions? If not, thank you.

RYAN McINTOSH: Thank you.

JACOBSON: Good afternoon.

BRANDI BURKETT: Hi. Do you want me to start?

JACOBSON: Go ahead.

BRANDI BURKETT: My name's Brandi Burkett, B-r-a-n-d-i B-u-r-k-e-t-t. I am a fifth-generation Nebraskan who will inherit farmland from my mom in the future. The cost of the inheritance tax would be unaffordable to me. The future of farming is unknown, just like the weather. While we can't control the weather, we can control in helping to make sure the next generation to take over family farms can continue farming and keep their land in their family. Please keep in mind that there are approximately 40-- 45,000 family farms in Nebraska. When faced with an expensive price tag at the mall, we can just say no to buying the product. However, when faced with having to pay a tax, we can't say no, because people are forced to pay it. Individuals that inherit land could be faced with the difficult decision of not being able to afford the inheritance tax, and instead of going into debt, they will sell the land quickly. In 2024, Saline County collected $37,702,822.50 in property taxes and $527,287.66 in inheritance tax. The inheritance tax is approximately 1.4% the amount of the property tax. Elected officials need to start asking themselves, "Do you have a revenue problem, or do you have a spending problem?" I think a lot of us can be smart and say a spending problem, if you can't find 1.4% to cut. You may think no big deal if they sell the land, however, to me, I think about-- I think about who they are selling the land to; a corporate or an individual that has foreign ties, someone that will turn it into a parking lot and not even use for growing more corn or ethanol. I will be blunt, I don't care if the individual that inherits a house on Third Street in a small town sells a house, but I do care if farms start to die, and the future of our food goes extinct. Therefore, I ask you to ask yourself, is the inheritance tax worth killing the, the future generation of farmers? Or can we find ways to cut spending in this never-ending world of inflation, and help the great people of Nebraska out? Those who choose to vote against LB468 will tell me enough that they care more about money than farmers and Nebraskans. And I'll also note on the side that if you think that this is a tax cut for the wealthy, I would adhere to you to spend some time with farmers, and the fact is that some commodities last year were trading at the same price as 1970. Thank you.

JACOBSON: Question from the committee? To be clear, I, I, I think in your personal example, you would be a first-- considered a first-generation?

BRANDI BURKETT: I believe that's how it would, would be, yes, because--

JACOBSON: So, We're not changing--

BRANDI BURKETT: --passed down the line.

JACOBSON: That would be a 1% inheritance tax.

BRANDI BURKETT: Correct.

JACOBSON: And passing LB468 would not change that.

BRANDI BURKETT: Correct.

JACOBSON: OK.

BRANDI BURKETT: So.

JACOBSON: Thank you. All right. No other question from the committee? Other proponents. Welcome, Ms. Wuehler.

MICAELA WUEHLER: Good afternoon. Chairman Jacobson, members of the Revenue Committee, my name is Micaela Wuehler, M-i-c-a-e-l-a W-u-e-h-l-e-r. I'm honored to sit before you today as the Lincoln County Board Chair, the NACO secretary, treasurer, and a cow-calf producer. I'm here to speak today in conditional support of LB468. The inheritance tax has long been a crucial source of revenue for Nebraska counties. Lincoln County had an average annual receipt of $1.4 million over the past three years. This revenue has been instrumental in funding various county projects, with an average annual spending of $1.2 million from the inheritance tax receipts. In the fiscal years 2021 through 2023, a total of $780,000 was transferred from the inheritance tax receipts to the road fund; these dollars were used to build and maintain road infrastructure over Lincoln County's 1,600 miles of road. Over the past ten years, millions of dollars from the inheritance funds have been used for road infrastructure projects. During 2023 and 2024, our 1915-built Sutherland North Bridge was deemed unsafe and scheduled for replacement. This vital infrastructure link connects an isolated area to services, farm and ranch families to jobs and schools, producers to markets, and emergency services to our northern tier. The county's share of the project was $1.4 million. The ability to complete this project and reconnect north and south central Lincoln County was possible through the use of inheritance funds. If eliminated without replacement revenue, Lincoln County's total tax rate is projected to rise from 0.287 to 0.307 to make up the difference. While this may seem like a small amount, it adds up significantly for our community, especially for those on fixed incomes and facing financial hardships. 47% of those destined to inherit live outside the state of Nebraska, while 100% of those who would realize the responsibility of the increased tax burden live inside the

Nebraska counties. Senator Clements and Governor Pillen heard our voices. Working together with county officials and NACO staff, they found solutions that led to LB468, a proposal that achieves reducing inheritance tax and addresses guaranteed sustainable replacement revenue. Only this will ensure the continued [INAUDIBLE]-- provision of vital services and infrastructure improvements that are imperative to our residents health, safety and well-being. I sit here today in pro-- support-- conditional support of LB468. I'm happy to answer any questions.

JACOBSON: Thank you for your testimony. Questions from the committee? Being a Lincoln County resident, please don't raise my property taxes.

MICAELA WUEHLER: I will do everything in my power to not.

JACOBSON: I'm trying to make-- I'm trying to make this $12,000 a year stretch as far as [INAUDIBLE].

MICAELA WUEHLER: We appreciate all your efforts here, Senator Jacobson.

JACOBSON: Thank you for making the drive.

MICAELA WUEHLER: You're welcome.

JACOBSON: Next proponent.

STEVE DAVIES: Good afternoon. Thank you, Senator Jacobson, and senators on the committee. My name is Steve Davies, S-t-e-v-e D-a-v-i-e-s, and I testify in support of, of, of this legislative bill for three main reasons. One, because of the fluctuation that it creates; counties build up reserve funds, and that's money that should be coming and going. That's the way government should work. There's-- the disparity of rates contributes greatly, I, I assume, to that variability. If the rate was all 1%, it would be more consistent. It's when you hit that jackpot-- I had a neighbor, a friend that died with six quarters. Didn't have any children. So those two counties got a lot of money one year. And the other reason is that disparity of rates is greatly unfair. And it's not a great number of people, but that's not fairness of taxation to charge one person 14%, 15%, 13%, and the rest 1%. And then, finally, there's those businesses and farms that are essentially ruined; they, they have to be sold in order to pay that tax. So, that completes my, my testimony.

JACOBSON: Thank you. Questions from the committee? All right. Seeing none, thank you for your testimony. Further proponents. Welcome. Go ahead.

NEIL MILLER: Thank you. Good afternoon, Senator Jacobson, and members of the Revenue Committee. My name is Neil Miller, N-e-i-l M-i-l-l-e-r. I am the Buffalo County sheriff, and I'm here testifying today on behalf of Buffalo County and the Nebraska Sheriffs Association. We are conditionally in support of LB468. Thank you for allowing me to have the opportunity to testify today. We understand that the inheritance tax may not be a popular tax in Nebraska, and many believe that it should be abolished. Having said that, I would like to share some comments about what that particular tax has done to improve and enhance public safety in Buffalo County. In 2020, Buffalo County embarked on a project with the city of Kearney and the state of Nebraska to build and update our joint public radio-- public safety radio system. The system was replaced due to an aging radio infrastructure that had become end-of-life and unreliable. We included fire, EMS, law enforcement and our schools in this project. By joining the statewide radio system, we increased our ability to communicate with all public safety agencies in Buffalo County and the greater area, and greatly improve the reliability and coverage of our outdated system. We used the inheritance tax to get this project started by purchasing towers, generators, antenna systems, and radio shelters for the new equipment. We feel that we could not have done this project without the funds that we received from the inheritance tax. If the inheritance tax is reduced, there needs to be a replacement funding. That way, when a large project for public safety comes up, we have a way to help pay for it. I would like to thank Senator Clements for proposing funding to help replace that revenue that will be lost as a result of possible passing this bill. Again, thank you for the opportunity to speak to you today about LB468, and I'd more than happy to answer any questions that the committee may have.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you.

NEIL MILLER: Thank you.

JACOBSON: Next proponent. Any other proponents? All right, if not, anyone at least weakness-- wishing to speak as an opponent. Go ahead.

KEVIN QUINN: All right. Good afternoon, Revenue Committee. My name is Kevin Quinn, K-e-v-i-n Q-u-i-n-n. I am senior manager of government affairs for Invenergy. I've also been asked to speak on behalf of the Advanced Power Alliance, which is the renewable energy industry trade association, of which we are also members. Appreciate the opportunity to be here today in opposition of LB468. So, Invenergy is an all-of-the-above American energy leader with a proven track record of over two decades, and a portfolio that includes natural gas, solar, wind, as well as energy storage, electric transmission and solar manufacturing. We've been working in Nebraska for over a decade, and have developed over 800 megawatts of wind projects in Antelope, Boone and Wheeler Counties, which represents about 20% of all clean energy in the state. At this point, you may be asking why does an energy company care about the inheritance tax? The answer is, we don't. But we do care about Section 14 of the bill, which proposes to increase the nameplate capacity tax to help offset inheritance tax reduction. Our projects have been paying the nameplate capacity tax since our first wind facility came online in 2014. Today, our projects generate nearly $3 million in this tax revenue each year. When the nameplate capacity tax was established, the stated purpose was to replace the property taxes imposed on renewable energy infrastructure that depreciated over a short period of time, as this created local budgeting challenges. As I understand it, the Legislature did not just pluck $3,518 per megawatt out of thin air; rather, this was calculated based on the average capital cost of a turbine, the rate of depreciation for wind energy infrastructure, and the average property tax rate at the time. We'll be the first to acknowledge that property taxes in Nebraska have increased significantly over the last 15 years, which may lead some to conclude that the nameplate capacity tax should be raised. However, we would also note that the infrastructure costs of renewable energy have come down precipitously over the same time period. In fact, a recent study found that between 2010 and 2022, the average total installed costs had fallen 42% for onshore wind and 83% for utility-scale solar. That may lead others to conclude that the nameplate capacity tax should actually be lowered, but that's not what I'm here to ask for. I'm here to argue that without revisiting the various inputs that went into calculating this tax and understanding how each has changed over the last 15 years, no one can definitively determine what the current rate should be. Accordingly, rather than raise the tax to $6,560 per megawatt hour-- megawatt, excuse me-- as proposed in this bill, we instead suggest a legislatively-directed study to look at the various factors, hear from tax experts, industry and local governments, and make a determine-- determination of whether there needs to be an update to the nameplate capacity tax. We've drafted language for your consideration. Be glad to continue the conversation. But whether or not the committee finds interest in pursuing this study, we remain opposed to Section 14 of LB468. Thanks for your time and consideration. I'm happy to stand for questions.

JACOBSON: Thank you. I-- I'm just curious. So, you said you've got suggestions. Have you met with Senator Clements before today to provide those to him?

KEVIN QUINN: Had not gotten that far yet.

JACOBSON: I'm just curious as to why not.

KEVIN QUINN: Why not?

JACOBSON: Yes.

KEVIN QUINN: Well, so we're, we're engaging on a couple of bills in Nebraska. I think there are several bills out that-- out there that are proposing to increase the nameplate capacity tax. And so, I think we're trying to figure out how all that may fit together first. But happy to circulate language with anyone who may be interested.

JACOBSON: Well, I, I raise that just for the public to understand that, when bills are introduced, there is a-- they're going to get referenced to a committee, committee's getting the-- hearing's going to be scheduled. And we plan to move on bills. And so, if there are issues, and people say this is a great idea, but you need to fix it, so therefore I can't, I can't support the bill without the fix, we kind of need to know the fix, and we kind of need to know that ahead of time. So, for what that's worth, I would encourage you to get with Senator Clements with your suggestions.

KEVIN QUINN: Fair enough.

JACOBSON: Questions from the committee? Yes, Senator Ibach.

IBACH: Thank you very much, Mr. Chair. Are the rates that you're suggesting or, or even a-- what Senator Clements is proposing, are, are they consistent or relative to what you pay in neighboring states?

KEVIN QUINN: It's a good question. So there are not many states that actually levy a nameplate capacity tax. It's usually just kind of traditional property tax assessment, in, in that, that way. But I, I do believe South Dakota levies about a $3,000 per megawatt nameplate capacity tax. That's, that's the only other state that I'm aware of.

IBACH: OK, great. Thank you very much. Thank you, Mr. Chair.

JACOBSON: Senator Dungan.

DUNGAN: Thank you, Chair. If the tax were to be increased as proposed under LP468, do you have any idea what the tangible effect that would be on the business you do in Nebraska? And would there be any correlations you'd imagine to the jobs that helps create, or anything like that? Would this have a negative impact on job creation in these kind of renewable areas in Nebraska?

KEVIN QUINN: That's a good question. So, I guess I'll speak-- kind of two sides of it. First, for, for operational projects. So traditionally, you know, renewable energy projects are sold through 20-year fixed contracts, power purchase agreements, other, you know, sort of contract types, but-- so that locks in a fixed price of, of the energy that that buyer is going to be getting for that, you know, 20- or sometimes 30-year period. So, that would be an immediate detrimental increase to, you know, the industry, is to have to eat that cost when, you know, unlike other businesses, we can't raise the price to, to account for it, so. And then, I think looking forward to, to future projects, you know, I think you have to look at how that may play into the economics of these projects. I know-- you know, when you look at neighboring states-- you know, Kansas has a, a ten-year tax abatement from property taxes for, for all energy projects. And so, as, as we look, you know, across the country about where to develop, you know, what that tax picture looks like certainly plays into it. I, I couldn't tell you exactly, you know, this will, you know, lose X many jobs. I don't think anyone really could. But, you know, absolutely-- it would be a disincentive for, for bringing more business to the state.

DUNGAN: OK. Thank you.

JACOBSON: Further questions from the committee? I'm just curious on that last point. Don't you at some point run out of willing people to place these wind turbines on their property?

KEVIN QUINN: Well, sir, we haven't yet.

JACOBSON: [INAUDIBLE].

KEVIN QUINN: So, you know, we're-- we, we don't use eminent domain in Nebraska, all-- you know, other than--

JACOBSON: No, I understand that. I-- they've got to be willing and so on, but there-- there's a lot of areas that just aren't going to happen, and--

KEVIN QUINN: Sure.

JACOBSON: And there's a lot of counties--

KEVIN QUINN: --and that's their prerogative.

JACOBSON: --that, that are-- have, you know, really extensive setbacks, and so on. But I mean, I, I think that, that what you're doing with green energy is a-- it's an important part of the-- of really what I say is an impending energy, particularly electricity, crisis that we've got to continue to figure out how to solve. And, and it's probably not going to be done with just what we have today. You know, we're going to have to hope that small nuclear can, can develop and so on. But I-- it, it seems to me that, that we're looking at property taxes with everybody that's paying property taxes, and trying to get nameplate taxes that are somewhat commensurate with what property taxes would be, whether it be tangible personal property or real, real property taxes. But I'm curious, you're telling me that you're entering into 20- and 30-year fixed-rate contracts for what you would deliver power to the user per megawatt?

KEVIN QUINN: Correct.

JACOBSON: Wow.

KEVIN QUINN: And I will say that's not the only offtake structure. Sometimes, we do what are called build transfers. So, we develop the project, we build the project, and then we sell the whole thing packaged to a utility. Sometimes, we will develop a project and, you know, before construction starts, sell, you know, basically the paperwork to, to some other entity who then builds it and owns it and, and operates it. But generally, in terms of fixed-price contracts, if, if we're maintaining ownership, it's, it's almost always 20, if not 30 years.

JACOBSON: And you don't build any provisions in for any added unforeseen costs that make them [INAUDIBLE]?

KEVIN QUINN: I don't write those contracts, but no, we don't.

JACOBSON: Wow. Well, thank you. All right. Further proponents. Or, opponents. Excuse me. Opponents. Welcome.

LORI PIRSCH: Thank you. Good afternoon, members of the Revenue Committee. My name is Lori Pirsch, L-o-r-i, and the last name is P-i-r-s-c-h. I am here today to testify in conditional opposition on behalf of Douglas County. As you may be aware, counties generally have been opposed to significant reduction in the inheritance tax, as this revenue source is one of the very few sources that counties receive in order to perform essential services that are mandated by the state Legislature. I would say that our position essentially echoes what Senator Jacobson said earlier. We do not like inheritance tax, but we dislike property taxes even more. And the reason for that is because while property taxes affect all Douglas County residents, the inheritance tax affects only about 0.25% of the Douglas County population, and, and to be clear, that is a quarter of 1%. Douglas County collects approximately $20.7 million in inheritance tax annually, which is-- that's the average over the last five years. A loss of such a significant amount of revenue would result in adverse consequences to the Douglas County budget. And please keep in mind that the counties overwhelmingly rely on property taxes only; we do not have options to seek alternative sources of revenue similar to what state and municipalities may have. For example, we do not receive sales tax, income tax, wheel tax, restaurant tax. Moreover, state aid allocations of decades past are no longer allocated to help with some of these state-mandated county expenses. The majority of Douglas County's inheritance tax revenue is used to fund mandated services for Douglas County residents. These services include community mental health for about $5 million; health department, $2 million; general assistance, $1,600,000; Veterans Services Department, $600,000; state institutions, $500,000; debt service for public safety projects, $3 million, among other services. These are important health and, and social service functions that primarily serve those residents who are most in need within Douglas County. If these services are reduced, it would negatively impact the most vulnerable in our community, given that's-- these social services are being funded with these inheritance tax funds. While the county appreciates the revenue offsets outlined in LB468, the proposed offsets are somewhat problematic. First of all, they only represent a portion of the total ind-- inheritance tax revenue that Douglas County would lose under this bill. And secondly, the revenue offsets in the bill send the revenue to specific departments within the county, and as such, it could prove to be a challenge to redirect those funds back to fund the services that they currently support-- that inheritance tax currently support within the county. So, without an equal permanent replacement revenue, reduction of the inheritance tax would result in revenue loss, and the only options available to the Douglas County Board at this time to close the gap would be an increase in property taxes, and/or a decrease in services. I think my time's up. Should I-- I'm almost finished here.

JACOBSON: It's all right. Go ahead.

LORI PIRSCH: Would you like me to finish? OK. If the inheritance tax were to be eliminated altogether, which is not what this bill proposes, it does have some replacement revenue. It would-- the county board would have to increase the propro-- the property tax levy by approximately 8.9%. That would be a levy increase of 2.6 cents, if the current level of services is to be maintained. In closing, reducing or eliminating the inheritance tax does not result in any tangible benefit to over 99%-- actually, 99.75%-- of, of Douglas County residents who are not affected by the inheritance tax. The reduction or elimination of an inheritance tax would have negative, negative consequences for residents in the form of property tax increases or services-- service reductions. Either or both could occur, so we urge the committee to consider these potential consequences to the Douglas County citizens in your discussions going forward.

JACOBSON: To be clear, when you, when you say elimination of, of inheritance taxes, you're referring to what's in the bill, the, the 15% and the 11% and putting everyone at 1%. Or are you looking at the total?

LORI PIRSCH: If you eliminate it-- and when I say "eliminate," I mean the total. So in-- that's why, mostly, I was speaking to the reductions, because this one does offer, you know, just-- it, it does offer-- it just-- bringing those rates down, which would, of course reduce the income tax-- I mean, sorry, inheritance tax-- that we would receive, and then it does offer some revenue.

JACOBSON: So, how-- so looking at-- purely at going from 15% and 11% to 1%, we're looking at roughly $34 million that we're trying to offset. And how does that not make Douglas County whole?

LORI PIRSCH: Well, when we add up-- if you look at the fiscal note-- all of the different revenue offsets that, that would-- we would get under this bill, so, the dollars from the security cash fund, the marriage fee increase, the county sheriff vehicle inspections, all of these-- the doc stamp increases, that's a pretty material one. We still don't get to, you know, the $20.7 million that, on average, we have been taking in over the last five years. So, it's not a revenue-neutral for us. They do help, the offsets do help. And, and I do appreciate the work that, you know, NACO has done with-- and Senator Clements has done to kind of make sure that it's just not completely a loss of $20.7 million.

JACOBSON: Gotcha. All right. Thank you. I just wanted to clarify that. Questions? Senator Murman.

MURMAN: Yes. When you said that-- I think it was 2.6% you would have to raise--

LORI PIRSCH: 2.6 cents.

MURMAN: OK, 2.6 cents. That's if you eliminate--

LORI PIRSCH: If it was-- yeah, I-- that, that would be in the case of a total elimination, elimination. That was like a-- I probably should have-- I-- just to not distract things, omitted that from the, the testimony. But that was based off of, I think, a bill last year when they were going to eliminate it altogether, is that 1 in-- LB1067, but. Yeah, just--

MURMAN: So, that's a--

LORI PIRSCH: --as an idea of, like, the total impact of, you know, if we were to get rid of it altogether. This bill is just reducing it partially, but it's still not going to make us revenue-neutral.

MURMAN: So that's if it-- all inheritance taxes were eliminated, you'd have to raise it 2.6 cents.

LORI PIRSCH: Yeah. And you know, in, in our case-- and I think I mentioned a little bit in the-- earlier in the testimony, we have property taxes and income tax; we do not have other funding sources. And so, to your point, Senator, earlier, you know, we don't like the inheritance tax, but our county board members really don't like-- don't want to increase property taxes, either.

MURMAN: Sure. Thanks.

JACOBSON: Other questions? Senator Dungan.

DUNGAN: Thank you, Chair. We heard earlier from a testifier about sort of this notion that inheritance taxes-- the money gets taken and put into a slush fund, or something like that.

LORI PIRSCH: Mm-hmm.

DUNGAN: I know every county is different, but can you go into a little bit more detail about how a county works into their budget a tax that is in and of itself just not reliable, right?

LORI PIRSCH: Yeah.

DUNGAN: This, this comes in at different levels. You've said yourself it's about, you know, $20-plus million over a five year average, but that changes.

LORI PIRSCH: Mm-hmm.

DUNGAN: From the county budgeting level, how do you incorporate that into your budget for essential services moving forward? If you could describe that a little bit more.

LORI PIRSCH: Well, and I think-- you know, because Douglas County's so big, we get the luxury of the law of, law of large numbers. So we know, yes, it's going to fluctuate, but there's sort of a, a kind of a guaranteed, almost, stable minimum that we can expect. You know, it's certainly probably not going to drop below $15 million. You know, two years ago it was $26.5 million. So, I mean-- so as long as you're not budgeting that you must depend on, you know, a $30 million intake from inheritance tax, you can still budget pretty solidly on at least a portion, a portion of that tax.

DUNGAN: And that makes sense. Can you also go into a little bit more detail-- because I'm intrigued by this-- the, the proposed revenue replacement in this bill.

LORI PIRSCH: Mm-hmm.

DUNGAN: You kind of touched on this, that those monies would essentially go into specific or obligated funds, and not be able for Douglas County to use those for just general operating costs. Can you speak a little bit more as to how that would be problematic, or why that, why that works that way?

LORI PIRSCH: Well, they, they would go into certain departments that are within the general fund, but those departments-- so right now, for example, I mean, one of the revenues that would be proposed here, there's-- just for example, there's $400,000 that we would get as an increase for sheriff vehicle inspections, increasing that fee from $10 to $20. So, right now, in the sheriff's budget-- and he's, you know, an elected official-- those revenue dollars go into his budget for him to use. And, you know, so that revenue offset would-- we'd have to figure out how to negotiate with some of these elected officials. There's other ones. Doc stamp. That would be, you know, the assessor/register of deeds office. Because they might anticipate-- in the past, those, those revenues that could be used for their own purposes and expenses, we would need to probably be able to pull some of those back into the general coffers so that we could use those for the social services that those inheritance tax funds are currently being utilized for.

DUNGAN: So there'd be--

LORI PIRSCH: Does that make sense?

DUNGAN: Yeah. So, I'm-- just want to make sure I understand. So essentially, it's not as though all of these-- let's say we increase all these fees. That money doesn't just go directly into a pot for you; there's a little bit more-- there's many more steps that have to happen--

LORI PIRSCH: To-- right.

DUNGAN: --before that money can be reallocated for various things you'd have to fund.

LORI PIRSCH: Mm-hmm.

DUNGAN: OK. Thank you.

JACOBSON: To be clear on that point, though, they're not-- those departments are not self-funded today.

LORI PIRSCH: No.

JACOBSON: Any-- if they got this revenue, they wouldn't be self-funded. So, you'd have to take money from your general fund to go to those funds, wouldn't you just reduce the general funds that go to them?

LORI PIRSCH: That is, I, I think, what we would probably do. I'm sure there'd be some resistance or reluctance to that, but, you know-- in some departments.

JACOBSON: May be a little work to kind of work through it, but you could get there.

LORI PIRSCH: Mm-hmm.

JACOBSON: Thank you. Further questions from the committee? If not, thank you for your testimony, and-- further opponents.

LORI PIRSCH: Thank you.

JACOBSON: Thank you. Welcome.

CAROL BODEEN: Welcome. Good afternoon, Vice Chair Jacobson, members of the Revenue Committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association. We are a statewide organization with over 70 members from across all areas of Nebraska. Our members include nonprofit and for-profit affordable housing developers and various other organizations united in support for our mission to champion affordable housing in Nebraska. We are strongly opposed to the line in Section 6, 6 on page 9, which reduces the allocation of the documentary stamp tax to the Nebraska Affordable Housing Trust Fund from the current amount of $0.95 to $0.90. While this is a decrease of only $0.05, we are opposed to any decreases in allocation to the Affordable Housing Trust Fund. In 2023, the Department of Economic Development received 70 applications for the Affordable Housing Trust Fund requesting over $40 million, which would have added or rehabilitated 875 housing units. While more funds were available in the fund, the department's spending authority allowed them to grant only $12.75 million for 23 projects. In 2024, there were 52 applications received, requesting over $30 million. However, after the $25 million transfer out of the fund from last year's legislative session, only $10.7 million was available for 20 projects. In the separate-- September 18 press release from the Department of Economic Development announcing the 2024 awards, Director Belitz stated: the Nebraska Affordable Housing Trust Fund is a proven-- has a proven track record of helping communities develop attractive, affordable housing. Each year, the amount of the funding requested from quality applicants greatly exceeds DED's funding availability. The organizations awarded this cycle made especially strong cases for how their projects will alleviate local housing needs. Following the establishment of the Nebraska Affordable Housing Trust Fund, the portion of the doc stamp allocated to the fund was set at a dollar; it was increased to $1.20 in 2005, and then decreased to its current amount of $0.95 in 2011. At this time, we ask that you do not decrease the doc stamp allocation, but that you would consider increasing it in order to meet the needs of the state. The Affordable Housing Trust Fund is one of Nebraska's most important economic development tools. The shortage of affordable housing and available housing units is greater than ever in our state. Housing developed using this fund is essential in meeting the needs of working families, attracting new families, and increasing investment in our communities. We appreciate your consideration and please contact me if you have questions.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you for your testimony.

CAROL BODEEN: All right. Thank you.

JACOBSON: Further opponents? I think you won. You were closest to the podium. Welcome to the committee.

HUNTER TRAYNOR: Good afternoon, members of the Revenue Committee. My name is Hunter Traynor, H-u-n-t-e-r T-r-a-y-n-o-r. I'm here today on behalf of the Nebraska Chamber of Commerce and Industry, the Greater Omaha Chamber, the Lincoln Chamber of Commerce, the Nebraska Economic Developers Association, and Tech Nebraska in opposition to LB468. For starters, the Chamber has long supported efforts to limit the impact of the inheritance tax, either through attempts like this-- achieving parity between its various tiers-- or through full elimination of the tax. As Senator Clements talked about in his opener, tax competitiveness is very important to us in the chamber world. How our tax burden here in Nebraska compares to other states, and what that may incentivize or disincentivize. That said, though, we are opposed to this legislation because, to achieve parity between these tiers and to fund this legislation, it would require a significant increase in taxes on budding industries such as data center infrastructure, renewable energy, as well as eliminating the entire modernization tier of the Nebraska ImagiNE Act [SIC], which has spurred investment in biofuels, fintech, and various emerging bioeconomy companies. As you just heard, it would reduce funding to the Affordable Housing Trust Fund and completely sunset steady funding to the Site and Building Development Fund. This list is not exhaustive; there's various fee increases as well for the counties. On January 21, President Trump announced a private joint venture between many of the world's leading technology firms. The goal of this project, "Stargate," is an explosion of private investment in artificial intelligence to the tune of $500 billion with a "B" dollars by the end of 2029. Much of this capital will be invested in large-scale data processing facilities used to power this artificial intelligence growth. The fanfare and excitement behind Stargate was rather large, until the next day when news turned to DeepSeek, which is an advanced artificial intelligence capital-light, very lean, efficient AI platform developed in China. I share this for context because, by all indications, the United States government is positioning itself for an investment race and a technological race with China. This first project for Stargate was announced in Texas. Texas has attracted a lot of these projects, one, because they incentivize these projects similar to our current sales and use tax exemption. And they've built a lot of renewable power. This bill would fund the sunset of the inheritance tax by disincentivizing these types of investments and simultaneously making renewable energy more expensive. The companies that build these investments prefer renewable energy due to internal goals regarding the character of energy that they use. And so, in light of the, the, the trend technologically around the country, and how that trickles down to the way companies make decisions about the competitiveness of Nebraska compared to other states, we oppose this bill. I'd also be rene-- remiss not to mat-- to mention, rather, the Site Building and Development Fund. I'll use an example really quickly. I know my light is-- if I may be able to finish--

JACOBSON: Very briefly, very brief.

HUNTER TRAYNOR: Very brief. The ROI from the Site and Building Development Fund is tremendous. There's an example from Norfolk in recent years. $1 million or so investment from the state catalyzed the building of a natural gas line that, after that, because of the industrial park at which it funded, there was $100 million in private investment that soon followed, because of the upgrade to that natural gas line. So, in keeping with the energy theme, thanks for letting me go on. I'd be happy to welcome any questions.

JACOBSON: I guess I'd just like to ask a question. Have you-- has the Chamber studied the electricity and the power shortages that are projected? And I'm just trying to figure out how on earth--

HUNTER TRAYNOR: Yeah.

JACOBSON: --we're going to be able to provide even close to enough electricity to form AI-- to support AI, data centers, Bitcoin miners--

HUNTER TRAYNOR: Sure.

JACOBSON: --when you look at the ferocious appetite for power that they have. Now, you-- with-- when you look at a number of these, they're, they're not just going to be off-peak; they're going to need to be here all the time. I don't know where that power comes from,--

HUNTER TRAYNOR: Mm-hmm.

JACOBSON: --particularly when-- typically, Bitcoin miners, data centers and AI operators are going to have very few employees. So, how does that help the state of Nebraska?

HUNTER TRAYNOR: It's a great question. On the energy point, I'll take that up first. We have looked at it, and, and did just in the past year. We have a foundation at the Chamber that studies exact questions like that, megatrend objective questions for public policy consideration, and we've put out, just earlier this year, an 80-page study exactly on energy. And so, the, the takeaway from that was that the state and states like Nebraska are going to have to make strides to expand energy generation through a-- through all types of energy, because different energy sources-- and I'll certainly defer to the utilities experts with, with our public utilities, but different types of energies have different use cases. And so, at this point in time, the state would be well-suited to build all of it. And--

JACOBSON: So, to that point-- so, build more coal-fired power plants?

HUNTER TRAYNOR: In the short term, I think-- the report would indicate that we're going to need to build natural gas--

JACOBSON: How on earth do we get approval to do that?

HUNTER TRAYNOR: Well, that was the point from the report, that the short-term next step for the state of Nebraska-- and this is something that the public utilities were involved with, the renewable private developers like the one we heard from earlier were involved with, the large load users from biofuels to data centers, all of the large, large industrial users. The big takeaway was that permitting and siting is the largest challenge right now to keep up with our, our energy demands. And at this rate, the utilities project that we will be able to fulfill our obligations over the next ten years. But we're going to have to build a lot of power.

JACOBSON: I'd like to see that report.

HUNTER TRAYNOR: I will drop that off--

JACOBSON: I'd like to see them--

HUNTER TRAYNOR: --at your office.

JACOBSON: --telling us that. Because everything I'm reading says exactly the opposite.

HUNTER TRAYNOR: I would say-- I would add to the, to the peaking comments. My understanding, and what we've heard from, from folks in the energy space, is that part of the benefit of some of these large projects is that they're flexible in terms of load. And so, in a state like Nebraska, where a huge energy suck is irrigation, and that's seasonal, the benefit of these is that they can help smooth out the power curve for utilities providers from a fine-- I mean, we're talking at a hearing about softening infrast-- or, softening financing concerns for a local government where there's huge peaks in inheritance tax collections, and then there's big valleys. And some of these large-load facilities, like the ones that you just referenced, help soften that line because they can be powered up and power down with flexibility. Like--

JACOBSON: I, I, I understand that. My--

HUNTER TRAYNOR: Yeah.

JACOBSON: --main concern is, is that I think the irrigation season would be the off-peak,--

HUNTER TRAYNOR: Mm-hmm.

JACOBSON: --because what I'm hearing from all the power needs that are going to be flexible-use,--

HUNTER TRAYNOR: Mm-hmm.

JACOBSON: --they're going to be the peak. I mean, I'd be-- if we just run a simple math on, on the appetite for electrical power,--

HUNTER TRAYNOR: Mm-hmm.

JACOBSON: --I don't see any way we're going to begin to keep up unless there's a massive change in, in some kind of new technology that we're not aware of right now. And I just-- I just raise that from the standpoint that--

HUNTER TRAYNOR: Yeah.

JACOBSON: --that, that I'm, I'm concerned that we're not doing the planning we need to do to, to look at how we do that. We, we can attract all the companies we want, but we can't provide them power. How do we do that?

HUNTER TRAYNOR: And I-- and in this instance, the-- I tied together the example of data centers and data processing facilities, because oftentimes there's reciprocal relationships between these facilities that help with underwriting and transmission costs related to the exact renewable generation that they're going to need. And so, if you were to take out the concern in this bill regarding the sales and use tax exemptions for data centers and then just examine the increased tax costs on renewable generation projects alone, your concern, I think, would fit hand-in-hand with that, of-- this is not something that we want to disincentivize by making it more expensive, knowing that we're going to have to produce energy across the spectrum, through all sources, including small modular nuclear, which, hopefully, is here sooner than we think.

JACOBSON: Well, I appreciate your testimony. I, I have great reservations about--

HUNTER TRAYNOR: Understood.

JACOBSON: --the "Pollyanna-ish" look that you've got in terms of, of the power, but-- questions from the committee? All right. Seeing none. Thank you for your testimony.

HUNTER TRAYNOR: Thank you.

JACOBSON: Further opponents? How are you?

REBECCA FIRESTONE: I'm fine, thanks. How are you? All right. Good afternoon, Vice Chair Jacobson, members of the Revenue Committee. I'm Dr. Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e, executive director of OpenSky Policy Institute, to testify in opposition today to LB468. First, we're concerned this proposal largely alters and diverts existing funding streams rather than generating dollar-for-dollar revenue replacement; second, the proposal requires a higher reliance on fees and an increase in the doc stamp tax; and third, lowers funding allocations to important state priorities like affordable housing. We want to note our appreciation for Senator Clements' careful work and how the bill seeks to replace county revenues that would otherwise be lost from cutting the inheritance tax. And we also appreciate components of the bill, such as scaling back the state's ImagiNE Nebraska specific tier, which OpenSky has long been a proponent of scaling back. And while we do not have major reservations around the current structure of the inheritance tax, we appreciate this nuanced, nuanced approach in seeking to find options for revenue replacement. However, we're ultimately in opposition because the bill relies on shifting funding from sources the state relies on for other purposes. That's concerning because we're already facing a budget shortfall for the upcoming biennium and have structural imbalances projected for each of the next four years. General Fund revenues are already stressed, and lowering receipts by about $25 million over the upcoming biennium-- according to the fiscal note-- will require the state to continue to fund increasingly costly obligations with less money than it's been receiving from these sources in past years. The bill also relies on fee increases, which could end up requiring the state's lowest-paid families to shoulder more of the responsibility of paying for those services. Although the fees raised in the bill have remained unchanged for many years and likely aren't covering the cost of providing those services, as has been discussed, OpenSky doesn't support using them to offset the cost of cutting the inheritance task-- tax. Finally, as a Strategic Housing Council pillar one member, we oppose lowering the current distribution of the doc stamp revenues for the Affordable Housing Trust Fund; cutting funding to this program jeopardizes our ability to address what has become an acute affordable housing crisis, and raising the doc stamp in order to pay for scaling back the inheritance tax will make housing more expensive for these same folks at a time when affordability is an issue. Lastly, I would note we do have some questions about what the effect of this proposal would have on school funding in the state. We noted that there's no analysis from the Department of Education on effects on TEEOSA, which has been discussed. We do have some questions about how this would work, because only 50 school districts in the state are actually receiving equalization aid. So, the potential interaction with the TEEOSA funding formula doesn't affect a number of school districts who, if they end up having a reduction in revenues because of this proposal, could end up seeking to and potentially having to increase property taxes to make them whole. For these reasons, we oppose LB468, and I'm happy to answer any questions.

JACOBSON: Thank you. Questions from the committee? All right. Seeing none. Thank you for your testimony.

REBECCA FIRESTONE: All right. Thank you.

JACOBSON: Next opponent.

STEVE DELBIANCO: Chairman Jacobson, members of the committee, my name's Steve DelBianco, S-t-e-v-e D-e-l-B-i-a-n-c-o. I'm the president of NetChoice-- that's a national trade association for the tech industry-- and I've been coming to Nebraska for five years to advocate for America's tech sector, including sponsoring the governor's economic development and ag summits in Kearney. I'm here today to ask you-- Chairman Jacobson said, "I want to know about the fix;" the fix is page 32 of LB468, where the ImagiNE tier for data centers is pulled out. The fix is to leave it in. I have no objections to other parts of LB468 from our industry's perspective. In fact, we have no objection to dropping that sales tax exemption in (77-)2704.62 on page 38. So if you repeal, however, the ImagiNE data center tier, you will reduce the potential for new hyperscale data centers here in Nebraska at a time when President Trump is trying to usher in a golden age of American innovation. And to help you with that, I captured some of the president's quotes and executive orders in a handout that's being circulated right now. I, I think it's important to recognize that of all of America's industries, it is the tech sector who is number one at investing in America's communities and in America's future. And we do that because we see ever-growing demand for data center storage, because all of us keep capturing videos and audio and messaging them to our friends and family, and storing documents, and hardly any of us ever delete our old videos, audios and photographs. And for that reason, we have got to keep growing data centers to store what all of us are using when we put things into the cloud. Everything that uses the internet-- including ag tech and advanced manufacturing here in Nebraska-- requires data centers, and AI servers require even more data centers in order to compete with China. So, we always say in the cloud that no one here really thinks that your data is stored in the clouds; it's in a big data center somewhere else around the country, for instance, in Omaha, and coming soon to Lincoln. So, I've been before you multiple times to talk about how Advantage definitely helped Nebraska. But other states have really upped their game to compete for data centers. Arkansas, Wisconsin, a permanent sales tax exemption; Michigan just signed one, and Kansas had a hearing last week on a 60-year exemption where the utility said data centers would help to lower rates for all customers. So, Nebraska's ImagiNE tier is becoming less competitive at a time that President Trump is embracing new data centers and new energy. Chair Jacobson, you mentioned the need of, of permitting. President Trump backed up the permitting by declaring a national emergency due to an inadequate energy in the United States. His executive order on "Unleashing American Energy" includes directing expedited permitting process for new energy projects, and reviewing all agency actions that might burden a domestic energy buildout. So, I close by saying my industry is responding as well; $300 billion in commitments this year from just the four companies: Amazon, Google, Meta and Microsoft. So, please amend LB468 to remove the repeal of ImagiNE on page 32 and keep Nebraska open for America's number one capital--

JACOBSON: Thank you.

STEVE DELBIANCO: --investment industry.

JACOBSON: I don't want to repeat where I've been, but you build a data center that's filled with computers that suck up a lot of energy but don't have any employees. And then, the high-paying jobs are located at the headquarters in Florida, Texas or somewhere else. How does that benefit Nebraska?

STEVE DELBIANCO: Thank you, Mr. Chairman. The study that Mangum did about the data centers we have in Omaha showed there were 500 high-tech jobs. Those are all six-figure jobs, not requiring engineers, but people that we recruit and train from trade schools and high schools. So that's 500 jobs, all six figures. So, there aren't any-- there isn't an absence of jobs, but there is a recognition that a data center is big capital investment, small number of jobs. Therefore, localities don't have to build new roads, schools or homes to accommodate it. Instead, we provide a way to keep Nebraskans who have a technical focus, keep them here in the state and pay them six figures. You also brought up a concern about when, when a utility is unable to provide the power because-- you can believe that our industry is not going to invest $1 billion on a brand new data center unless we are welcomed and valued by the community. And the utilities will tell us, plain and simple, in the 3 to 4 years it takes us to build a data center we will have online another 200 megawatts of power. If they can't make that commitment-- we, we have no business building in a community that can accommodate that. So, I don't think that you're looking at a runaway demand cycle in areas that can't support it.

JACOBSON: Thank you. I, I don't want to belabor the point, so I, I appreciate the answer. Again, I, I-- probably-- we can get together offline, and we're, we're probably two entirely different wavelengths here. Questions from others on the committee? If not, thank you.

STEVE DELBIANCO: Thank you.

JACOBSON: Another opponent.

CHRISTA YOAKUM: I am an opponent.

JACOBSON: Welcome to the committee.

CHRISTA YOAKUM: Good afternoon, Senator Jacobson and Revenue-- members of the Revenue Committee. My name is Christa Yoakum, C-h-r-i-s-t-a Y-o-a-k-u-m, and I'm appearing before the committee in my capacity as vice chair of the Lancaster County Board of Commissioners. And I'm here to testify on behalf of the board in conditional opposition to LB468. Lancaster County is committed to maintaining responsible property tax levels. With sustained inflationary pressures that are dramatically increasing costs across the, across the board, we continually are challenged to balance our budget. As you know, property taxes are our primary source of revenue to meet the needs of our citizens. At the same time, Lancaster County has demonstrated a commitment to keeping property taxes within statutory limits, and this committee has done incredible work to provide significant property tax relief. Alternative sources of revenue like the inheritance tax are important because they allow us to best meet the increased demand for our services and growing community without increasing property taxes. In Lancaster County, we budget an estimated $7.8 million per year for inheritance tax revenue, and we utilize these funds 100% for property tax relief. With our valuation, one cent in levy authority brings in approximately $4.2 million. Unfortunately, LB468's net effect on revenue in Lancaster County is an approximate $2.6 million shortfall, requiring over a 0.6-cent property tax levy just to retain an equal amount of the budgeted funding for critical public safety and infrastructure needs. Reducing the inheritance tax without thoughtful and forward-looking provisions to reliably, reliably replace revenue would have a disastrous effect on our county's finances, and would undermine the successful work wrought by the Legislature to reduce property taxes. Not only will shortfalls in LB468's proposed funding immediately impact our taxes-- I'm sorry, I-- will immediately impact our budget, our future property taxes-- taxpayers will also be put at risk because of several of the replacement funding streams are explicitly subject to future reexamination by the Legislature. Finally, we will also point out that reducing funding for county-directed regional behavioral health through changes to the doc stamp tax allocation ultimately should not be considered revenue-positive to counties. Lancaster County supports re-- reforming the inheritance tax, so long as our property tax payers are not burdened by the absence of reliable and sustainable property tax relief mechanism. We applaud the committee's leadership in reducing the property tax burden on our citizens, and we also appreciate today's opportunity to discuss the continued vitality of the inheritance tax. Although we conditionally oppose LB468 in its current phone-- form, we remain committed to working with Senator Clements on finding a reliable and sustainable replacement for inheritance tax revenue to ensure that Lancaster County can continue to provide significant property tax relief to our constituents. Thank you for the opportunity to testify and for your service to our great state. And I'd be happy to answer any questions.

JACOBSON: Thank you. Senator Kauth.

KAUTH: Thank you, Vice Chair Jacobson. So, you-- you're looking for ways to replace the money that would be lost?

CHRISTA YOAKUM: We would have a $2.6 million shortfall, so yes.

KAUTH: Have you looked at what things you can cut or trim up, or what things are actually wants versus needs? Because I think--

CHRISTA YOAKUM: Yeah, we--

KAUTH: --cutting spending is a pretty big component of managing.

CHRISTA YOAKUM: Sure. Of course it is. And we do that on a-- an annual basis. And in fact, we do that again at the mid-year; we're going to be doing some of that on Thursday. Or on Tues-- I'm sorry, Thursday of this week. So, we do that frequently.

KAUTH: OK. Thank you.

CHRISTA YOAKUM: Absolutely. That's important. You're right.

JACOBSON: Other questions from the committee, committee? Senator Ibach?

IBACH: Thank you very much. Seems like all I'm hearing from opponents is how much this hurts their budgets.

CHRISTA YOAKUM: Mm-hmm.

IBACH: And I've been paying property taxes my whole life. I'm sure everyone in agriculture has.

CHRISTA YOAKUM: Exactly.

IBACH: What's your answer to the folks that have paid property taxes their whole life, and then are taxed with an inheritance tax when we're actually trying to come up with solutions to replacement for those taxes?

CHRISTA YOAKUM: Well, I think that-- [INAUDIBLE] Commissioner Schoenrock earlier spoke, said-- and said he'd knocked on 1,000 doors; I knocked on 7,000 doors during the same time period, and I never heard anybody say they wanted less services. And in fact, all I heard was more and more and more. So, I-- while I understand the point, we really are coming at-- they're essentially two different pots of money, and we, we have done our best-- we have lowered our levy in Lancaster County the last several years every opportunity we have. As valuations go up, we lower the levy accordingly. So, I think we are doing what we can to hold costs. Of course, we negotiate every contract to try to get the best rate, and those sorts of things. And there's years when we do have to-- [INAUDIBLE] deny or defer things that we can't do. So, I think we're doing what we can with the funding that we have. And we've been counting on $7.2 million of inheritance tax, and to, to lose over $2 million of that is, is significant.

IBACH: OK. Thank you.

JACOBSON: Yes, Senator Bostar.

BOSTAR: Thank you, Chair. Thank you, Commissioner, for being here. I, I just want to check out-- one, one thing that I've heard from, from this proposal, and I just want to, I guess, kind of fact-check a little bit is that, you know, it would, it would decrease revenue to counties through the elimination of, of the inherit-- or the reduction in inheritance tax, excuse me. And it would provide these other offsets, but the offsets aren't-- you know, the-- it may be total one-for-one across the state, but from my understanding, it's-- it, it doesn't distribute to the counties that effectively. Right? So, some county anywhere may actually come out ahead if we were to pass this bill, whereas my understanding is Lancaster County in particular-- and probably others-- would actually come out behind.

CHRISTA YOAKUM: Right.

BOSTAR: And, and I think the-- from my perspective-- I mean, look, I'm, I'm a supporter of removing the, removing the inheritance tax, and I've supported initiatives that, that didn't provide that backstop funding, even. But I do think that if we are going to increase some fees and taxes elsewhere, that at the very least, we shouldn't be trying to pick winners and losers. And I'm-- I'm sorry. I attributed intent to that. I don't mean that there was intent to do that.

CHRISTA YOAKUM: Right.

BOSTAR: But we, we-- I don't think we should be effectively picking winners and losers between counties based on how we do this. And I just-- I don't know if you have any thoughts on that.

CHRISTA YOAKUM: No, I, I absolutely do. Counties are individual. We have individual characteristics that make up our population; who, who that population is is different in every county, and we should be looking at that. And, and I-- you know, I, I just wanted to backtrack just a second. I'm not necessarily opposed to getting rid of inheritance tax. I'm a-- what I am here to say is we have to preserve revenue for our county so we can do the work that we do. Yeah. And our, and our inheritance tax does fluctuate, so we deal with that, but it doesn't dip below that $7.-- what'd I say, $7.8 million-- much at all, so we have consistency there. When we look at some things-- I'm going to go back to behavioral health because it's the doc stamp tax. We pay so much more than surrounding counties. We pay hundreds of thousands of dollars, and some counties pay a couple thousand. Based on, again, on population, et cetera. I totally understand that. But we do have a lot at risk in our county, and would certainly miss that shortfall. And I think the other thing is the-- that we need to count on is the reliability and sustainability. We've already heard some people opposed to parts of this. Well, if the parts of this start to get chipped away, there goes the revenue with it, and I anticipate that on an annual basis. And those sections that said they would be reexamined on an annual basis or every five year basis, what happens when those reexaminations come? Do we lose this little by little--

BOSTAR: Yeah. All right. Thank you.

CHRISTA YOAKUM: --is my concern.

BOSTAR: Thank you, Commissioner.

JACOBSON: Senator Kauth.

KAUTH: One more question about the, the budget. So, when you look at your budget, are you actually cutting money out of your budget and saying, hey, we actually need to cut what we're spending, or are you adjusting the levy and saying, OK, we need to figure out how to keep funding these things by raising property taxes or taking more out of the levy?

CHRISTA YOAKUM: Yeah, the budget's-- the budget process is both, right? I mean, it is--

KAUTH: But, but have you guys actually cut--

CHRISTA YOAKUM: Oh, yeah.

KAUTH: --stuff?

CHRISTA YOAKUM: Oh, yes.

KAUTH: And what, what have you cut, and what have you found?

CHRISTA YOAKUM: We have-- largely, it is what we've, what we've largely done is deferred maintenance and those sorts of things more than cutting services. Cutting services to the residents of Lancaster County is the last thing that we want to do. But it's more of those other things that we have deferred. We haven't bought equipment as soon as we'd like. We-- you know, we put that off another year, that sort of thing. And when I look at what our-- for the last five years, what our inheritance tax house-- how it has fluctuated, the lowest was $6.6 million, but the highest was $10.3 million. That might be the year we say we'll do a new HVAC system or we'll put the roof on, those kinds of things. Because we can't defer maintenance forever.

KAUTH: Mm-hmm.

CHRISTA YOAKUM: But we also have-- know we have to have the funding there.

KAUTH: OK. Thank you.

JACOBSON: Other questions from the committee? All right. Seeing none. Thank you--

CHRISTA YOAKUM: Thank you.

JACOBSON: --for your testimony. Other opponents. Ms. Gilbertson, how are you?

KORBY GILBERTSON: I'm good. Good afternoon, Vice Chair Jacobson, members of the Committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n, appearing today as a registered lobbyist on behalf of the Nebraska Realtors Association in opposition to one little portion of LB468. And I'm guessing you can all guess why that is. Somehow, over the last 35 years, the Nebraska's-- the Nebraska Realtors Association has kind of become the protectors of the Affordable Housing Trust Fund and associated increases to the doc stamp tax. We've worked with the counties over the years to make sure that the costs of record-keeping-- and even agreed to increases in the doc stamp tax so that they could upgrade their systems, because there is no doubt that the doc stamp should cost-- should cover the cost of the service, which is record retention. And that's the purpose of having a doc stamp tax. The other purpose the Realtors have always maintained is that it should go for housing. Senator Bostar had as-- a bill that would have it go to how-- have an increase in the doc stamp go to housing. Our concern is that when you look at the total number of bills introduced this year-- and I know this came up earlier during the hearing-- you see that there are several different bills that want to increase the doc stamp tax and use it for things that aren't related to housing. Our other concern is that-- you see legislation from the governor that wants to sweep $8 million out of the Affordable Housing Trust Fund. Our argument is that money should be left in the Affordable Housing Trust Fund and used for housing purposes. We all know we have a very severe shortage of housing in Nebraska; we should be figuring out ways to use that money, not have it sit somewhere and able to be swept. The last point I'll make, which is kind of just an interesting point, is this turns into a tax shift. So, obviously you're going to increase the doc stamp tax to help reduce inheritance tax. There are 25 different exceptions to the doc stamp tax, so you're going to be taxing people that are trying to sell their homes to fund something to a group of people that will not pay any doc stamp tax on their transfer. So, I think-- I would argue that the committee should at least look at the current exemptions to the doc stamp and perhaps have a de minimis transfer fee, so that you're not taxing one group to benefit another group. That's it.

JACOBSON: Thank you.

KORBY GILBERTSON: I'd be happy to answer any questions.

JACOBSON: Well, with that last point, I would be remiss if I didn't point out that the one tax that everything gets shifted to when there's not enough money--

KORBY GILBERTSON: Is property.

JACOBSON: --is property taxes.

KORBY GILBERTSON: Yep.

JACOBSON: And when it comes to property taxes, I look at farms in Clay County. I don't live there, so I can't even vote on the people that decide who's, who's on the boards who decide what my taxes are going to be. I don't have any kids in school, so, other than the roads, I'm getting no benefit from the property taxes I pay there. And yet, the default shift is always ultimately to property taxes. I think Senator Ibach's com-- comments are spot-on. I mean, farmers in particular, and ranchers have paid a very disproportionate amount of, of the, of the taxes, and when you look at how we're taxed on the market value of the land, which is the factories that we have to try to operate on, and I-- and, and ultimately get taxed the inheritance tax on the back end. You know, that's the frustrations that we're dealing with, just to put it in perspective. But I hear what you're saying. I, I think I keyed up your, your arguments earlier, so. Thank you.

KORBY GILBERTSON: Thank you.

JACOBSON: Other questions from the committee? All right. If not, thank you.

KORBY GILBERTSON: Thank you.

JACOBSON: Another proponent-- or, opponent, yes? Are we done with the opponents? All right. Let's go to neutral testifiers. Anybody that has no opinion on this, just neutral. All right. If not, Senator Clements, you're welcome to close. Oh, by the way, let me just mention that there were no eight-- there were 28 proponent letters, 9 opponent letters, 3 neutral letters, and there were no ADA letters. You can proceed with your close.

CLEMENTS: Thank you, Mr. Vice Chair. Yes, I wanted to eliminate inheritance tax completely, which is about a $93 million cost. But since last May, you know, the last eight or nine months we've been looking into-- like-- we'd love to have somebody come up with the silver bullet as to how we can eliminate this. So, it does create a complex bill when we're trying to chip away here and there at some-- find some revenues here and there without making a huge impact in any one specific area, so. But I, I was interested in Lancaster County-- or, no, the Realtors-- talking about a few people paying documentary tax for a lot of other people's benefit. That relates to Douglas County's comment when only 0.25% of their residents are paying the inheritance tax that 99.75% of the residents are using services from that county. I really agree with the Realtors; it's not a good thing to have just a few people paying-- benefiting everybody else, and that's really why I'm opposed to the inheritance tax. And also the fact that you mentioned that it's all the assets in an estate have been taxed once or multiple times-- their after-tax dollars into being taxed again. The one-- one item about Lancaster County is this $2.6 million loss. I disagree with the fiscal note they have. About 38% of the beneficiaries are Class 2 and 3. 38% of $7.8 million is $2.9 million of loss if they don't get any replacement revenue, but they'll get a lot of doc tax, there's lots of house sales in Lincoln, a lot of motor vehicles in Lincoln, and I think they would also get the insurance premium tax. The share of it is by population; they got a lot of population, so I think there might be an adjustment to the fiscal note being needed. The-- otherwise, I, you know, just overall really appreciate the committee's consideration of this bill, and would welcome suggestions of revenue sources to try to get, get to a more competitive place for Nebraska. And I'd be glad to visit with you if you have any questions or information to give me. But I'd answer any questions now.

JACOBSON: Thank you, Senator Clements. And you're beginning your ninth year in the Legislature, and I think this has been an issue for you from day one. So, you're persistent, if nothing else. So, hopefully we can deliver something for you before you leave the Legislature.

CLEMENTS: Thank you.

JACOBSON: Questions from the committee? Senator Ibach.

IBACH: Thank you very much. I just have one comment. There's no one else I would trust more to finagle this inheritance tax issue than you, and I appreciate what you've put into this. I still don't think it goes far enough, because I think, you know-- and I think we've had this discussion. I still think people that are inheriting land in Nebraska and live in Florida should have to pay a higher tax because all they're going to do is sell it for the inheritance. So, if there's any way for us to weave that into this program, I'm all for it. Thank you.

JACOBSON: Other questions?

IBACH: Thank you. Mr. Chair.

DUNGAN: Should we do the whole hearing again for Senator von Gillern?

JACOBSON: Yeah, let's start over. All right. If not, thank you, Senator Clements, and this closes our hearing on LB468. And I'll turn the chairmanship back over to Senator von Gillern.

von GILLERN: My gratitude for covering in my absence. Had a little--

JACOBSON: We didn't want to get too far ahead, so you could catch up.

BOSTAR: Yeah, we were going to just stay on this one the whole time.

von GILLERN: I thought I played this pretty well. Well--

JACOBSON: It's time for you to take it back over.

von GILLERN: OK. All right. We'll open on LB608. Welcome, Senator Bostar.

BOSTAR: Did you want to take about an hour to go recap of what you missed in the previous hearing?

von GILLERN: I'm going to listen to the transcripts tonight when I get home.

Unidentified: Even though I. Where I took this. And.

von GILLERN: Ready when you are.

BOSTAR: I was just giving people just a second to [INAUDIBLE]. Good afternoon, Chairman von Gillern, fellow members of the Revenue Committee. For the record, my name is Eliot Bostar, that's E-l-i-o-t

B-o-s-t-a-r, representing Legislative District 29. Here today to introduce LB608, legislation that expands the First Responder Recruitment and Retention Act to include correctional officers and juvenile detention officers, clarifies language surrounding qualifying dependents, and corrects drafting error in the original act that inadvertently omitted civilian firefighters stationed at Offutt Air Force Base. Nationally, state prison and local jail staffing has cratered since 2019. According to the U.S. Census Bureau, full-time staffing in state prisons is down to its lowest level in two decades, and down more than 10% from 2019 to 2024. Corrections has, in fact, seen a greater decline than in any other state government sector since 2019. The U.S. Census Bureau reports in 2024 that 49,730 individuals have left employment from state prisons, and another 16,982 from local jails since the beginning of 2020. According to a recent survey conducted by the Correctional Leaders Association, half of the survey respondents-- including administrators for all 50 state prison systems, four territories, four large jail systems and military corrections-- report officer turnover rates between 20 to 40% annually, with 38% of staff leaving within a year and 48% leaving within one to five years. Across Nebraska, corrections staffing has been a concern for decades. While salary increases in our state system decreased vacancies for a time, they've begun to once again climb. According to the 2024 annual Report of the Office of the Inspector General of the Nebraska Correctional System, in June 2021, vacancies in the Nebraska Department of Correctional Services peaked at 527 before falling to 359 two years later. Unfortunately, since 2023, we have seen a steady climb once again in vacant positions across our state system, with 452 vacancies reported in summer of last year. According to the inspector general, hiring bonuses granted to new employees-- a strategy employed to boost recruiting-- ended in 2023 with mixed results. Only 31% of the new protective service staff who were offered a $10,000 hiring bonus at select prisons were still on the job after four years. It's clear, as a state, we need to explore new alternatives to recruitment and retention of correctional staff. The problem of justice system staffing is not contained merely to state prisons and local jails. According to a survey conducted in 2023 by the Council of State Governments Justice Center, the Center for Juvenile Justice at Georgetown University's McCourt School of Public Policy, and University of Cincinnati Corrections Institute, survey respondents from over 200 individual agencies representing 33 state-level juvenile justice agencies and a multitude of local agencies reported that they are now facing greater difficulties hiring and retaining staff than at any time in the past ten years. The

Council of State Governments' survey findings specifically highlights the lack of competitive benefits and salaries, with many agencies reporting the loss of staff to fast food establishments and big box stores due to both the easier work and higher pay. First Responders Recruitment and Retention Act offered a solution to our corrections and juvenile detention staffing crisis. This act, advanced by this committee and passed two years ago by this Legislature, provides a 100% tuition waiver for any full-time law enforcement officer or firefighter and their dependents, so long as that first responder remains employed in good standing with their department, and as long as the dependent agrees to maintain their residence in Nebraska for five years following the use of the waiver. The act goes on to provide some tax incentives for the cost of health insurance premiums for first responders who have retired but are not yet eligible for Medicare. The First Responder Recruitment and Retention Act incentivizes longevity of employment and makes recruitment of new first responders much easier. In the short time since its enactment, my office has received many reports of veteran law enforcement officers and firefighters from departments across our state choosing to remain employed longer than they would have otherwise in order to provide the educational benefits for their family. In Lancaster County, the sheriff's department has seen a steep rise in the number of deputy applicants, from 307 in 2022 up to 728 in 2023. The Lancaster County Sheriff's office has reported to my staff that they are abs-- that they absolutely believe the First Responder Recruitment and Retention Act has had a meaningful impact on their applications and overall staffing. It's only been 18 months since the original act went into effect, and the full impact of the First Responders Recruitment and Retention Act has yet to be measured. But I believe that there are testifiers behind me who will-- who deal with first responder staffing challenges every day who will speak to the early success of the act. The Missouri Legislature is, in fact, currently considering legislation based on the First Responders Recruitment and Retention Act, as word is starting to get out about the success Nebraska is experiencing. Expanding this act to include our correctional officers and juvenile detention officers will create a powerful incentive to maintain long-term employment with our state prisons, local jails and juvenile detention facilities. This is a common-sense step to combat the alarming rate of turnover these facilities have seen, and prevent the hemorrhage of qualified and experienced staff. Following conversations with the University of Nebraska, I've included in this legislation compensation for our higher education providers equivalent to 50% of the tuition waiver for the inclusion of correctional officers or juvenile detention officers. I appreciate the input of our partners, and wanted to include this funding in order to offset the impact of tuition remission in our colleges and universities. Qualifying child language was written with input from the representatives of Nebraska's higher education community to resolve some bureaucratic processing complications that family members of a few firefighters and law enforcement officers have encountered this past year. The language does not expand the legislation to any additional recipients; it only clarifies the original intent. The initial legislation also inadvertently left out the civilian firefighters who are stationed at Offutt Air Force Base, as they were not employed by a municipality. Again, this change is not an expansion of intended recipients; [INAUDIBLE]-- and this change has been discussed with the university, state and community colleges, and does not expand the intended benefit recipients of the original act. Too often and too easily, the people who work at the end of our criminal justice system get overlooked because, unlike our police and firefighters, we don't see them in the streets of our communities. The individuals working in our prisons, our jails and juvenile detention facilities place themselves at risk when they stand between criminals and our greater population at large. They are no less deserving and no less important to our safe streets and neighborhoods. They are routine-- they are routinely assaulted and injured in the line of duty, and their families share the same worry every day that their loved ones might not come home at the end of a shift, just like any other first responder. LB608 offers a novel solution to the challenges our state is facing in correctional juvenile detention staffing, as well as correcting and clarifying the overall language of the act. The people this legislation would impact stand every day between our communities and danger, and they deserve our thanks and support. I would urge your support of LB608. I thank you for your time and consideration, and I'd be happy to answer any initial questions.

von GILLERN: Thank you, Senator Bostar. Questions from committee members? Senator Kauth.

KAUTH: Not necessarily a question. Kind of a question. First, as for this was passed, I did a ride-along with a helicopter pilot for the police department in OPPD [SIC]. He told me he was going to defer his retirement for at least three years so he could use this, so it worked immediately. I also have in my district a federal law enforcement agent who does not get a federal retirement package, but they have deferred moving multiple times because they love Nebraska and they want to stay here. So, he did some research; federal protective services-- there are only a few in this state; there are some law enforcement positions with the VA. As we, we have discussed, some of the people who got left out-- I think it would behoove us to look at those people who we really want to stay in the state and who have given up a lot in the federal system to be here. So if you'd be open to an amendment, I would like to talk with you about that.

BOSTAR: Well, so-- thank you. I, I, I have a suspicion that you asked this just to brag about doing the ride-along in a helicopter.

KAUTH: Just a little. I did not get sick.

BOSTAR: Which, which-- fair enough, Senator. You know, and so-- for folks who are new on the committee, this is actually a subject that we've worked on before in committee with some of these federal law enforcement officers. Obviously, I'm interested in continuing that work. Absolutely.

KAUTH: We'll talk.

von GILLERN: Other questions? I got a couple of quick questions. The-- you mentioned the-- if they, if they stay in the state for five years, is there a clawback provision? Is there a delayed payout provision? How does that work?

BOSTAR: Well, there's no-- there's no delayed payout because there's no payout.

von GILLERN: Right. It's a-- just a discount.

BOSTAR: So, yes, the, the, the schools could go after individuals for the remitted tuition at, at their discretion. That-- and that was-- that system was designed when we first created this act a couple of years ago. The, the educational institutions themselves wanted that authority so that they could also operate with some discretion,--

von GILLERN: OK.

BOSTAR: --you know, because it's-- who knows if something-- you know. For example, was something that came up a couple of years ago when-- in just discussions in crafting this. You know, if someone is committed to residency here, they got a waiver, but they got sick with something and they needed specific treatment in a different state through no fault of their own, we didn't want to create a, a requirement that the, that the school go after that person in that moment to, to recoup tuition that wasn't paid, right? So, they do have some ability to make those decisions themselves, but they also are empowered to do that.

von GILLERN: OK. And then-- and not to get too far into the weeds, but page 4, line 28 says qualifying job means a child who is a non-dependent child of a correction officer, law enforcement, blah, blah, blah, who is a legal dependent of another parent. Is it intended to pick up-- if a-- if there's-- if it's a divorced family and the dependent-- the child is--

BOSTAR: Yeah. So, so this--

von GILLERN: [INAUDIBLE] another parent?

BOSTAR: --is-- this is what we've run into now, is, is-- yes, pretty much precisely.

von GILLERN: OK. All right.

BOSTAR: Is if, you know, one parent-- if, if you have the, the child of a firefighter or police officer, but for tax purposes they are recorded as the dependent of the--

von GILLERN: OK.

BOSTAR: --other parent, then they have been excluded from the program.

von GILLERN: OK.

BOSTAR: And so we're just-- in order to avoid having families try to game their tax filings for this, if they're-- we're just trying to say if they're the child of, of an individual [INAUDIBLE]

von GILLERN: Yeah. Yeah. OK. That's, that's what I presumed, but I-- when I first read it, it--

BOSTAR: That's the reason.

von GILLERN: --threw me. OK. Thank you. Seeing no other questions, thank you for your opening. Invite up the first proponent. Good afternoon.

BRAD JOHNSON: Good afternoon, Chair von Gillern, and members of the Revenue Committee. My name is Brad Johnson, spelled B-r-a-d J-o-h-n-s-o-n. I'm the director of Lancaster County Department of

Corrections. I'm here to testify in support of LB608 on behalf of the Lancaster County Board and my department. To ensure that Nebraska is the most welcoming destination for those pursuing careers as first responders, the Legislature adopted the First Responder Recruitment and Retention Act. It comes as no surprise to me that the Legislature made this important investment in our first responders, because investing in a well-educated public safety workforce is a winning proposition for employees and the entire state. As with law enforcement officers and professional firefighters, the safety of our communities and those placed in the care of corrections departments depends upon the ability to recruit and retain professional correctionals employees. The criminal justice system is supported by interdependent components, with both law enforcement officers and correctional officers serving on the front lines to keep our communities safe and secure. LB608 will encourage developing leaders to stay in the field by guaranteeing educational opportunities for themselves and their children, and it also will encourage new staff to fill entry-level positions while pursuing an education and growing their families. Ensuring a pipeline of highly-educated and committed professionals for future leadership roles in corrections. From my own experience, I can tell you that the act is achieving its desired goals of retention and recruitment. I have heard from several of my counterparts in law enforcement who have been considering changing careers that they decided to continue in their current position because their children were attending college. I have also had discussions with an individual who transferred into law enforcement because of this benefit. Based on this track record of success, I believe LB608 also can attract and retain talent in the field of corrections. I ask you to please support LB608. I am a strong proponent of the corrections mission and those hardworking professionals who do the very challenging and rewarding work of corrections in an often overlooked environment of our jails. LB608 greatly enhances our ability to advance professionalism of the field of correction, and also publicly acknowledges the significant sacrifices correctional officers make every day in furtherance of collective goal of public safety. Thank you to Senator Bostar for introducing this legislation that recognizes the importance of the field of corrections and the work of my colleagues who answer the call, no matter the circumstances. Thank you for your consideration, and I'll be happy to answer any questions your-- you may have.

von GILLERN: Thank you for your testimony. Any questions from committee members? Seeing none. Thank you, Mr. Johnson.

BRAD JOHNSON: Thank you.

von GILLERN: Next proponent. Good afternoon.

BRAD ALEXANDER: Good afternoon. Chair von Gillern, members of the Revenue Committee, my name is Brad Alexander, B-r-a-d A-l-e-x-a-n-d-e-r. I am the director of the Lancaster County Youth Services Center, and I am here to testify in support of LB608 on behalf of the Lancaster County Board and my department. Excuse me. LB608 represents a significant step forward in the recruitment and retention of juvenile detention officers in Nebraska. By offering tuition waivers for those-- these dedicated professionals and their children. The state acknowledges the critical role that juvenile, juvenile detention officers play in maintaining public safety and supporting at-risk youth. Such "incentitives" can-- incentives can alleviate financial burdens associated with higher education, thus attracting a more diverse pool of candidates in this essential field. Moreover, in investing in education of juvenile detention officers and their families fosters a culture of professional development and commitment within this sector. Providing educational opportunities not only enhances job satisfaction, but also improves the quality of services provided to a vulnerable population. Bolstering support for first responders through initiatives like tuition waivers is a crucial and-- crucial for addressing staff shortages and ensuring effective rehabilitation programs for juveniles. In conclusion, advancing LB608 is vital for strengthening Nebraska's juvenile justice system. The proposed tuition waiver not only serves as an incentive for current officers, but also encourages future generations to pursue careers that are instrumental in shaping positive outcomes for youth in detention facilities. By priority-- prioritizing education and professional development through such legislative measures, Nebraska can ensure a robust workforce capable of meeting the complex needs in this community. Thank you to Senator Bostar for introducing this legislation that will enhance recruitment and retention of a dedicated professional workforce in juvenile detention facilities, and will also ensure that Nebraska's youth receive the best possible care where they're not-- while in our cons-- in our custody. On behalf of everyone at the Lancaster County Youth Center, thank you for your consideration, and I'll be happy to answer any questions that you might have.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Seeing none. Thank you for being here.

BRAD ALEXANDER: Thank you.

von GILLERN: Next. If your name is Brad, I'm buying a lottery ticket.

NEIL MILLER: I'm sorry, Senator. It's not.

von GILLERN: OK.

NEIL MILLER: Good afternoon-- I'm sorry. Good afternoon, Chairperson von Gillern, and members of the Revenue Committee. My name is Neil Miller, N-e-i-l M-i-l-l-e-r. I'm the Buffalo County sheriff. I'm here today testifying on behalf of the Nebraska Sheriffs Association. Thank you, Senator Bostar, for introducing LB608. As I'm sure many of you are aware, in the last four to five years, it has been difficult to find and fill public safety positions. Over the last few years, the Nebraska Legislature has been supportive and proactive in their effort to pass legislation that increases our ability to accomplish this. Efforts to improve our ability to recruit and retain our officers and firefighters has been greatly enhanced by the passage of several laws, and by establishing them and enhancing certain, certain benefits for them. The First Responder Recruitment and Retention Act is one of those laws. To give you a few examples on how significant these programs have been, I will share with you some of the information that two of our employees from-- of my agency. I have a lieutenant that has a student enrolled in Wayne State College. This program has allowed him to send his child to college and receive approximately $5,000 in tuition savings annually. I have another lieutenant that has a child enrolled at UNL, and has seen a benefit of approximately $7,000 annually. This program not only helps in attracting new employees, but also to keep graduates in the state of Nebraska after they graduate, as it requires a five-year commitment to stay in the state after graduation. I believe that with our current shortage of corrections staff, we can help to attract and retain those employees by including them in the current law in passing LB608. Adding them to the current law makes good financial sense to an already-successful program. These corrections officers are on the front line, protecting our communities day in and day out, 24 hours a day. Much of the-- much of the cause in our inability to hire staff for these positions is due to our employees mandated to working nights, weekends and holidays. I believe that this benefit helps to justify and enhance the work/life balance that many potential employees are trying to find. I would ask that you support LB608, move it out of committee, and support it through the process. I would also thank-- like to thank all of you for everything you have already done for those, those of us in public safety. Your efforts and dedicated work have and will continue to make Nebraska a great place to work and live. I would be happy to answer any questions.

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

NEIL MILLER: Thank you.

von GILLERN: Appreciate it. Next proponent. Good afternoon.

ANTHONY CONNER: Good afternoon, Senators, and Chairman von Gillern. My name is Anthony Connor, A-n-t-h-o-n-y, last name is Conner, C-o-n-n-e-r. I'm the president of the State Fraternal Order of Police. And, to Senator Kauth and von Gillern that knows me pretty well, you'll be shocked to hear this, but I'ma keep my comments short today. So, when I was elected to the state FOP last June, I started mingling with members of the state FOP, which-- we represent about 5,000 across the state of Nebraska. Approximately 25% of that is, is corrections officer, maybe, maybe even a little bit more than that. So, I started mingling with the corrections officers to kind of hear what their concerns were and issues were that we can help out with, you know, as, as, as the new state president. And what I found was their issues are very, very similar to us, and-- us as police officers and, and deputies across the state. They're having recruitment and retention issues, a very high turnover. I'm not going to dive into the numbers because you guys already heard them from Senator Bostar. And also, before I even get even further, I want to thank Senator Bostar for bringing a bill last year, and also bringing this bill. He's been a champion for law enforcement, and we've really appreciate that. But with that said, Omaha, right now-- because I am an Omaha police officer and a sergeant-- there is-- we're over 100 officers short. Probably 125, depending on how you look at the numbers. And that number is only getting worse right now. Without this, this bill, during a time when I was president of the OPOA, I probably talked to 20 to 30 people-- and that's just a rough number-- that literally were like, I was leaving at 22.5, I was leaving at 25, but I'm now staying because I want to be here to help my kid go through college. So, we're retaining officers. And, in my opinion, retention is probably a little more important than even recruitment because you're retaining not just that, that person; you're retaining that, that person's experience. Like I said, I'm not going to beat the drum. You guys are going to hear some-- from the subject-matter experts that work in corrections [INAUDIBLE] come up here next, so I will certainly be here for any questions. Once again, thanks Senator Bostar, and thank you all for considering this bill. I really appreciate your time.

von GILLERN: Thank you.

ANTHONY CONNER: Any questions for me?

von GILLERN: Questions from the committee members?

ANTHONY CONNER: All right. Thank you.

von GILLERN: Seeing none, thanks for being here.

ANTHONY CONNER: Thank you.

von GILLERN: Good to see you again. Next proponent.

PATRICK SULLIVAN: Good afternoon, Chairperson von Gillern, and members of the Revenue Committee. Thank you, Senator Bostar, for bringing this bill forward again. I'm Patrick Sullivan, P-a-t-r-i-c-k S-u-l-l-a-v-a-n [SIC]. I come before you speaking as executive of the board, member of the Nebraska State Fraternal Order of Police, a proud 20-year member of the FOP Lodge 8 at Douglas County Corrections, and as a proponent of LB608. I, along with my fellow brothers and sisters, respectfully ask for the inclusion of the county and state correctional officers into the First Responders retirement-- Recruitment and Retention Act. Correctional officers are a vital component of the criminal justice and law enforcement system, dedicating their service to those we have a constitutional duty to protect, and the public who entrust us to carry out the orders of the court. Correction officer retention has been an ongoing battle I've personally witnessed throughout my career at Douglas County Corrections. I've completed an academy class of 25 officers when I started, and I'm currently one of five remaining officers. This is an all-too-familiar story in corrections we share across the nation. In 2021, Senator Bostar stated these-- this study, the Correctional Leader officers-- Correctional Leaders Association surveyed its members representing correctional administrators of all 50 states, four U.S. territories, four large jail systems and military corrective systems. Recruitment and retention consistently top the list for priority for corrections leaders, and it's a priority for us as officers, as well. For almost 50% of correctional agencies, officer turnover rates range from 20% to over 30% annually. 38% of the staff leave within one year, and 48% of the staff leave within one to five years. That's no different than Douglas County Corrections' retention rates for the last seven years. As corrections officers, we face high rates of injury and illness due to confrontations with incarcerated people and exposure to contagious diseases. As essential personnel, we watched coworkers die and become gravely ill during the COVID pandemic. The continued threat of violence can cause hyper "viligance" and anxiety in our officers, who face issues of stress, mandatory overtime, staffing shortages, burnout, divorce, and suicide. These issues have only in testif-- intensified with an inmate population that has changed from a jail full of petty criminals when I started to a jail full of criminals with mental health conditions, making Douglas County Corrections unofficially the largest mental health facility in the state of Nebraska. The inmate population change and ongoing issues continue to affect poor retention rates, which only add to our ongoing cycle of overtime and staff turnover. We believe this act's ability for the state to have an impact in the retention of corrections officers on the county and state level by adding correctional officers to this act, we as a state can begin to address the wellness challenges correctional officers face in their careers, and we can retain experienced and dedicated public service-- servants who have chosen this as a career while helping recruit the next generation of corrections officers into this field. Thank you for your time, and if you have any questions, I'll answer them.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Seeing none. Thank you for being here.

PATRICK SULLIVAN: Thank you, committee members.

von GILLERN: Next proponent.

GARY BRUNS: Good afternoon, Chair von Gillern, and members of the Revenue Committee. My name is Gary Bruns, G-a-r-y B-r-u-n-s. I'm here today as the president of the Nebraska Professional Firefighters Association, representing 1,400 paid municipal firefighters, EMTs, paramedics across the state. We'd like to express our gratitude to Senator Bostar for introducing LB608. We are hopeful that the inclusion of the language "qualifying child" will help address issues faced by first responders with unique custodial challenges which have previously excluded their children from participating in this successful program. The current definition of legal dependent aligns with the term used for Free Application for Federal Student Aid, or FAFSA. Under the current definition, for example, a child who applied under the act with the intent to attend university was denied because the non-first responder parent filled out the FAFSA. According to

FAFSA rules, when parents share joint custody, the parent with the higher income is required to complete the FAFSA. While the first responder claimed the child as a dependent for tax purposes, they did not meet the FAFSA requirements for the child to be accepted to university. By including the term "qualifying child," we would better acknowledge the complexities of modern families. Secondly, we support the addition of the word "federal" to clarify individuals providing fire protection services at military installations in Nebraska, and are included. It was the intent of last year's bill, LB1093, to include these individuals that were removed during the process. We ask that they be included, and I will be followed by one of their members to further discuss their important roles within our community. Thank you for the committee's time and consideration. I'm happy to answer any questions that you have.

von GILLERN: Thank you. Questions from the committee? Thank you for clarifying the qualifying child thing for me. Appreciate that.

GARY BRUNS: Thank you.

von GILLERN: Thanks for your testimony. It's now 4:30, so I will say "good evening" to the next proponent.

MARCUS RING: Good afternoon. I'd like to thank the chairman and the committee for affording me this opportunity to share a little of my experience and my perspective. I want to offer a special thanks to Senator Bostar on behalf of my fire department for his continuing work in advocating for our inclusion in this valuable and important legislation. I want to state clear that I'm--

von GILLERN: Can I interrupt you? I'm sorry. Can we get your name and ask you to--

MARCUS RING: I'm sorry.

von GILLERN: --spell your name, please.

MARCUS RING: Marcus, M-a-r-c-u-s; last name is Ring, R-i-n-g.

von GILLERN: Thank you, Mr. Ring.

MARCUS RING: I want to stay clear that I'm very supportive of the bill and my colleagues and I would very much like to see it amended to include our group of professional firefighters. Again, my name is Marcus Ring, and I'm a firefighter/EMT with Offutt Air Force Base Fire

Department. I was stationed at Offutt from 2002 to 2005 while I was on active duty, and, having been a firefighter paramedic, I returned to Offutt from Chicago as a civilian in 2019. In total, I've been a firefighter for 27 years, working in fire departments around the world, from California to Afghanistan. Offutt Air Force Base has been of service in Nebraska since about 1918, and now provides support to a military and civilian community of over 57,000 people. The 55th Wing is the second largest wing in the United States Air Force. We're home to United States Strategic Command headquarters, as well as headquarters for the Air Force Weather Agency, which is the largest computerized weather facility on the planet. Add to that other important missions and around the clock aircraft commission that projects Air Force power around the world, and you can think of Offutt's fire department as one providing fire protection for a medium-sized city and a major international airport at the same time. Offutt's fire department transitioned from a mix of military and civilian personnel to an all-civilian department in 2007. In total, we employ 65 civilians, which is very different than being staffed with a mix of military and civilian personnel. Military personnel move in and out of a base about every three years, give or take. Being an all-civilian department, we're able to provide a much higher level of continuity and a much higher level of customer care because we stay here longer. We know the intricacies of the facilities, the people in the aircraft in our jurisdiction. When you have an entirely civilian department, the people in your department are there because they want to be there. They're going to put down roots and make a career, and the firefighters who serve Offutt Air Force Base are Nebraskans raising the next generation of Nebraskans. The Department of Defense, in the 2024 National Defense Authorization Act, established the minimum staffing requirements for both structural and aircraft fire apparatus on DOD installations. This is a good thing because, as any firefighter will tell you, more people on scene is always a good thing. It makes an inherently dangerous, unpredictable and challenging job more safe by having more eyes to see the problem and more hands to do the work. This also means we're going to need to attract more people to come and work with us, and while we know we have an outstanding fire department, people outside Nebraska may not know what a well-kept secret life in Nebraska really is. Important benefits like those provided in this bill serve as important an-- incentive to help attract the best people to help take care of all of our customers. The firefighters at Offutt live in Nebraska, they pay taxes in Nebraska; our customers in base housing have Bellevue addresses. And, at any moment, we could be and consistently are called upon to respond to any one of 30 different municipalities. So, I encourage you, please, to pass the amendments proposed in this legislation without delay. I thank you again for your time and this opportunity today, and I'm happy to answer any questions you might have.

von GILLERN: Thank you for your testimony. Any questions from committee members? Seeing none, thank you for being here.

MARCUS RING: Thanks.

von GILLERN: Next proponent. Good evening.

JAY WILSON: Good afternoon, everybody. My name is Jay Wilson, J-a-y W-i-l-s-o-n. I am the president of the Fraternal Order of Police Lodge 88. We cover the protective services here in Nebraska, which includes corrections. I'm honored to be here before your-- before you to represent the membership of our lodge to support LB608. The director and everybody does the best job they can to hire new, new employees, but all of our facilities are still short, as they, they mentioned earlier. And I believe that this bill is a step in the right direction to recruit and retain staff.

von GILLERN: Thank you.

JAY WILSON: And I stand for questions.

von GILLERN: Thank you. Any questions? Seeing none, thanks for being here.

JAY WILSON: Yes sir. Thank you.

von GILLERN: Good evening.

DANIEL GOODMAN: Good afternoon, Chair von Gillern, and members of the Revenue Committee. I am Daniel Goodman, spelled D-a-n-i-e-l G-o-o-d-m-a-n. President, Fraternal Order of Police Lodge 32, Lancaster County Department of Corrections, here to testify in support of LB608. During my 27 years as a corrections officer with Lancaster County, we were largely seen as a stepping stone to more legitimate, prestigious law enforcement positions. From local police and sheriffs to state and federal agencies, we were often a reference or prerequisite to more desirable careers. Even within the profession, we accepted and deferred to that narrative. Since the COVID pandemic, we have endeavored to change the perception of corrections officers. We recognize that we were an essential component of the criminal justice system. We were in the trenches, unseen and unheralded, yet undeterred. We are first responders to all manner of critical incidents, from acute life-threatening physical ailments to assaults, to severe mental breakdowns. We are vigilant and step to the front. Our training, standards, and professionalism provide safety and security to the public and those in our immediate care. Incarcerated populations show no signs of receding. In addition, the amount of programs and rehabilitation happening in the correct-- in corrections only increases. Highly trained, educated and skilled officers are needed to help realize the modern expectations and goals of corrections. Corrections officers do not routinely operate in public view or have the opportunity to engage with the citizens we serve, yet we feel the same call to service as others in law enforcement. We find camaraderie and teamwork rewarding and take pride in a job well done. No one outside the department sees it, but we do it nonetheless. Thank you, Senator Bostar, for introducing legislation that recognizes the service, dedication, and value of corrections officers. This effort at recruitment and retention provides legitimacy to a profession often seen as an afterthought, and the education promised to future generations of Nebraskans provides immeasurable promise. Thank you.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Seeing none, thank you.

DANIEL GOODMAN: Thank you.

von GILLERN: Appreciate it. Next proponent.

PATRICK DEMPSEY: Good afternoon. My name is Patrick Dempsey, P-a-t-r-i-c-k D-e-m-p-s-e-y, and I am the president of the Omaha Police Officers Association. Unlike the last president, I will keep my comments a little bit shorter. But I'm here on behalf of the corrections officers who should be included in this bill. This has been a huge benefit to our membership and our profession, and what Senator Bostar was able to get done over the last couple of years, and it's greatly helped us. Unfortunately, Senator Kauth took the story I was going to tell before this bill started, but there are 20 to 30 guys who I know would have left our career at 22, 22-and-a-half years, who are now staying to 25, 27, 30 years because of this bill. In a time of crisis and the hiring crisis we're in right now, we have-- down probably 125 officers. Retaining that experience on the back end is more important than the new guys coming in. When those guys walk out the door at 22.5 years, that's 22.5 years of conflict resolution and everything else that they take with them and walk away, and it makes our career much more difficult. With that, I urge you guys to support LB608, and I'll take any questions.

von GILLERN: Thank you. Any questions from committee members? Senator Kauth, nothing?

KAUTH: Well, I do, but it's late.

von GILLERN: All right. [INAUDIBLE] Thank you for being here.

PATRICK DEMPSEY: Thank you.

von GILLERN: Appreciate it. Any other proponents? Good evening.

JON CANNON: Good evening, really? Chairman von Gillern, distinguished members of the Revenue Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify in support of LB608. I want to thank Senator Bostar for bringing this bill. No one has worked harder on behalf of first responders in the state in the last few years, I think, and I think his efforts have, have certainly borne fruit. I can't put it any, any better than the previous testifiers have already, so I will keep these mercifully brief. But just to say that it is a priority for the NACO board to enhance recruitment and retention for county employees, but also for law enforcement as well. With that, I'm happy to take any questions you may have.

von GILLERN: That's it?

JON CANNON: Believe it or not, yes sir.

von GILLERN: Thank you for-- in so many aspects, thank you. Any questions? Seeing no questions, thank you, Mr. Cannon.

JON CANNON: I feel like I'm being set up here.

von GILLERN: It's waiting for the shoe to drop. Next proponent.

LARRY MEYER: Good evening.

von GILLERN: Good evening.

LARRY MEYER: I was waiting out my senator, that's why I'm going later. Good afternoon, Mr. Chairman and Senators of the Revenue Committee. I sincerely appreciate your long day today, especially regarding LB608. I'm Sergeant Larry Meyer, L-a-r-r-y M-e-y-e-r from the Lincoln County

Sheriff's office, currently assigned to the Criminal Investigation Division. I've also been honored to serve as the sergeant-at-arms of the Nebraska State Fraternal Order of Police for the last several years, as well as serving as president of my local FOP Lodge 26 in Lincoln County. In addition to my roles in the FOP, I was also requested to testify today in support of LB608 on behalf of my boss, Lincoln County Sheriff Jerome Kramer. For the entirety of my nearly 25-year career, I have represented and worked alongside some of the most courageous and compassionate detention officers in the state of Nebraska. The Lincoln County Detention Center houses, on average, 130 inmates. As of today, the staffing in our facility is 32 detention officers, with a current, current shortage of seven positions, soon to be nine. Small potatoes compared to the other, but it hurts just the same. As all of you are very much aware, detention officers-- not only in my agency, but statewide-- face challenging and life-threatening situations daily, all the while having to professionally deal with inmates who are becoming increasingly violent. From my standpoint, as a certified law enforcement officer, these brothers and sisters face the same risk and safety issues as we do on a daily basis, if not more. With risk and safety notwithstanding, the elephant in the room, if you will, is also the ability for administrators to recruit and retain these competent and professional detention officers. In regard to the short staffing issues, law enforcement in general, including detention, has been wrongfully demonized nationwide since at least 2022. When passed, LB608 will place an incredible incentive for the recruiting and retention of these brave men and women in the field of detention, which I believe they have earned and very much deserve. As I have already stated, these men and women are our brothers and our sisters, and we stand unified in support of all of them. I professionally and personally ask each of you to support LB608, and I would stand for any questions.

von GILLERN: Thanks for your testimony. Any questions from the committee members? Seeing none. Thank you for being here.

LARRY MEYER: Thank you. Good evening.

von GILLERN: Next proponent. Good evening.

CHRISTY ABRAHAM: Senator von Gillern and members of the Revenue Committee, my name is Christy Abraham. C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities. We just want to join the chorus of thanking Senator Bostar for introducing this legislation. The league has been supportive of the First

Responder Recruitment and Retention Act from the beginning. It's gone through several versions, and we have been consistently supportive of that. I just want to talk briefly about this bill and the clarifying language on what is a qualifying child. I think actually Mr. Burns [SIC] did a really great job of explaining that to you. Senator Bostar defines it as a clarification, and I appreciate that; I was going to call it a broadening, but a clarification is good too. We think whether or not you are a dependent or a non-dependent child of a law enforcement officer or police officer, you should be eligible for this tuition waiver, and I feel like I just know enough about family law to be dangerous, but as you mentioned, Senator von Gillern, I think there are situations in divorce decrees where the custodial parent is given-- they are the, the dependent parent. And so, if the police officer or law enforcement officer happens to be the non, non-dependent parent, the child should still receive the credit. So anyway, we just want to continue our support of this bill, and we're happy to answer any questions that you have.

von GILLERN: Thank you. Any questions from the committee? Seeing none. Thank you for being here.

CHRISTY ABRAHAM: Thank you so much.

von GILLERN: Any other proponents for LB608? Seeing none. Any opponents? Seeing none. Anyone who'd like to testify in a neutral position.

PAUL TURMAN: Good afternoon, Chair von Gillern, members of the Revenue Committee. My name is Paul Turman. That's spelled P-a-u-l T-u-r-m-a-n. I'm the chancellor of the Nebraska State College system, here to talk in the neutral capacity for LB608 to highlight some of the impacts of the program, as well as highlight the impact to our state college system. Clearly, I think Senator Bostar has reaffirmed-- and I think what you've heard in the testimony today-- the ability to retain and attract individuals into these key areas in the state is, is very much evident in this bill. I think that's been the, the impact over the last few years. We've had the opportunity to work with Senator Bostar beginning in 2022 when he expanded it with LB1273. The next year again, with the expansion in LB447, and then last year to clarify a number of areas that were included in LB1032, especially-- we identified later on in the, the Offutt being excluded, and we agreed with him to allow those individuals, if they came forward, to be eligible, eligible for the program even this year without this legislation. Section (6)(a) on page 13, as the senator had noted, does make reference to an allocation of funding for the program from the CCPE, so that the colleges, if they grant those waivers through the course of next year for this particular subset of individuals-- we are eligible for half of the revenue from those waivers from the CCPE, and I think it's important to note if the appropriation is available. And so, what we estimate is that we will receive about $169,000 from the CCPE, but that also means we will waive that amount of funding for the individuals that are eligible for this program. I would note-- and hopefully, as you have continued conversations about the value of this program and supporting these individuals-- Senator Ibach has LB307 which looks to not only fund this particular program, but another set of waiver programs fully by the state so that the shift and the burden isn't being put on the backs of other students, and essentially that's what happens when waiver programs are put in place. So, the one thing I'll note-- when we look at the waiver programs that have occurred-- so, since 2016-2017, my system has seen a 700% increase in the amount of waivers that we provide through these types of programs. It's grown from 600-- or $61,000 in that year to last year's total being just under $500,000. And so, 1% increase in tuition generates about $311,000 worth of revenue for our institutions to, to run and operate. And so, for what we're predicting for the impact this next year, it will result in about a half percent of a tuition increase that gets shifted to other students in our system. So, I definitely feel that this is a program that is beneficial to the state, but I also think it's a program that the state should be supporting rather than shifting that tax burden onto the students that we try to serve, 40% who are first generation in their families to go to college, the other 37% who are eligible for Pell. And I think the other thing to also note is that if, in the future, we have the Pell Awards eventually go away-- which we've seen threatened for that-- the total impact on this program increases dramatically, because that's the first dollar in, and then the state-- or our waiver dollars come into that as well. I went long. I'll answer any questions that the committee might have.

von GILLERN: Thank you, Mr. Turman. Questions from the committee members? Senator Ibach.

IBACH: Thank you [INAUDIBLE]. Thank you, Mr. Chair. I'm glad you brought that up, because I've been trying to Google and figure out-- are, are the CCPE funds-- are those state dollars?

PAUL TURMAN: Which funds?

IBACH: The-- so, if, if $169,000 come from CCPE or your Coordinating Commission for--.

PAUL TURMAN: Yeah.

IBACH: --"post-secretary" Education-- Secondary Education, is that a separate fund from, from general funds, or does that coordinate with--

PAUL TURMAN: My understanding it would be general funds.

IBACH: OK.

PAUL TURMAN: Right now, I don't know that those funds are there,--

IBACH: OK.

PAUL TURMAN: --so it would need to be an appropriation made by the Legislature. I think the language in the bill gives the intent that there will be, and starting in July 2026, we would recoup what we waived in tuition during the '25-'26 academic year next year in the way that I read the bill.

IBACH: OK. I'm glad you clarified that bit, for my bill purposes as well. So, thank you very much.

von GILLERN: Thank you. Other questions? Seeing none. Thanks for your testimony.

PAUL TURMAN: All right. Thank you.

von GILLERN: Thanks for being here. Any other neutral testimony? Seeing none. Senator Bostar, would you like to close? And as you come up, we had 1 proponent letter, 1 opponent letter, and 1 neutral.

BOSTAR: Thank you, Chairman von Gillern, fellow members of the committee. I believe that one of the absolute highest missions that we have here in government is to ensure public safety. And, and we, we are facing a crisis with, with staffing and manpower to execute on that mission that is, is critical for us to get right. And we-- we've had success with this program in trying to do that And it's-- I think it was a mistake to not have corrections in this to begin with. All right? That was, that was an error because there's, there's no, there's no way to have a public safety ecosystem without having a correction system within it that functions. And so, this is an attempt to round out what, what was-- what's always been clear: that first responders, corrections, they all work hand-in-hand to ensure that our, our constituents and the residents of this state are adequately protected. I want to-- I want to talk about something else, though. This, this program is-- well, I'll, I'll talk about the chancellor's remarks first. One, I, I appreciate the chancellor being here and, and his patience and, and waiting through to this point to be able to testify. And honestly, like, I, I, I genuinely appreciate the state college system, the community colleges and the university system all being neutral on this. And, and, you know, I mean, they don't have to. When we started doing this a couple of years ago, there was a general agreement that police and fire would be-- would get 100% waivers and essentially, that would just be absorbed by the school themselves. Now, of course, it's all a little bit circular when the state also provides other funding for all of these academic institutions anyway. But the understanding and agreement was those would be absorbed by the schools, and anything that came after wasn't going to be wholly absorbed by the schools. That was the agreement that was reached. And so, that's in particular why, in this legislation, you see the state putting in half. And, and that number, everyone's at neutral, right? All the, all the schools are in neutral. So, that's, that's a little bit of background of how we got where we are and why this looks the way it does. But to be clear, it was absolutely an agreement and understanding that, for law enforcement and firefighters, the schools would absorb those waivers. So, as we continue this-- that particular conversation, I just want to make sure everyone's on the same page. This program is an incredible deal for our state. For the obvious reasons, of course, in enhancing recruitment and retention of these absolute critical positions. You, you heard me talk about in my open that we were giving $10,000 bonuses out, and of the people we gave those to to come into this field, something like 30% are still here, and it's only been three, four years since they came in. We, we throw a lot of resources at, at problems like this, and we did before. We, we had different programs and, and different efforts related to fire and police. And while, of course-- you know, is this, is this solving everything? No. But it is an incredibly powerful program that is wildly successful. And if you think about-- so this is the obvious reasons why this is important. The, the less obvious reasons are related to what, what the state gets, right? For people who participate. So, requiring an individual who goes through this and executes this waiver to remain a resident of Nebraska for five years post-graduation does a number of things. One, that is the cohort of people that we lose faster than anyone else, either before they go to college-- so, in this case, we're giving these folks an opportunity to make sure they're going to college here instead of going somewhere else, or right after they graduate, they're gone at incredible rates. And we-- we've heard economic development report after economic development report. These are the folks we need to keep here. So, this keeps educated young people in the state of Nebraska. If you look around, states across the country have programs to try to target this group of folks, to have them stay here, especially at this age range, because if they stay here, if they, if they spend five years here, they are really likely to spend 50. Right? If-- after they graduate college, they're here for five years, they get settled, they start a career, they're working, more than-- more likely than not, they're here for good. That's-- the value of that really cannot be understated. Other states who have targeted programs to keep this cohort here spend an incredible amount of money to try to accomplish that, and this is why this is a win-win: because we're doing the right thing by the folks that deserve it, have earned it, and we're getting that critical mission of government satisfied. And at the same time, we're doing what we can to keep our state from falling off a cliff, frankly. So, this is an incredible deal. I thank the committee, and I thank the committee for all of the work that we've been doing on this front for years. And I would have-- be happy to answer any final questions.

von GILLERN: Any questions from the committee members? Senator Ibach.

IBACH: I just have one comment, in that I really like the five-year buyout that's attached to this, because in researching my other bill, LB307, a lot of the programs don't have an incentive to keep people in our state. And, similar to my rural vets bill, if you give people an incentive to stay, we hope that they stay. And that's an economic benefit. So, I just want to say, as a new person on this committee, I really appreciate that feature of the bill. So, thank you. Thank you, Mr. Chair.

von GILLERN: Thank you. Any other questions? Seeing none, thank you, Senator Bostar. That will close our hearing on LB608, and we will open on LB501.

von GILLERN: Yeah.

JON CANNON: I just checked yesterday. Good.

von GILLERN: Good afternoon. Or, good evening, on behalf of Senator Meyer.

JACOBSON: He didn't want to spend the night?

von GILLERN: It's not so much to say, you know, just. So. Can you believe that? You didn't fill out a green sheet? All right. You ready? OK. All right. Good evening.

JOEL HUNT: Good evening, committee members. My name is Joel Hunt, J-o-e-l H-u-n-t. I'm filling in for Senator Glen Meyer. He is at a funeral today for a family member and couldn't be here. So, I am here today to introduce LB501. In 2019, Senator Steve Erdman introduced LB482 in order to address the problem of properties which get assessed for property tax purposes on January 1 but which might get destroyed on January 2 of that same year. He actually knew somebody that this happened to. House had burned down on January 2, they had to pay taxes for what their house was worth on January 1. According to the bill, the owners of properties destroyed with 20% damage or more before July 1 may apply for reassessment of their property. The language from 4-- LB482 was amended into LB512 through AM1604 that year in 2019. The bill proved to be very timely because 2019 was the year of the floods, and many farmers and ranchers were able to, to have their properties reassessed for property tax purposes that year. However, in one county-- Cherry County, to, to be specific-- 82 cases were alone were denied that year on the basis of a misunderstanding of the law and a wrongful assumption that the law was unconstitutional. After LB512, along with AM1604, became law in 2019, the Inland Insurance Building right over here on the Lincoln Mall in Lincoln was torched during the Black Lives Matter protests, which happened on May 30-- 31, 2020. The owner of the building filed to have the property reassessed for property tax purposes as per the new destroyed property law. The claim, however, was denied by the Lancaster County Board of Commissioners on the basis that the property was not destroyed by a natural disaster. The claim was appealed again to the-- or appealed to the Tax Equalization and Review Commission, and they denied the claim for the same reason; they were interpreting "destroyed" as meaning by natural causes. At issue was whether or not a fire caused by arson could be construed as a natural disaster or a clam-- calamity. Had the original language of the bill used the term "damaged" instead of "destroyed," the case would have been easier to decide at the lower levels of the court system. Instead, the word "destroyed" was being argued by the Lancaster County Commissioners and the TERC Board to mean destroyed by a natural fire, as in a wildfire. The case was appealed all the way up to the Supreme-- Nebraska Supreme Court, who finally ruled in favor of the Inland Insurance Company in March 2024. In that ruling, the Nebraska Supreme Court said the following: "The statement specifically mentions granting property tax relief to owners of real property adversely affected by fires, earthquakes, floods and tornadoes. No mention is made of providing (property) tax relief only when those phenomenon occur because of forces of nature." And the operative phrase here is really "forces of nature." LB501 is a simple cleanup bill which changes the statutory language from "destroyed property" to "damaged property" in order to make the law clear, especially concerning instances of arson. During the first six months of the calendar year, that should not be required-- somebody who gets their house destroyed in the first six months of the calendar year should not be required to pay property taxes based upon the value of their house on January 1. So, LB501 would help to ensure that all instances of arson would qualify for re-assessment. That is my opening statement, and I would like to close.

von GILLERN: Thank you. I don't think we ask questions in this scenario. So thank you, Mr. Hunt. Are there any proponents? Seeing one. Good evening.

KORBY GILBERTSON: Good evening. Chairman von Gillern, members of the committee, for the record, my name is Korby Gilbertson, it's K-o-r-b-y G-i-l-b-e-r-t-s-o-n, appearing today on behalf of the Nebraska Realtors Association in support of LB501. Short testimony, we supported the bill in 2019. Consent calendar. Thank you.

von GILLERN: No, thank you. Any questions from the committee? Senator Jacobson.

JACOBSON: I, I just have one. I, I-- to be clear-- so, it's going to be reassessed. But is, is it-- is the end-- are we going back to January 1, and so if that was the assessment? Or is it being prorated? Or how does-- how does that work?

KORBY GILBERTSON: I'm not sure how the county does that.

JACOBSON: Well, I can't ask the introducer, so I just--

KORBY GILBERTSON: Yeah, I'm sorry. I don't know.

JACOBSON: -- was curious. I'll dig in the bill to dig it out myself.

KORBY GILBERTSON: But-- yeah.

JACOBSON: Thank you.

von GILLERN: Other questions? Seeing none, thank you.

KORBY GILBERTSON: Thank you.

von GILLERN: Any other proponents? Seeing none. Any opponents? Seeing none. Any neutral testifiers? Seeing none. Mr. Hunt, would you like to close?

JOEL HUNT: I guess I forgot to avail myself for questions.

von GILLERN: I don't think we can ask you questions.

BOSTAR: And staff doesn't close.

von GILLERN: Pardon me?

BOSTAR: And staff doesn't close.

von GILLERN: And staff doesn't close, so.

JOEL HUNT: Oh, you can ask me. In-- just in--

von GILLERN: No, I think we're done. OK. Thank you. Appreciate it. I do want to add, though, Senator Erdman did text me today and said he missed the cutoff date for written testimony and he was adamantly in support of, of this bill. So, that's good to know. And we had 4 proponents, 0 opponents, and 0 neutral.

JOEL HUNT: Well, let me just say in closing, I wanted to draw--

von GILLERN: You're going to close anyway, huh?

JOEL HUNT: I'm going to close anyway, because--

von GILLERN: No, I don't think you are, Joel.

JOEL HUNT: I just, I just want to draw your attention to one--

von GILLERN: I guess you are.

JOEL HUNT: --comment that came in to-- an online comment that these organizations are part of the ag leaders working group and all support the bill. Nebraska Cattlemen, Nebraska Corn Growers Association,. Nebraska Farm Bureau, Nebraska Pork Producers Association, Nebraska Sorghum Producers Association, Nebraska Soybean Association, Nebraska

State Dairy Association, Nebraska Wheat Growers Association and Renewable Fuels Nebraska.

von GILLERN: Thank you. Closes our hearing on LB501. Open on LB592. Welcome, Senator Ballard.

BALLARD: Thank you, Chairman von Gillern, and members of the Revenue Committee. My name is Beau Ballard. Spell it for the record, that's B-e-a-u B-a-l-l-a-r-d. I represent District 21. I come today to introduce LB592 on behalf of the State Treasurer, and I will be brief because think this is the third or fourth year in a row that you've heard this bill, so I'd love to get it done this year. LB592 would, would protect money to the Achieving a Better Life Experience-- or, ABLE-- account from being seized, garnished or taken to pay debts of a designated beneficiary or owner of the account. In December 2014, Congress passed the Achieving a Better Life Experience Act, or the ABLE Act. This measure enabled disabled citizens to opening savings account not subject to taxation. Without the ABLE Act, individuals with disabilities would face strict assess-- asset limits, limited to no more than $2,000 in savings. But under the act, individuals can save up to $100,000 before the amount of their account being affected by some of their benefits. Responding to the con-- responding to Congress in May 2-- May of 2015, Nebraska took an important step to help disabled citizens by passing the Enable saving plan. Since then, the Enable-- the Enable program [INAUDIBLE] a critical resource for many Nebraskans with disabilities. It has allowed them to save for essential needs without the fear of losing vital public benefits. By having these plans, Nebraskans with disabilities have safe accounts to save money and the peace of mind of not having to worry about needless spending money and remaining under resource limits. As of December 31, 2024, a program has seen Nebraskans greatly utilize this service, opening well over 4,000 accounts with over $47 million in total assets. These statistics represent more than accounts and money. They represent increased liberty, confidence and dignity that account holders have in the Enable program. It's important to note that these funds cannot-- can be spent only on certain qualified expenses such as education, housing, transportation, technology, assistive technology, and supportive services. That said, there "berains" a substantial gap in protecting these hard-earned savings that requires our attention. Currently, Nebraska law protects college saving plans accounts from being seized, garnished or otherwise taken to pay debts. All of-- all LB50-- LB592 seeks to do is extend these same level of protection to ABLE account. This bill would ensure that the assets carefully saved by individuals with disabilities are protected from creditors, legal judgments, and other form of debt collection. The bill-- in original intent of the ABLE savings plan, these funds are meant to support and [INAUDIBLE] needs of individuals disability, not satisfy external debts. Thank you for your time and consideration, and I look forward to the passage of LB592.

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

KAUTH: Senator Ballard, is there any indication of why these haven't-- this hasn't passed before? Do you know what some of-- is-- it just get missed and not tagged onto something?

BALLARD: It just, just-- yes, exactly. Just ran out of time.

KAUTH: Thank you.

von GILLERN: I hate to be the bad guy and ask this question, but why-- I mean, if someone has a judgment against them-- I understand these are disabled people, I understand that's-- in many cases, tragic circumstances. But if someone has an indebtedness, I'm, I'm struggling to get to the point where we would protect those funds, but--

BALLARD: Mm-hmm. That's-- [INAUDIBLE]-- it's-- yes, it's a legitimate concern.

von GILLERN: I mean, it could be a gambling debt, it could be a--

BALLARD: It could be, yes.

von GILLERN: --a, a credit card bill that--

BALLARD: Absolutely.

von GILLERN: --was run up. I mean, not everyone who is disabled and has an, has an ABLE account-- my understanding,--

BALLARD: Yes.

von GILLERN: --correct me if I'm wrong-- is completely disabled. I mean, some-- many of them are functional-- functioning in, in other ways. And like I said, there, there could be--

BALLARD: Yes.

von GILLERN: Maybe I'm a little bitter. I've been on the other side of not being able to collect from people that, that maybe--

BALLARD: Mm-hmm.

von GILLERN: --have made poor decisions over and over their life experiences, so.

BALLARD: Mm-hmm. No, I totally get it. And I think the-- that's the idea of-- just to harmonize with, with the college saving acc-- college saving plans. That's what the Treasurer is seeking in this. But I understand the concern.

von GILLERN: OK. Fair. Senator Jacobson?

JACOBSON: Just a quick clarification, there. Did you say that this would be capped at $100,000? So, anything more than that could be attached? Or?

von GILLERN: The accounts are capped.

BALLARD: Would the, the-- that, that is where-- so in order to-- $100,000 is where-- so, you would be disqualified for any additional services or benefits such as Medicaid. So, so $100,000; that's when the, the state believes that you are no long-- you have the efficient-- sufficient funds to provide for health care. Yes.

JACOBSON: Gotcha. Yeah. OK. All right. I'm just thinking that when you look at bankruptcy, there's exemptions that are out there,--

BALLARD: Of course.

JACOBSON: --in bankruptcy, and this is higher than that. But it's--

BALLARD: Yes.

JACOBSON: --consistent with protecting you from creditors that, that rightfully are owed the money--

BALLARD: Yes.

JACOBSON: --but don't get the money.

BALLARD: Yes, absolutely. All right.

von GILLERN: Great. Seeing no other questions, thank you.

BALLARD: Thank you.

von GILLERN: Proponents? Good evening.

STACY PFEIFER: Good evening. Members of the Revenue Committee, and Senator van-- von Gillern. Thank you for your time today. My name is Stacey Pfeifer, S-t-a-c-y P-f-e-i-f-e-r. I am the director of the Enable Savings Program, and I'm here today to testify in favor of LB592. Thank you, Senator Ballard, for that introduction. And as, as he stated, the Enable program helps individuals with disabilities. As of today, we've got 4,402 accounts and $49,214,476 in assets under management. And the Nebraska Treasurer's office is honored and humbled to be able to help individuals in this way, and we look forward to helping more. As part of my job as director of the program, I do a lot of outreach, I educate people all over Nebraska about this plan, and I answer questions and listen to concerns about-- from account owners and potential account owners. And so, through listening to them was how we realized that there was this gap in the law. And we did do some research; there are other states that have this law. Kansas, Illinois, Minnesota are ones that are kind of close to us, that are examples of other states that, that do have this law put into place. And so, we just wanted to make sure that we have those protections in law and give our account owners the comfort and security in their savings. As Senator Ballads-- Ballard said, this is part of the 529 college savings plan, and so we'd be in line with that. And just-- first, kind of some clarification on some of the questions you guys were asking. So, a person who would be eligible for an Enable savings plan would need to have a severe functional disability. So, you know, there is kind of a line of, of when they can have it or not have it. And $100,000 is the limit where they would be suspended on their Social Security, and not-- Medicaid, though, does not have any regards to the, the amount. $500,000 is our limit overall of how much money can be in the account. So, I hope that helps. Any questions that anyone has?

von GILLERN: Questions from the committee. Senator Dungan?

DUNGAN: Sorry. Thank you, Chair von Gillern. Just stemming off of Senator von Gillern's question, I think-- just because you have a little expertise in this area, what is the circumstance in which this matters? So, you said you've listened to members, you've talked to people. And I'm looking at the online comments, and there's people saying that this should have happened a long time ago. What is the, the necessity that this serves? Why do we need to pass this bill?

STACY PFEIFER: So-- yeah, so, it-- like I said, it protects the money that, that people have. You know, people with disabilities can often, you know-- even with Medicaid, can have, like, higher medical bills and can have things, and, and there are family members who give people money and put it in the ABLE plan because it's protected and because there's not a lot of other options for them to put money into where it is protected. You know, first- and thirst-- third-party trusts would be another option, but those can get very expensive and have-- are very limited sometimes on what they can spend that on, and, and being able to get the money out of those. So, so, you know, this is important for them to, to feel safe and secure and being able to save; parents being able to save for their children with disabilities that they've been taking care of their whole life, to have that, that safety net there, when their parents are no longer there, able to take care of them.

DUNGAN: And that makes sense to me. I just-- I-- in my experience, it sounds like, a lot of times, exactly like you said, this is third-party people's money; this is not necessarily the individual's money, it's other folks putting it in there. So, protecting that from then being garnished or taken away for something else, that's sort of ensuring that a third party that's put money in there, it's going to be protected.

STACY PFEIFER: Yeah.

DUNGAN: Does that make sense?

STACY PFEIFER: Yeah. Yes. Yeah.

DUNGAN: OK. I just wanted to make sure I was understanding that correctly.

STACY PFEIFER: Yeah. Yeah. And that, that really helps the parents to feel more comfortable about, you know, having this money to save, to have their child taken care of.

DUNGAN: Thank you.

von GILLERN: Thank you. Seeing no other questions-- a quick question. Can you clarify to me the difference between the owner and the beneficiary? I think I understand, but--

STACY PFEIFER: So, for ABLE, the account owner is the beneficiary. So--

von GILLERN: I'm sorry, say again?

STACY PFEIFER: The account owner is the beneficiary, so the account owner is the person with a disability.

von GILLERN: OK.

STACY PFEIFER: So it's a-- it is a little bit different than 529 accounts where, like with college savings, the account owner names the beneficiary, and it could be, like, their child or whoever the student's going to be. But in Enable, the person with the disability is the account owner, and they're the one that's-- it's, it's their money, so they are the beneficiary of the account.

von GILLERN: OK.

STACY PFEIFER: We can have what's called authorized individuals, so those people could, like, manage the money for that person if they're not able to do it on their own, but they wouldn't have an interest in the funds.

von GILLERN: Because the bill says notwithstanding blah, blah, blah, any process or operation of law, "to pay any debt or liability of the designated beneficiary or owner of the account." Those are the-- those are the same person?

STACY PFEIFER: Yes.

von GILLERN: OK.

STACY PFEIFER: Yeah. And--

von GILLERN: What I-- what I was curious about was-- back to my original question, is a-- is there, is there a steward of the account that could, could have an indebtedness that we're trying to protect the account from?

STACY PFEIFER: No. No, the steward of the account--

von GILLERN: OK.

STACY PFEIFER: --could, could not, because it's not considered their money, so.

von GILLERN: OK. All right. All right, thank you. Any other questions? Seeing none, thank you.

STACY PFEIFER: Thank you.

von GILLERN: Any other proponents? Any opponents? Anyone who'd like to testify in the neutral position? No? Seeing none. All right. Senator Ballard waives closing. That'll end our hearing on LB592, and end our hearings for the day.