

von GILLERN: Welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing the 4th Legislative District. And I serve as chair of the committee. The committee will take up bills in the order posted. This public hearing is your opportunity to be 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. Please 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 at 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'll begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We'll finish with a closing statement by the introducer if they wish to 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 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 to facilitate 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 committee 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 will now have the committee member with us today introduce themselves.

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SORRENTINO: Well, in order of importance, I'm Tony Sorrentino.
District 39: Elkhorn and Waterloo.

von GILLERN: Thank you.

SORRENTINO: That's it.

von GILLERN: As noted, senators are presenting bills in other committees and will likely be joining us shortly. My apologies. Also assisting the committee today: to my left is legal counsel Charles Hamilton; on the far left is committee clerk Linda Schmidt. I would ask our pages today, please stand and introduce yourselves.

JESSICA VIHSTADT: Hi. My name is Jessica. I'm from Omaha, Nebraska. I'm a second-year student at the University of Nebraska-Lincoln. And I'm studying political science and criminal justice.

THOMAS GUINAN: Hi. I'm Thomas Guinan. And I am also a second-year political science major from Omaha, Nebraska.

von GILLERN: Thanks for your help today. All right. We'll have the remaining senators introduce themselves.

DUNGAN: Senator George Dungan, LD 26: northeast Lincoln.

KAUTH: Kathleen Kauth, LD 31: Millard.

von GILLERN: We're glad to have you here. With that, we'll begin today's hearing with LB328. Welcome, Senator Holdcroft.

HOLDCROFT: Good afternoon, Chair-- Chairman von Gillern and members of the Revenue Committee. For the record, my name is Senator Rick Holdcroft, spelled R-i-c-k H-o-l-d-c-r-o-f-t. I represent Legislative District 36, which includes west and south Sarpy County. I am here to introduce LB328. This bill simply allows counties who currently administer and collect the documentary stamp tax through either a register of deeds or county assessor to retain the full \$2.25 per \$1,000 of value collected from real estate transactions where the documentary stamp is collected. Currently, counties only retain \$0.50 of each \$2.25. Under LB328, funds that are currently provided a portion of the revenues from the documentary stamp tax are not eliminated but would need to have alternative sources of revenue appropriated. Allowing counties to retain the full documentary stamp of \$2.25 would provide another significant revenue source, raising millions of dollars a year in new county funds. This would encourage

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counties to reduce their reliance on property tax to fund services and allow for property tax reductions without increasing the documentary stamp tax on real estate transactions. LB328 also improves transparency in government through providing county administered tax revenues to counties. While I have not done any formal surveys, I am confident that the average user of real estate services or documentary stamp taxpayer in a given county does not know that only a fraction of the documentary stamp tax is retained by the counties. Increasing, increasing transparency creates a more direct and understandable connection between locally administered taxes and where the revenue is dispersed. I am cognizant of the importance of the funds that currently-- the funds that currently receive documentary stamp tax revenues. For this reason, LB328 should be considered a starting point in providing replacement revenues for low-- for lowering other taxes assessed by counties. This work to-- this works to our larger goal of eliminated unfunded mandates and creating a more sustainable tax system for our counties and residents. So-- first, I-- you, you're going to hear a lot of opposition. This-- the tax fund goes to several other funds, specifically the Affordable Housing Trust, the Site and Building Development Fund, the Homeless Shelter Assistance Trust Fund, and Behavioral Health Services Fund-- a little piece of each. And it's not our intent to eliminate an-- any piece of those but to find other funding sources at the state level for these, for these funds. We have capped counties at-- essentially inflation, a hard cap, and we've given them no, no additional funds. At least with, with education, we gave them an extra \$340 million and then asked them with a soft cap to stay at 3% below, which they someti-- some did, some did not. But on the county side, we just said just a flat, you know, inflation-- no, no more than inflation growth on your, on your budgets. And we're not giving you any more funds. Just suck it up. So this is an opportun-- so then I looked at that and said, well, what about the unfunded mandates that the state does? And, and we'll have-- Commissioner Kelly will come up here and talk more about, at least in Sarpy County, what the unfunded mandates are. But at least we-- we selected five unfunded mandates. We're bringing five bills that would relieve the counties of those unfunded mandates. This is one. OK? And so this would give the, the, the counties the-- more funds, essentially all of the-- what's collected in the, in the documentary stamp. And, and hopefully that would result in them being able to lower their levies. So Chairman von Gillern and members of the Revenue Committee, thank you for your consideration of LB328. I would appreciate a timely vote by the committee to advance the bill to the floor of the Legislature. And I'm happy to answer your questions.

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VON GILLERN: Thank you, Senator Holdcroft. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you, Senator Holdcroft. Do you have any idea or have you contemplated where the makeup revenue would come from?

HOLDCROFT: General funds.

DUNGAN: So it would just come from general funds?

HOLDCROFT: Yes. Senator Clements needs to suck it up and figure out [INAUDIBLE].

DUNGAN: I hope he's watching right now. OK. That was my only-- so you're not anticipating taking from other cash funds. It would just be a direct General Fund appropriation at that point?

HOLDCROFT: Yes.

DUNGAN: Do you know how much-- and if you don't know the answer to that, this is fine. Do you know how much is sitting in these various funds right now, the Homeless Shelter Assist, the Affordable Housing, the Behavioral Health?

HOLDCROFT: I have that exact information. So the total adds up to about \$26 million if you look at all-- what's [INAUDIBLE]. For the Affordable Housing Trust Fund, it is currently at \$36 million. This last year, from the stamp funds, it received \$14 million. So they would have to-- we would have to make up about \$14 million to that particular fund. For the Site and Building Development Fund, it's sitting now at \$32 million. Last year, we gave them \$3.7 million from, from this stamp-- from the doc, doc stamp. For the Homeless Shelter Assistance Trust Fund, it's currently sitting at \$5.4 million. We gave them \$3.8 million last year from this. And for the Behavioral Health and Service Fund, it's currently sitting at \$12.6 million, and we gave them \$4.5 million last year. So it's not an insignificant amount that we have to make up-- about \$26 million.

DUNGAN: OK. And is this-- remind me. Is the doc stamp-- the portion of the doc stamp, is this the main revenue source for those funds or do they get--

HOLDCROFT: No, this is just a portion. They get other-- it, it varies. I mean-- and I'm happy to make this available to the--

DUNGAN: If you could, that'd be really helpful, yeah.

HOLDCROFT: We have it all broken out. Some-- there's, there's-- there is a-- let's see-- a-- let's see here-- interest and then previous year returns. That's for the affordable-- stamp act's right around \$1 million. So it is-- well, in-- for the Site and Building Development Fund, actually, they get-- transferred in. They had \$7 million transferred in, and they only got \$3.8 million. So it varies. And I-- and again, I'll make this available to you. It varies between the funds of how much they're getting from other sources and how much they're getting from doc stamp. In some of the cases, they're getting the majority of their funds from the doc stamp.

DUNGAN: OK. And the last question I had is-- I'm sure you're aware there's a number of bills this year that pertain to the doc stamp and there's other suggestions out there. How do you see your bill working with some of the other bills that are floating around out there that are asking for additional portions of the doc stamp to go to other-- new funds?

HOLDCROFT: You need to kill those. Well, that's-- you know, that's just piling on the unfunded mandate that we already are piling on. And, and now you expect-- you're going to take more and more and more of that away from the counties and then tell them you need to reduce your levy. So where's that money coming from? I mean, it's-- we need to-- we need to stop, you know, taking money away from the counties in unfunded mandates if we really expect them to, to lower property tax. And I think that is the goal of the gov-- of the governor and of the Legislature, is to, is to lower property taxes. Well, you're not going to do it by continuing to eat away at the doc stamp.

DUNGAN: Got it. Thank you.

von GILLERN: Further questions? Senator Kauth.

KAUTH: Thank you, Chair von Gillern. Senator Holdcroft, what guarantees are there that property taxes would go down? And I haven't had a chance to read through the bill. So is there something in the bill that says that they will reduce property taxes by that-- a corresponding amount?

HOLDCROFT: No. No, there's nothing there in that. I mean, you can ask that of Commissioner Kelly. But the idea is-- you know, we have capped them. We capped them at, at inflation, essentially. So I think that

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the levy's going to have to go down if they're going to stay under their cap. So this relieves them of some of the pressure of what they're going to have to cut to, to stay under their, their-- what, what we have given them as a cap.

KAUTH: OK. Thank you.

von GILLERN: Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. Thank you, Senator Holdcroft. It's a follow-up on Senator Dungan's question. I'm aware of at least one bill that's come before one of the committees I'm on that increases the stamp tax from \$2.25, I think, to \$2.50. If that were to pass-- let's say it does-- does that mean your bill would be amended to take \$2.75 or are you miti--

HOLDCROFT: No--

SORRENTINO: --remitting it \$2.25?

HOLDCROFT: No, I'm-- and maybe I misunderstood Senator Dungan's-- I, I, I assumed that he would just keep the value of the dex-- doc stamp at \$2.25-- or is \$2.50?

SORRENTINO: That's what it is now.

HOLDCROFT: How much is it now?

SORRENTINO: \$2.25 now.

HOLDCROFT: \$2.25. And then just, you know, eat more away at, at what the 50-- what's left over the \$0.50 that's going to the county. But if you're going to increase the doc stamp, then-- I, I-- I hate to say it, but I'm OK with that.

SORRENTINO: You're OK with the doc sta-- you--

HOLDCROFT: What, what I would like to see is--

SORRENTINO: [INAUDIBLE] \$2.75.

HOLDCROFT: --is \$2.25 going to the county from the doc stamp.

SORRENTINO: Beyond that, you don't--

HOLDCROFT: Beyond that, that's gravy.

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SORRENTINO: Got it. Thank you.

von GILLERN: Are there questions? Senator Bostar.

BOSTAR: Thank you, Chair von Gillern. And thank you, Senator. I just-- just trying to follow. So if we were to just keep the doc stamp allocations as they are now but add \$2.25 on top to go to the counties, that would also fit your intent?

HOLDCROFT: Yes.

BOSTAR: Thank you.

von GILLERN: Other questions? Just got one or two here. I think Senator Kauth killed my good question. That was, what ensures the property taxes are gonna, gonna be impacted by this?

HOLDCROFT: I'm sure they will. They're good people.

von GILLERN: OK. I'll write that one down and I'll save that. The-- you talked about the cash balances-- and I, and I don't mean to be flippant in this-- but isn't that a little bit like going to the ATM to find out how much money you have? I mean, there, there are ongoing projects, there's ongoing commitments. There's-- in, in, in our personal world, there's outstanding checks. There's-- we have payments coming up. We have projects committed. That's a snapshot view of what's in those accounts today.

HOLDCROFT: Great. And I can provide you actually the last four years' worth. And they're-- do stay pretty consistent on all-- and it looks like it's growing for the-- the Site and Building Development in 2021, that was 8.3; and '21-22 was 10.3; and '22-- '22 to '23 was 27.6; and in '23-24, it's 32. So it's--

von GILLERN: Those are-- are those year-ending balances? Is that what you're--

HOLDCROFT: Those are, those are beginning balances, but they've pretty much-- all right. Well, 2023 and 2024, they-- and again, I'll the provide this. But it's-- was-- they started with 32.2. They ended up with 59.2. And in every case, they ended up with more ending balance than they started.

von GILLERN: So your position would be that the funds are not being utilized.

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HOLDCROFT: I am not-- I am not criticizing the-- these funds.

von GILLERN: No, I'm not--

HOLDCROFT: But I'm just saying that they don't-- the funding of it, at least for the doc stamp, needs to, needs to come from somewhere else.

von GILLERN: OK. All right. All right. Thank you. Any other questions? Seeing none. Thank you. You'll stay to close, I presume.

HOLDCROFT: Well, I do have another bill.

von GILLERN: OK.

HOLDCROFT: So we'll have to-- but it's last in Government. So we'll see-- I'll hang around as long as I can.

von GILLERN: Well, hang tight. Welcome up our first proponent. Good afternoon.

JON CANNON: 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, also known as NACO. Here to testify today in support of LB328. Appreciate Senator Holdcroft bringing this bill. We had a lot of very frank and candid conversations regarding what counties spend their moneys on, what the funds are used for, and all that sort of thing. And we support the concept of a greater proportion of the county tax going to the county. And, you know, the question is, is it a county or is it a state tax? You know, and I'll, I'll kind of go-- you know, argue both, both sides of that equation. One, it's collected by the county. 70-- Nebraska Revised Statutes Section 76-901 says it is a tax for the transfer of beneficial interest in or legal title to real estate that's recorded in the county's recording system. So I-- we're a little bit biased, perhaps, but our opinion is that it is definitely a county tax. Now the question is, is should a county tax remain solely in the county? Arguable. And that's why we-- the Revenue Committee gets to argue these-- or, discuss these policy considerations. One other thing I think is important to talk about is, what kind of tax is it? And we-- and, and when you look at the varie-- variety of taxes that we have or the array of taxation that we have, there are a number of things that we, we look at. We talk about a property tax, which is an ad valorem tax. Also considered-- could be an-- un-- under the broader class of an excise tax. You have-- consumption tax is kind of-- much like the sales tax. You have an

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income tax. These are different types of taxes. The doc stamp is an excise tax. And what is an excise tax? It's, it's typically something that's excised from a unit, like a pack of cigarettes, a gallon of gas. We'll say, you know, \$0.64 per-- for a gallon or, you know, \$0.20 for a pack of cigarettes. That's added on to the cost. And that, that's something that's remitted, by the way, by the seller. And so that's, that's one of the distinguishing characteristics of an excise tax. And so on-- under the documentary stamp tax, it is the, the grantor-- this person that's selling the property-- that pays the documentary stamp tax for the privilege of recording a transfer of title-- of title in the county's recording system. For the doc stamp, it's explicit-- explicitly an excise on a unit of value. So this makes it look more like an ad valorem excise tax. The other kind of main ad, ad valorem tax we have, of course, is the property tax. And there are implications regarding taxation of, of property for state purposes, but I'll, I'll leave that one alone. The doc stamp has traditionally been-- has, has been split between the state and the county. Back in 1969, it was \$0.55 per \$1,000 of value transferred. 25% went to the county's general fund. To answer your question, Senator Kauth, you know, what guarantees are there that it, that it will, will reduce property tax levies, no guarantee other than the fact that it explicitly goes into the county general fund when count-- and I think Commissioner Kelly may have a better idea as to how that, that works for them in Sarpy. But when they, they come time to budget, they're going to look at what the-- cash that they have on hand, and then they're going to look at what their needs are. And there-- you know, and that, that's how we kind of figure out what their budget and their property tax request is. And so by going directly into the General Fund, that is something that will have-- will, will reduce pressure on the property tax ask. 1985-- I'm out of time. I'm happy to take any questions you have.

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

BOSTAR: Thank you, Chair von Gillern. Thank you, Mr. Cannon. I have a couple questions. I'm just trying to-- trying to make sure I understand the argument. So because it's the-- a tax that's fundamentally collected by the county is, is why it should go to the county?

JON CANNON: And, and, and I'll, I'll kind of incorporate some of my, my testimony that I, I didn't get to. And so it is, it is fundamentally, fundamentally a county tax collected by the county for the

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use of the county's recording system. I've, I've testified previously in this committee that the subject of the tax should roughly correspond to the object of the tax.

BOSTAR: And where does the, the stated use come from?

JON CANNON: That comes from 76-901.

BOSTAR: OK. So it, it specifically in there says it's the taxes for the county's recording system.

JON CANNON: It, it says that it is a, a tax that is imposed for the use of the recording system for transfer of, of title to real estate, which is recorded in the county's recording system, collected by the county.

BOSTAR: And surely some of that goes to that purpose.

JON CANNON: Sure. Absolutely it does.

BOSTAR: OK. I mean, the county collects a lot of taxes.

JON CANNON: Primarily property tax.

BOSTAR: So should-- for example, like, should the county keep the schools' property taxes?

JON CANNON: They keep 1% of the schools' property taxes.

BOSTAR: Should they keep 100%?

JON CANNON: No.

BOSTAR: Should the schools be forced to collect it themselves?

JON CANNON: Ooh, I'm not touching that one, Senator. I get the feeling someone's running down here already.

BOSTAR: OK. Just-- again, I'm always interested in the internal workings of NACO, as you know I am. You're in support. The first letter here is a letter of opposition from a county. How does that work?

JON CANNON: The-- we put this in front of the board for consideration. We have a discussion. Some people lead the conversation. Sometimes the staff has to lead the conversation.

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BOSTAR: So you got no, no-- I mean, it, it-- if you tell me you had no opposition votes from your board, that's totally fine.

JON CANNON: No opposition votes on the board, sir.

BOSTAR: Understood. Yeah, that, that's-- thank you.

JON CANNON: Yes, sir.

BOSTAR: And that makes sense. OK. Thank you.

JON CANNON: Thank you, sir.

von GILLERN: Other questions? Seeing none. Thank you, Mr. Cannon.

JON CANNON: Thank you very much.

von GILLERN: Any other proponents? Good afternoon.

DON KELLY: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Don Kelly, D-o-n K-e-l-l-y. And I'm the District 1 County Commissioner from Sarpy County. I'm here to testify in support of LB328, and, and I'm doing that on behalf of my fellow commissioners. And I also want to thank the Senator Holdcroft and his staff for their work on this, this bill. The county register of deeds or county assessor's office administers and collects the documentary ta-- stamp tax. In Sarpy County, we merged our register of deeds into the clerk's office. While being 100% locally administered and collected tax, the county only retains 22% of the documentary stamp tax. As a county, our revenues primarily come from property tax with 0% growth or inflation property tax cap that was placed on the counties during legislative sessions in 2024. We believe that allowing counties to retain all the funds collected from this stamp tax would provide important and significant new revenues to the county that could be used to reduce property taxes or used as a replacement revenue source for the reduction or elimination of other taxes. We also believe that this will create a clearer system for the documentary stamp taxpayers when the county taxes remain in the county. If LB328 were law, Sarpy County would have received just over-- approximately \$4 million in documentary stamp taxes. And we view LB328 as an opportunity to provide property tax relief to our county taxpayers or to provide replacement revenues for the counties for lowering other taxes. We understand the state uses the stamp tax revenues for some really very important issues and organizations, and we support, we support those organizations. But we believe in a fair

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tax collection system that helps us pay for our services that are imposed on us by the state. We appreciate the opportunity to work with the committee and the Legislature to address these issues, and, and we urge you to advance LB328. Thank you.

VON GILLERN: Thank you for your testimony. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you for being here today, sir. I know Senator Holdcroft said in his opening that the hope would be, if this bill passed, that the state would pick up the cost for a lot of these services that are funded by the Behavioral Health Fund, the Affordable Housing Trust Fund, and those kind of things. In the event that the state dropped the ball on that and did not continue to fund a lot of the programs that are currently funded through those, do you fear that it would fall on the counties to then pick up the cost of that and ultimately end up costing the counties more if this bill were to pass?

DON KELLY: Well, if, if those costs were transferred to the county, those would just be additional underfunded mandates that we're going to be forced to pay the bills for that we don't have the resources to do, do so with. Currently in Sarpy County, we're facing about \$15 million in underfunded mandates that flow down from the state through statutory language for services and/or products that we provide. And those range from housing inmates to providing office space and staff for judges. We also take care of collecting a lot of the fees and stuff that are assessed and, and, and then moving that, that money back to the state. So the-- there's a lot of costs that we already-- that we already bear that, that aren't fully funded. So that would just exacerbate that situation. You know, I, I would tell you that every one of the-- we support all those funds. As a matter of fact, I sit on the Region 6 board of directors, so I'm intimately familiar with the great work that our behavioral health units do. And I would hate to see those, those funds be taken away from them because they put those funds to good use. But the reality of the situation is all the money that we collect, the 22%, it doesn't go to our general fund. It just goes to pay the cost of providing those services. We have approximately 55 people in our county assessor's office and our county clerk's office who process and do all the work for collecting the fees associated with the document stamp. The cost to run those two offices costs our county about \$5.5 million a year. So we're barely breaking even at best. Just, just processing-- if, if, if, if you've never done a document stamp, it's a time, labor, and intensive process. Now,

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sometimes the title companies lend a hand and help fill out all the forms, but not always. So we spend approximately 30% to 40% of our time in those two offices doing nothing but processing document stamps. So it-- to us, it's, it's really not a matter of us versus them. It's just a fairness issue. It-- we, we, we, we spend a lot of resources providing this service, but we don't collect the revenues that are required to support it.

DUNGAN: Well, and I, I completely agree that we need to always address the un-- unfun-- underfunded and unfunded mandates. 100%. I just-- you kind of hit the nail on the head, that there's a lot of these programs that the doc stamp pays for. It goes into these funds that then I think the concern would be if, if we, the state, don't pick up the additional cost of that, then it's going to be left up to local political subdivisions to try to fix some of those problems. So I, I would hate to pass on additional unfunded mandates. But I do appreciate your, your testimony. I think the numbers you've given us are helpful. So thank you, sir.

DON KELLY: I'm sorry to interrupt you, sir. I, I just-- I think some of these, these funding streams were created by statutory language down here in Lincoln. It-- they started about 20-some years ago, and over time, we've, we've gone from all the money going back to the county to now five different major organizations that split the proceeds from that. So the fix would have to be-- would have to come from Lincoln. I don't think it would be incumbent on the county to try to correct for those miss out-- or, those missed reallocations of funds.

DUNGAN: OK. Thank you.

von GILLERN: Senator Bostar.

BOSTAR: Thank you, Chairman von Gillern. And thank you, sir, for being here. I just want to make sure I understand. So it costs, it costs the county \$5.5 million a year just to receive-- just to-- just process documentary stamp tax?

DON KELLY: No, no. That, that, that-- if I said that, that, that was incorrect.

BOSTAR: I'm just trying to clarify. I--

DON KELLY: It cost us-- we, we have \$5.5 million in payroll costs for our county assessor's office and our county clerk/register of deeds,

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because they're combined. It's about 55 people in Sarpy County. And, and, you know, so-- \$5.5 million. I'm not even sure those are fully burdened costs. I think those are mostly payroll costs.

BOSTAR: Do you have an estimate for what it-- you would imagine the-- just the direct processing cost of burden is on the county?

DON KELLY: Well, talking to our county clerk and assessor, they estimate that they spend 20% to-- or, 30% or 40% of their time processing document stamps. I, I'm not an expert on document stamps at all. I mean, I purchased some--

BOSTAR: Nor am I.

DON KELLY: --property, and I, I can only tell you from my own personal perspective that I've never based a real estate transaction based on what the cost of the document stamp was going to be. But there's literally eight or nine forms that are associated with these. And, and it-- and-- when it really becomes time-intensive, if, if there's a, you know, an exception or some, some sort of exception so, you, you, you're, you're, you're excluded from having to pay the document tax, that's where you really run into a lot of time because it adds more forms to the process. So, so our, our, our register of deeds/county clerk's office does all the paperwork and, and works with all the residents and citizens to make sure all these forms are completed correctly, and then it, it falls on our assessor to make sure that the funds are distributed back to the state for further distribution among the organizations that, that benefit from the, the proceeds.

BOSTAR: So approximately around, we'll say, \$2 million of then direct cost if it's--

DON KELLY: Yeah.

BOSTAR: --30% to 40% of the 5.5-ish--

DON KELLY: That's, that's probably pretty good math. Yeah.

BOSTAR: And, and what do you-- and what do you receive from the-- from your share of the doc stamp tax?

DON KELLY: Well, I don't have the exact figures, but we get 22%. And I think it would be somewhere around \$750,000. Well, we're-- we budgeted \$775,000 for the upcoming year.

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BOSTAR: In, in, in revenue for--

DON KELLY: In revenue from the doc stamp, yeah.

BOSTAR: So, so that's demonstrating that deficit. The-- Mr. Cannon testified that, ideally, you would receive an equivalent amount of revenue to match the direct costs for processing the, the-- this, this tax. Does that-- is that also your philosophy on this, that, that, you know, that it should be-- you should--

DON KELLY: I, I think--

BOSTAR: --collect the tax to cover the, the--

DON KELLY: No. I think from a county board perspective-- really, the issue isn't how much we collect or don't collect. It's just about fairness.

BOSTAR: Sure.

DON KELLY: You know, last year, we had a 3% cap levied on us. And, and-- I'm not an expert on property taxes either, but I can tell you that of all the property taxes we collect, our county gets about 12% of them. And for that 12%, we have to provide public service and infrastructure to the whole county.

BOSTAR: Yeah.

DON KELLY: And that's, that's a significant burden. But now we're capped at 3%. And, and, and the, the sources of revenue that, that we can retain and help us offset, maybe lower our, our property tax, would be a benefit to the, to the, the, you know, to the taxpayers, not only of Sarpy County but of every county.

BOSTAR: Would you theoretically-- and if you just entertain me, I would appreciate it. Theoretically, do you feel that you would be in support of a system where the counties were no longer responsible for the collection and processing of doc stamp tax but at the same time then you got none of it?

DON KELLY: Well--

BOSTAR: If we're talking about fairness. I'm just trying to--

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DON KELLY: For Sarpy County that, that, that probably would, would, would be a good deal for us because the staff-- the, the staff and the number of folks that we have to employ to process those, we could probably reduce our staff.

BOSTAR: Sounds like a lot.

DON KELLY: But who's going to do it if we don't do it?

BOSTAR: Well, I mean-- again, right, this--

DON KELLY: No, I mean [INAUDIBLE]-- I mean that, that--

BOSTAR: If you centralize the system--

DON KELLY: --that's a good theoretical-- that's a good theoretical question.

BOSTAR: Yeah.

DON KELLY: But the reality is, is we collect a lot of other things besides doc stamps-- you know, marriage licenses--

BOSTAR: Of course.

DON KELLY: And, and, I mean, we-- there's a bunch of things that we do that our service provided.

BOSTAR: You know, but at the same time, you know, if we can-- if we can identify that counties are, are literally spending more money on just the collection and processing than they're getting out of it and if there's a way to centralize that process-- say, at the state level-- and then take that revenue back away from the county since it wouldn't make any sense-- I-- you know, I'm just trying to explore the concept.

DON KELLY: Well, no. I, I mean, I-- that may-- that, that would be an option, for sure, to, to-- definitely a good course of action to explore further.

BOSTAR: Thank you.

von GILLERN: Any other questions? Seeing none. Thank you for your testimony.

DON KELLY: Thank you.

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von GILLERN: Next proponent. Are there any other proponents for LB328? Seeing none. Invite up the first opponent testimony.

TINA ROCKENBACH: Good afternoon.

von GILLERN: Good afternoon.

TINA ROCKENBACH: My name is Tina Rockenbach, T-i-n-a R-o-c-k-e-n-b-a-c-h. I'm the Executive Director for Community Action of Nebraska, representing all nine community action agencies serving all 93 counties. In opposition to LB328. One of our largest areas is in housing, which includes but is not limited to homelessness prevention, rent and utility assistance, owner-occupied rehab, and down payment assistance. Our agencies participate in statewide continuum-- continuum of care networks, which collectively address homeless response through the Nebraska Homeless Assistance Program, NHAP, and in partnership with Housing and Urban Development's Emergency Solutions Grant, or ESG, funding programs. Our concerns with LB328 are centered on the proposed loss of funding to both the Homeless Shelter Assistance Trust Fund and the Affordable Housing Trust Fund. These are both critical streams of funding for our agencies in our housing programs and services previously referenced. The Homeless Shelter Assistance Trust Fund provides the ability for our agencies to draw down matching funds to be able to leverage and utilize federal HUD ESG money to address and prevent homelessness. This state-federal braiding of funds is typically the primary funding stream for emergency housing needs. The Affordable Housing Trust Fund allows agencies receiving these funds from applications submitted for owner-occupied rehab programs and down payment assistance programs. As written, LB328 does not define a plan for how the Legislature plans to replenish this loss of funding if these funds are kept at the county level. Our concerns are reiterated in the fiscal note. Page 1 references that without replacement of the eliminated funds, the Homeless Shelter Assistance Trust Fund would, quote, no longer have funding available given expenditures over time. The loss of this trust fund would cause a detrimental impact to our agency's ability to serve the state by causing them to lose hundreds of thousands of dollars per agency. They would not only lose the state funding, but also lack those matching funds, which would prevent them from receiving HUD ESG funds. Page 2 of the fiscal note addresses the contractual obligations related to the Affordable Housing Trust Fund, stating, quote, with the reduction in funds, the state would be unable to meet their contractual obligations. This is even more concerning, as these trac-- contractual obligations are tied to owner-occupied rehab and down

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payment assistance programs within our network that are completed over a period of time to homes owned by individuals or families who qualify based on income. Additionally, the Housing-- Affordable Housing Trust Fund has more recently become incredibly competitive, as many organizations are receiving these funds for new construction of affordable homes. If contractual obligations are not able to be met with this reduction, and, and-- and I will also add, if we don't get that-- a new funding plan established, these new construction and rehab projects on people's homes will be halted. LB328 does not contain language to address that within the state's plan to replace that revenue for these funds if passed. And so we ask as written that you do not pass LB328 to the floor. And I have been in contact with Senator Holdcroft's office. I do intend to keep conversations going with him as well. But I would like to add also, if it is going to come from the general funds-- again, my concern is we don't see that conversation happening yet or where that plan is, at least connected to this plan. And so when you're looking ahead at these contractual obligations, whether it's with federal grants or with contracts with people's homes, that can be quite concerning if we're not looking down the road. So with that, I'm happy to answer any questions that you have.

von GILLERN: Thank you for your testimony. Questions from the committee? So I have a question. The, the ratio of these funds to federal funds, is it-- make it simple math for me. We put in \$1, they put in \$2; we put in \$2--

TINA ROCKENBACH: So--

von GILLERN: --they put in \$1. What is the matching ratio?

TINA ROCKENBACH: It's a-- I, I don't know the exact matching ratio. Everything, of course, federally is on a complicated formula, but what I can tell you is the majority of our agencies that use these funds, depending on how much they are asking for-- which varies based on the size of the agency. So, for example, our mid agency-- headquartered out at Kearney-- covers 27 counties. So for that agency alone, they would lose almost \$200,000. So it is a certain amount of match based on how much you apply for based on the need that you feel your area has. So the larger the area, the larger the need, et cetera. So that's why they use the formula.

von GILLERN: With easy math, there's-- if we put zero, you get zero.

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TINA ROCKENBACH: Right.

von GILLERN: Is that the [INAUDIBLE]?

TINA ROCKENBACH: Right.

von GILLERN: OK. Thank you. Any other questions? Seeing none. Thank you for your testimony.

TINA ROCKENBACH: Thank you.

von GILLERN: Next opponent testimony. Good afternoon.

CAROL BODEEN: Good afternoon, Chairperson von Gillern, members of the Revenue Committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I am the Director of Policy and Outreach for the Nebraska Housing Developers Association. We are a membership organization with over 70 members from across Nebraska. Our mission is to champion affordable housing. Today, I am testifying in opposition to LB328 and in defense and support of the Nebraska Affordable Housing Trust Fund. Our organization was founded in 1996, the same year as the Nebraska Affordable Housing Act was enacted by the Legislature. We were formed out of a need to raise awareness and be a voice for those who are working in our state to address the lack of affordable housing and the ability of communities to maintain and develop viable and stable economies. The original bill, passed in 1996, establishing the Affordable Housing Trust Fund, was passed with no revenue source. In 1997, the documentary stamp tax was identified as that revenue source, and NHDA worked to bring people together to support an increase in the doc stamp to support the Affordable Housing Trust Fund at an amount of \$1 per \$1,000 of the value of real estate transferred. Through the years, this amount has been increased and decreased. And now, almost 30 years later, it is set at \$0.95. The Affordable Housing Trust Fund is an economic development tool that supports jobs and leverages additional resources as it develops housing for the working people of our state. It is allocated throughout the state with at least 30% of the total amount granted each application cycle, going to each of the congressional districts. The following data is based on information published in the Nebraska Department of Economic Development annual reports. A brief summary is also attached to my testimony. Since the beginning of the fund in 1996 through December 31 of 2023, the total amount awarded is just over \$213 million. This has resulted in 7,805 housing units and an estimated 9,723 jobs. When factoring in local matching funds and the leverage of other funding, total community

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investment in our state totals just under \$1.2 million. Households served by the Affordable Housing Trust Fund are limited to income guidelines of no greater than 120% of area median income. This provides great flexibility in the fund so it is able to best meet the needs of the workers and families of that area. In addition to having a negative impact on the economy of our state, removing this sustainable funding source for the Affordable Housing Trust Fund, the Homeless Shelter Assistance Fund, and the Behavioral Health Services Funds would eliminate resources that are helping families and children have a safe and decent sanitary place to live. I can make comment on the current balance of the Affordable Housing Trust Fund and what is currently under contract and what will be transferred out this year. As of the end of-- and I'm at the end of my time.

von GILLERN: You're out of time, but I'd really like you to tell me about the balance in the trust fund.

CAROL BODEEN: Thank you so much. \$36 million was-- well, just under \$36 million was in the account as of December 3-- 31 of 2024. \$24.8 million of that was under contract. \$25 million is set to be transferred out-- \$12.5 million each to the Workforce Housing Fund and the Middle Income Workforce Housing Fund based on the legislation last year that swept \$25 million out of the trust fund. So that has to come out of it by the end of June. That would leave us with an approximate deficit of \$14 million in that account if all of-- contracts were to come through. Estimated doc stamp revenue for January to June of this year would be about \$7 million. So we would still be in a deficit position if all contracts were to come through, and that would not be accounting for any new contracts in this coming year.

von GILLERN: Thank you for sharing that.

CAROL BODEEN: You're welcome.

von GILLERN: Any other questions? Thank you for your testimony.

CAROL BODEEN: Thank you.

von GILLERN: Invite up the next opponent. Good afternoon.

PATRICK KREIFELS: Good afternoon, Chairman Gillern and members of the Revenue Committee. My name is Patrick Kreifels, P-a-t-r-i-c-k K-r-e-i-f-e-l-s. And I'm the Administrator for Region V System's behavioral health authority. I am here today on behalf of the Nebraska Association of Regional Administrators, Region V Systems Governing

Board, and the Nebraska Association of Behavioral Health Organizations. My testimony is abbreviated in its more expansive handout of information. I want to begin by offering my profound appreciation to the senators and governor for your contributions to our state, helping make Nebraska a great place to live. Thank you for your service and leadership. Safe and stable housing are components needed for recovery by people who live with mental health or substance use challenges and experience very low income. The regional behavioral health authorities offer assistance to individuals by providing the Supported Housing Program, which affords them an opportunity to achieve or remain in permanent, affordable, community-integrated housing while receiving behavioral health services supportive of recovery. This enables people to live independently and participate in community life. The housing program funding by way of a voucher for housing to serve as a bridge to other housing resources such as public subsidized housing or living in independent housing without rental assistance. Originally, the Housing Related Assistance Program was created in 2005 and utilizes state documentary stamp tax dollars to provide assistance-- housing assistance to eligible individuals with serious mental illness. Of the \$2.25 tax collected, the Behavioral Health Services Fund receives \$0.30. For fiscal year '25, the total amount of funds the behavioral health regions have been allocated is, respectively, \$4 million. And at this point in time through the year, there are-- there have been 734 people housed across Nebraska. There are currently 64 people unhoused, living with serious mental health challenges on the waitlist to receive housing vouchers. Region V Systems utilizes a portion of the documentary stamp tax dollars to match the drawdown of federal housing HUD funds. Redirecting the, the ta-- documentary stamp tax funds in LB328 would likely jeopardize the amount of HUD funding allocated and eliminate housing for those 734 people funded by the regions. People do recover from-- with their mental health challenges and become productive citizens, and there is great impact to our communities if we do not address homelessness to our hospitals, emergency systems, criminal justice, law enforcement, and other system cost. Unfortunately, providing-- or, ultimately, providing permanent supportive housing to chronically homeless individuals can reduce public costs by 40%. And it decreases reliance on emergency services. I respectfully request that you do not move LB328 forward, as it negatively impacts the recovery of people who are unhoused living with serious mental heal-- mental illness, and many public systems would be financially burdened. Thank you for your time and allowing me to articulate some of the challenges that face our system. I'm available to answer any questions you may have.

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

DUNGAN: Thank you, Chair. Thank you for being here, sir. Good to see you as always. Outside of the revenue that the regions get from the doc stamp, can you speak a little bit to the state's current contributions, I guess, to the, the region systems in terms of how much we're providing from General Fund appropriations?

PATRICK KREIFELS: I cannot speak to an exact amount, but there are some funds that some of the regions utilize-- state general funds to support their housing programming. Not all regions are able to afford and put those funds towards housing, because their priority is oftentimes serving people with mental health challenges that-- as that public safety net for services-- behavioral health services.

DUNGAN: Big picture, have you seen a reduction in funds for the regions recently?

PATRICK KREIFELS: For the last two years, the regional behavioral health authorities have had our budgets reduced by 10.0-- \$10.3 million. And, and last year, it was \$15 million. So for Region V, that was \$3 million. So we'll be lucky to break even this year, and likely we'll have to ask for additional funds to be appropriated.

DUNGAN: And with that reduction that you've seen, what kind of tangible side effects have you seen due to that reduction in, in funding?

PATRICK KREIFELS: You know, I think providers are a little bit worried in regards to meeting the need. The need doesn't go away, and providers are-- keep their doors open to provide that need. So where is that shortfall going to come from? We have individuals that-- our mission is to support wellness and recovery for people who have mental health and, and substance use challenges and trying to integrate them into the community to lead productive lives. So it would have an impact directly on the people that we serve, and the unhoused population is a big portion of that.

DUNGAN: Thank you.

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

PATRICK KREIFELS: Thank you.

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von GILLERN: Next opponent. Good afternoon.

AMANDA BREWER: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Amanda Brewer, A-m-a-n-d-a; Brewer, B-r-e-w-e-r. And I am the Chief Executive Officer of Habitat for Humanity of Omaha. Although I'm not here in my additional volunteer capacity, I want you to realize I have the big picture of some of the problems challenging our state. I serve on the La Vista Planning Commission and on the Greater Omaha Chamber of Commerce. I'm here in opposition to LB328 because it threatens a critical funding source, which is NAFT [SIC], that has helped thousands of Nebraskans achieve and maintain homeownership. I'm not going to read my whole testimony because some of it has already been said, but I do want to take the time to answer a few clarifying questions based on what other speakers have said. But first, I want you to know that Habitat has partnered with the DED to utilize NAFT for the past 14 years. In the past five years alone, NAFT has direl-- directly allowed Habitat for Humanity of Omaha to create 310 homeownership and home repair projects. In addition, NAFT has allowed us to leverage its support to have significant impact. In that same time period, 340 families became homeowners and 1,300 repairs were completed. Let me reiterate: direct NAFT investment led to the creation or repair of 310 homes, but a total of 1,640 homes created are preserved. As a lifelong Nebraskan and fiscal conservative, that is an investment I can believe in. To answer a few questions-- or, a few things that were said. I hear a lot of talk about the surplus at-- with NAFT, and that is not what I see. I see a limit on the spending authority. Like, some years doesn't allow the full NAFT amount to be spent. I see awards that possibly don't equal the amount of the spending authority, as was the case this last year. And the time it takes from the award to the reimbursement can be several years because of all the documentation required. So some of that funding is sitting there waiting to be sent out even though the project is already underway. I have been filing document stamp forms in my early years-- took them to the county myself-- and now there's a great tool called Simplifile. You can do that all online. So the fact that any county official should be filling out any doc stamp form for a seller or a title company does not make sense to me. If, if that is the fact, I think some automation should certainly happen. I agree with Senator Holdcroft on several issues. The doc stamp bill is a-- of-- it's just a very small amount. For a \$300,000 house, that is \$675 currently. Doubling that would not preclude anyone from buying a house. I do believe in lowering property taxes. That is the sustained impact to the people of Nebraska. But the document stamp

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fee is a good thing and it has done very good things for Nebraska.
Happy to answer any questions.

von GILLERN: Thank you for your testimony. Questions from the committee? Seeing none. Thank you for your testimony. Appreciate it.

AMANDA BREWER: Thank you.

von GILLERN: Next opponent.

ROGER NADRCHAL: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Roger Nadrchal, spelled R-o-g-e-r N-a-d-r-c-h-a-l. I am the CEO of NeighborWorks Northeast Nebraska, based in Norfolk and Columbus. We are a housing development organization doing-- and developing affordable housing is our, our big mission. I'm also a member of the Nebraska Commission on Housing and Homelessness, which is appointed by the governor. Been on that commission, since Ben Nelson was the governor. So I've been on it for a long time. And that commission is a-- the advisor council to DED on the Nebraska Affordable Housing Trust Fund. And the commission did provide a letter of opposition to this bill eliminating the, the funds going to the Nebraska Affordable Housing Trust Fund. So I am here in, in opposition of this bill. We as the NeighborWorks organization in northeast Nebraska have received about \$12 million of the Nebraska Afforda-- Nebraska Affordable Housing Trust Funds over the, the life of the fund. And with that, we've been able to develop-- overall, we've build about, about 1,300 units in the 30 years, and about half of those were with the use of the, the Nebraska Affordable Housing Trust Fund. We are a, a strong organization doing good things up in, in the eight counties that we serve. The Affordable Housing Trust Fund is not the only housing program that we use. We access others as well and, and leverage one another. As I visit with others across the country and talk to them about the, the Affordable Housing Trust Fund that we have here in Nebraska, a lot of them are very guilty-- or, not guilty-- they, they're, they're jealous-- excuse me-- of the fund that we have here in, in Nebraska to use and would like to have something like that in their state. So they understand the impact of that. These days, the huge need of housing, especially affordable housing-- please don't eliminate this source for us to use as a, a funding source in developing housing. So I do strongly oppose LB328. I know Senator Holdcroft did mention that-- don't fund the, the trust fund. Just find another source for that fund. Well, that's not easily done to find another funding source for the trust fund. And why change that when that's already in place? As Carol from the Nebraska Housing Developer

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Association did mentioned-- which we are a member as well-- the, the balances and the requests that are out there, I would like to ask that you really take to heart and study those numbers, what the cash balance is versus commitments and what the-- the transfer and how that will affect that cash balance. This is my, my brief testimony on this in opposition of LB328. Be glad to address any questions you might have.

von GILLERN: Thank you for your testimony. Any questions from the committee? Seeing none. Thank you for being here. Next opponent. Good afternoon.

ELIZABETH MAYFIELD: Good afternoon. Good afternoon, Chair von Gillern and the members of the Revenue Committee. My name is Elizabeth Mayfield, E-l-i-z-a-b-e-t-h M-a-y-f-i-e-l-d. I'm the Executive Director of Hope Harbor in Grand Island, Nebraska. And I am the-- here testifying on behalf of the balance of state continuum of care. We urge you to reject LB328. LB328 poses a significant threat to Nebraska's housing and homeless response system by diverting funds away from shelters and homeless prevention programming that's essential. Across Nebraska's-- over 7,400 individuals were assisted last year as a result-- direct result of the Nebraska's Ho-- Nebraska Homeless Assistance Trust Fund dollars, and that includes 1,900 individuals in the balance of state, the area that I'm from. This trust fund plays a vital role in Nebras-- keeping Nebraskans housed and providing emergency support in crisis. Without this funding, Nebraska also risks, as mentioned prior testimony, millions of dollars in federal funding. The federal continuum of care program requires a 25% local match, and that local match primarily is sourced from this trust fund, and the loss of those dollars would be significant to Nebraska. Additionally, we know that domestic violence shelters and programming for individuals who are survivors would have the risk of having to return to unsafe environments as a result of this bill. Certainly, we also know that Nebraska's housing crisis could worsen. I know the Nebraska Strategic Housing Council mentioned that all counties in Nebraska struggle to supply housing for persons making 70% to 120% AMI. And for many Nebraskans, housing dollars are essential right now. Increase-- there's-- would be an increased burden additionally on local public services, including hospitals, law enforcement, emergency rooms, crisis services if this bill were to move forward. Over the past decade, Nebraska's balance of state and Lincoln continuum of care programs have, have reduced emergency and unsheltered homelessness by 40%. This progress has been made because of the investments in emergency shelter programming and prevention

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programming, and this bill directly threatens that. I urge the committee to consider long-term consequences of this bill. Housing instability affects all Nebraskans, and the cost of inaction is-- will be far greater than maintaining these funds as they currently stand. Thank you for your time. And I'm happy to answer any questions.

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

KORBY GILBERTSON: Good afternoon, Chairman von Gillern, members of the committee. For the record, my name is Korby Gilbertson. That'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, the State Lincoln and Omaha Home Building Associations in opposition to LB328. When I told Senator Holdcroft that I was sorry we had to oppose this bill, we had kind of a good chuckle because he expected it. But I, I want to echo what all of the other opponents have said, but I also want to kind of look at, at this from a different direction. Mr. Cannon said that this tax is paid for the privilege of recording these documents. And the proponent from the county said, you know, this is an issue of fairness. Well, typically-- this committee doesn't deal with a lot of public records laws and things like that, but typically the rule is that the county should be made whole for the cost of providing access to those records and prever-- preserving those records. That does not mean they should have a windfall or use the funds that are intended for that specific purpose for other purposes. We feel that by doing-- by this bill in and of itself would have that happen. Maintaining real estate documents is not the only or primary service provided by counties and people, so diverting these funds to be paying for other services that are not related to it is a problem. Another question that came up, I think, during the, during the proponents was if we pass one bill and then another bill, which-- can we split it or does it double the tax? And actually the last bill that would pass would become the law. So that-- kind of like your daylight savings versus standard time discussion yesterday. So just to clarify that. But I'd be happy to answer any questions. I-- but in interest of saving your time, I won't go on. Thank you.

von GILLERN: Thank you on all accounts. Any questions from the committee members? Thank for your testimony. Appreciate it.

KORBY GILBERTSON: Thank you.

von GILLERN: Next opponent. Good afternoon.

ALICIA CHRISTENSEN: Good afternoon, Chair von Gillern and members of the Revenue Committee. My name's Alicia Christensen, A-l-i-c-i-a C-h-r-i-s-t-e-n-s-e-n. I'm here on behalf of Together, an organization committed to ensuring that everyone has access to healthy food and a safe home. Our communities are stronger when all Nebraskans have a safe place to live, but homelessness is increasing. Too many of us struggle to afford a place to live. We know that safe, accessible housing paired with voluntary services rapidly ends homelessness, and these funds at issue today provide critical state investments in this proven solution. And eliminating these fund sources would make housing shortages and homelessness worse. I just wanted to highlight how the-- homeless service providers in Nebraska rely on these dedicated funds to help people exit homelessness through evidence-backed solutions that are strategically implemented to meet collaborative goals for community-specific needs. So as described on the handout I gave you, the-- this is proven in the research and also the Department of Veterans Affairs provides an excellent case study. Just last year, they announced that they permanently housed over 48,000 veterans over the course of fiscal year 2024 and bringing the number-- not and bringing, but just bringing the number of veterans experiencing, experiencing homelessness to a record low. So though-- they use the same approach of pairing those voluntary services with accessible housing. And service providers are also models of efficient and effective use of state funds. So each provider operates within a population and geographically based group called a continuum of care-- and-- heard people reference the COC-- and those organizations go outside of the county boundaries to work collaboratively to establish specific objectives and develop a cohesive plan so that everybody's working together to coordinate care, use re-- resources strategically, collect data, and monitor outcomes. So we use our homeless state assistance funds to support our rapid rehousing program. It addresses transitional housing needs through one-on-one case management. The program combines practical assistance like housing search navigation with assistance aimed at resolving the root causes of homelessness, such as referrals to medical and mental health care services. So that's just to demonstrate the good work that this funding does and how much it would impact not just our organization but homeless service providers throughout the state-- the state. And so we asked that the Revenue Committee not advance LB328 from committee. Thanks so much. I can answer any questions.

von GILLERN: Thanks for your testimony. Any questions? Senator Dungan.

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DUNGAN: Thank you, Chair. Thank you for being here. Appreciate the work that you guys do. Have you had a chance to review the fiscal note on this bill?

ALICIA CHRISTENSEN: I have not. I was in Judiciary all afternoon yesterday, so.

DUNGAN: I know how that goes.

ALICIA CHRISTENSEN: Wasn't ready to tackle a fiscal note.

DUNGAN: Well, I just-- the fiscal note talks about the impact to the NHAP, the Ho-- the Homeless Assistance Fund. It estimates that if we-- if this bill were passed, it would be about an 80% decrease in the funds available for the program. Does that sound right to you based on what you've seen about this bill?

ALICIA CHRISTENSEN: I mean, I, I don't-- they're-- I'm not aware of any other state-funded source of homeless service provider money, so. And as everyone's highlighted, that-- the ability to leverage-- I don't know if that's just from the state. Is that what you were talking about, or from, like, the impact of it overall?

DUNGAN: The impact of this bill passing, it says, would be an 80% decrease in the funding.

ALICIA CHRISTENSEN: I would imagine that that-- depends on the individual organization, but I'm assuming that that takes into account that sort of leveraging amount of, like, being able to access additional funds-- not just through the federal government, but philanthropic sources often require a match as well. So I think that has a-- that's probably-- I'm not at all sure where they got that number from, but I think it depends on how your-- all your programming is funded.

DUNGAN: Sure. That makes sense. I just wasn't-- I wasn't aware if you had any other information about that. But it seems like a significant drop--

ALICIA CHRISTENSEN: Yes.

DUNGAN: --in funding is what I'm getting at.

ALICIA CHRISTENSEN: We try to braid together funding sources so that if something happens to one, nothing-- that-- I don't think we ever

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expect something to be, like, entirely eliminated-- so that there isn't a substantial interruption in services. But I think given the need, it makes it expes-- especially different-- difficult to make up for because we're already sort of at capacity, struggling to meet the need.

DUNGAN: That makes sense. Thank you.

ALICIA CHRISTENSEN: Yeah. Sorry about--

von GILLERN: Any other questions? Seeing none. Thank you for your testimony.

ALICIA CHRISTENSEN: Yeah. Of course. Thank you.

von GILLERN: Next opponent. Good afternoon.

HUNTER TRAYNOR: Good afternoon, Chairman von Gillern, members of the esteemed Revenue Committee. My name is Hunter Traynor, H-u-n-t-e-r T-r-a-y-n-o-r. I appear today on behalf of Nebraska Chamber of Commerce and Industry, the Greater Omaha Chamber, the Lincoln Chamber of Commerce, and the Nebraska Economic Developers Association to lodge our respectful opposition to LB328. The organizations I just mentioned care a lot about the Affordable Housing Trust Fund, so I won't spend much time, thanks to the testifiers before me. And on many of the points they mentioned, I'll say ditto. I would like to talk instead about the Site and Building Development Fund. I appeared two or so weeks ago on LB468, which related to a similar replacement revenue mechanism for the inheritance tax that would implicate this fund and started to tell a story about it, and I'd like to finish that today. The Site and Building Development Fund is typically used for augmenting local and private investment in hard infrastructure for industrial projects-- manufacturing, traditional industrial production facilities. And I started to talk about in 2014, Norfolk leveraged about \$1.4 million from the Site and Building Development Fund to invest in a natural gas line, which then went on to spurn the industrial park over the course of ten years, a further \$400 or \$500 million in private investment and industrial expansion, manufacturing capacity. And so when we think about the Site and Building Development Fund, we think it is an excellent tool for the state of Nebraska to make an equity investment in fixed, hard infrastructure to permit the expansion of high GDP producing, job producing industry all around the state of Nebraska. I'd like to mention that the documentary stamp tax is the only steady funding source for the Site and Building

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Development Fund. And over the years, the Legislature has, through the traditional appropriations process, added more money to those funds. But historically, this tax has funded that at a steady rate. And for the reasons I just mentioned, we think it's an excellent return on investment and should be preserved. I'd be happy to answer any questions.

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

HUNTER TRAYNOR: Thank you.

von GILLERN: Next opponent. Good afternoon.

DEXTER SCHRODT: Good afternoon, Chair von Gillern, members of the Revenue Committee. My name is Dexter Schrod, D-e-x-t-e-r S-c-h-r-o-d-t. I am here today on behalf of the Nebraska Independent Community Bankers Association. The NICB advocates for strong housing growth policies because our community bankers around the state see the need for housing. And if this bill were to pass, we would be extremely concerned about the viability of the Affordable Housing Trust Fund when coupled with the governor's recommendation to sweep out \$8 million in his budget recommendation. I want to thank Senator Holdcroft for chatting through the bill with me this morning. I understand and appreciate where he is coming from and attempting to bring this bill for property tax relief, but I think we can glean the amount of property tax relief from the fiscal note. Per the NACO fiscal note, if this bill were to pass, the counties would see an increase of \$27.4 million, which is about \$295,000 per county for our 93 counties. However, when you look at the fiscal notes for Lancaster, they'd see an increase of \$3.85 million; Douglas, \$8 million. And doing some quick math based on the testimony of the Sarpy County testifier, they would see about \$3 million. So that's \$14.85 million, or 54% of the total county increase in tax revenue. So that leaves just \$12.5 million for the 90 remaining counties, or \$139,000 per county. Now, as a resident and taxpayer in Lancaster County, am I shooting myself in the foot by saying this? Perhaps. But these funds are statewide funds, so I think it-- if we are going to be swapping them out, I think it'd be more diligent to do it in a manner that gives property tax relief for all Nebraskans and not just the three biggest counties. So with that, I will just lodge our opposition to LB328. Thank you.

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

DEXTER SCHRODT: Thank you.

von GILLERN: Next opponent. Are there any other opponents for LB328?

LINDA TWOMEY: Yep.

von GILLERN: Jump on up.

LINDA TWOMEY: Sorry. My printer is broke.

von GILLERN: Good afternoon.

LINDA TWOMEY: Good, good afternoon, Chair von Gillern and members of the Revenue Committee. My name is Linda Twomey, spelled T-w-o-m-e-y. And I am testifying in opposition of LB328 and its proposed changes to the distribution of the documentary stamp tax. Specifically, I oppose the changes to the Nebraska Affordable Housing Trust Fund and the Nebraska Homeless Assistance Program funded by the trust fund. I understand Senator Holdcroft is trying to address the unfunded mandates to counties, but this should not come on the backs of the most vulnerable in our society. The Nebraska Affordable Housing Trust Fund, established in 1996 by the Nebraska Affordable Housing Act, represents a smart and responsible approach to meeting the housing needs of Nebraska's-- Nebraskans. This fund ensures that every resident has access to safe, decent, and affordable housing while also promoting community and economic growth. Rather than relying on the General Fund, the Nebraska Affordable Housing Trust Fund is supported through a portion of the documentary, documentary stamp tax on real estate transactions. This approach reflects a forward-thinking strategy, allowing Nebraska to invest in housing solutions that strengthen families and local economies as our state continues to grow. The revenue from this tax funds critical initiatives such as helping families reha-- rehabilitate homes, assisting first-time homebuyers, expanding rental housing options, and supporting nonprofit organizations dedicated to serving our communities. These projects are required to leverage additional resources, ensuring that taxpayer dollars are wisely spent alongside contributions from private businesses, local governments, and charitable organizations. This collaborative model maximizes the impact and fosters long-term growth. The Nebraska Homeless Assistance Program, funded by the Nebraska Affordable Housing Trust Fund, provides a vital support for emergency

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shelters, transitional housing programs, and services for individuals and families facing homelessness. Through this program, grants are awarded to nonprofit organizations and service providers working to prevent and alleviate homelessness. These funds support a wide range of services, including a mil-- emergency shelter operations, transitional housing, homeless prevention, and support services like case management, job training, and mental health support. By investing in these programs, Nebraska reaffirms its commitment to providing shelter and a pathway to self-sufficiency for our most vulnerable residents. In conclusion, I urge you to carefully consider the long-term impact of LB328 on these essential programs and the individuals they serve. Protecting the Nebraska Affordable Housing Trust Fund and the Nebraska Homeless Assistance Program is crucial to ensuring that Nebraska continues to be a state that provides opportunity, security, and stability for all of its residents. Thank you.

von GILLERN: Thank you. Questions from the committee? Seeing none. Thanks for being here.

LINDA TWOMEY: Thanks.

von GILLERN: Next opponent. Good afternoon.

LEE HEFLEBOWER: Good afternoon. My name is Lee Heflebower, L-e-e H-e-f-l-e-b-o-w-e-r. I am the Domestic Violence and Economic Justice Specialist at the Nebraska Coalition to End Sexual Domestic Violence. And I'm here to testify as an opponent of LB328 on behalf of the coalition and our network of 20 programs that are the primary providers of services for survivors of domestic violence, sexual assault, and human trafficking and collectively serve all 93 counties. LB328 proposes making changes to the distribution of the documentary stamp tax funds that would effectively eliminate funding for the Homeless Shelter Assistance Trust Fund and the essential support that it provides through the NHAP program for survivors of violence and people experiencing or at risk of homelessness. Many of the programs in our network rely on funding through net-- through NHAP to provide the level of crisis response and support needed when survivors and their children are escaping abusive and dangerous situations and seeking safety. Survivors server-- served by our network programs can receive crisis counseling, case management, safe shelter, legal and medical advocacy, resources, and support in rebuilding their lives free from abuse. If allocations to the trust fund and NHAP are eliminated as proposed by LB328, the domestic and sexual violence

programs funded through it are at risk of having to significantly cut services and reduce their capacity to serve survivors when they are most in need. This is a particularly harmful situation in rural areas of our state, as programs are limited and each agency serves up to ten counties. And I did provide you a map of our service areas. You can see there's a huge geographic area that some of our programs serve. A reduction in services at even a single agency would mean that residents in all of those counties would have fewer options when in crisis, and when there are no other agencies providing those specific services in those areas. NHAP also provides support for a continuum of organizations statewide working to address and end homelessness, and the loss in funding would severely limit housing and supportive services provided by those programs. Domestic violence is a leading cause of homelessness across Nebraska and our country, as abusers often use tactics of economic abuse in addition to violence to control their partners. This can leave survivors with difficulties in regaining financial stability and lower household income. As a result, survivors of domestic violence must often make a distinct choice between remaining in an abusive relationship or becoming homeless due to a lack of affordable housing options. Elimination of NHAP funding for agencies providing housing support programs would cause additional hardships for survivors in regaining housing stability and put them at higher risk of having to return to unsafe situations. We believe it's imperative to provide stable, consistent funding for these programs, and we oppose LB328. We would encourage the committee to look at additional strategies that could support and strengthen funding to these critical services instead. If I could also make a comment on the balance in the, the Homeless Assistance Shelter Trust Fund-- I believe there was some questions earlier--

von GILLERN: Your time is up. Would anyone like to ask a question?
Senator Dungan.

DUNGAN: Thank you, Chair. If, if you could just, like, shed a little bit more information about the homeless fund, that'd be helpful. Thank you.

LEE HEFLEBOWER: And I sit on the Nebraska Commission on Housing and Homelessness, and we're regularly provided reports from DHHS regarding that trust fund. The current balance-- it, it, it runs on a two-year grant cycle. We're partially through that current cycle. And it's estimated there's about a year and a half worth of funding in that balance that, that was given earlier. So it's all effectively obligated at this point. And I think you had mentioned then there was

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an 8-- an 80% reduction. Usually that 20% is federal funding that other programs are able to use. Most of our programs are using NHAP funds to leverage federal dollars through HUD programs usually. And so losing NHAP would mean they would also lose all-- millions and millions of dollars across our state, so. Pretty significant impact all around.

DUNGAN: Got it. Thank you.

LEE HEFLEBOWER: You're welcome. Thank you.

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

LEE HEFLEBOWER: Thank you.

von GILLERN: Next opponent. Good afternoon.

LEAH DROGE: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Leah Droge, L-e-a-h D-r-o-g-e. And I'm here today on behalf of Friendship Home. Friendship Home provides safe, confidential emergency shelter as well as long-term housing and supportive services to domestic violence survivors and their children in Lancaster County. In 2024, over 300 individuals spent more than 14,000 bed nights in emergency shelter with us. 57% of those sheltered were children. And I know you've been hearing a lot about kind of the big picture piece. I want to spend my time instead focused on an example of what these funds provide at my agency. Anna reached out to Friendship Home when she didn't know what else to do. For years, she endured emotional and physical abuse at the hands of her husband, believing that staying was the best way to keep her family together. However, when the violence escalated to threats against her children, Anna knew they had to escape. With careful safety planning, her and her children fled to Friendship Home. The first night there, the advocate offered clothing, food and diapers, children's books for bedtime. She assured Anna that staff were available 24 hours a day if she wanted to talk, and this began a nightly routine: Anna tucking her children into bed and carrying the baby monitor down the hall to sit with the overnight advocate. She spoke about what led her to shelter, revealing the violence that she endured for many years. She shared her deep fears about returning to an abusive household if no other path appeared. The family faced barriers. Anna had no rental history and a lack of financial resources. As her case manager connected her to microloan opportunities to build credit and housing resources, the

children's advocate arranged transportation to school, ensuring Anna's older children were able to remain where teachers, counselors, and school administrators knew and supported them. Anna began working part time as a child care provider that shared that her dream was to be a teacher. Her case manager connected her to college and scholarship opportunities. This family eventually moved to their own apartment, but the time in emergency shelter helped them to find safety and bridge to a new beginning, free from violence. When families exit shelter, we ask, what would you have done if these services did not exist? The answers are often sobering. Slept in my car with my child. Stayed in my relationship. In Anna's case, ceased to exist. And this highlights a really critical component of emergency shelter for our specific services, which is homicide prevention. It's critical that when survivors reach out for assistance, safe shelter and housing opportunities are there. As outlined, redirecting these funds impacts shelter capacity. I ask you to please ensure the funds remain. They provide a bridge to safety for survivors in my community and many others. Thank you for your time. And I'd be willing to answer any questions you may have.

VON GILLERN: Thank you. Questions from the committee? Senator Jacobson.

JACOBSON: I'm sorry I'm late here, but I, I'm just curious. So how, how big is your shelter? How, how many can you handle?

LEAH DROGE: Yeah. So in our emergency shelter, we have an eight-bedroom house. We also have 12 single-family shelter apartments. We provide hotel/motel for short-term assistance. We also do, beyond the scope of the funds today, transitional housing and rapid rehousing.

JACOBSON: I'm guessing that you got, you got to turn people away, that you're probably full most of the time.

LEAH DROGE: The need for more than 25-plus years has been beyond what our daily capacity is.

JACOBSON: I mean, thi-- this is a huge issue. And I'm-- I-- we'd heard a bill earlier really on what are we doing for people that are being sex trafficked? How can we handle people that are, as you described-- and we seem to be woefully short on capacity. How do you handle this on the back end in terms of people leaving? Is there-- I mean, I presume you're trying to get them employed and, and be able to find

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shelter, which is really hard to do today. So do you have-- how long can people stay there?

LEAH DROGE: Yes. Our emergency shelter, it's typically a six to eight weeks stay. We are seeing a bottleneck over the last few years, as finding permanent affordable housing is more challenging.

JACOBSON: Right.

LEAH DROGE: Yeah.

JACOBSON: And, and how many dollars do you get from the fund today?

LEAH DROGE: These funds, \$62,000. But I would say that--

JACOBSON: Seems a little short of covering the bills.

LEAH DROGE: Little short. And it's-- I would just add, if I may, comes in combination with federal Victim of Crime Act decreases, which is a current 40% decrease and an additional decrease expected as of July 1. Those are dollars that pass through our Nebraska Crime Commission for us at Friendship Home. That also directly impacts emergency shelter and transitional housing.

JACOBSON: All right. Thank you.

LEAH DROGE: Thank you.

von GILLERN: Any other questions? Seeing none. Thank you for your testimony. Thank you for the hard work you do.

LEAH DROGE: Thank you.

von GILLERN: Appreciate that. Next opponent. Good afternoon.

LESLIE BITENIEKS: Good afternoon, Chairperson von Gillern and members of the Revenue Committee. My name is Leslie Bitenieks, L-e-s-l-i-e B-i-t-e-n-i-e-k-s. And I am the chair of the Lincoln Homeless Coalition and a member of the Lincoln continuum of care. I am here to testify on behalf of both groups in opposition that LB328, which would change the disbursement of the documentary stamp tax. The Lincoln Homeless Coalition is a collaboration of over 45 organizations working to address issues of poverty, homelessness, and affordable housing in Lincoln and Lancaster County. The continuum of care is a program that is federally mandated by the U.S. Department of Housing and Urban

Development and coordinates communitywide solutions to these same issues. LB328 proposes making changes to the distribution of the documentary stamp tax funds and moving them away from critical assistance, including the Homeless Shelter Assistance Trust Fund. The trust fund provides essential support statewide for organizations serving low-income individuals through the Nebraska's Homeless Assistance Program, or NHAP, which provided over \$733,000 to the Lincoln area during the most recent grant year. NHAP funding supports outreach programs, local shelters, supportive services, and homeless prevention services. A large portion of those funds are sent back-- sent directly back into the community through rent and utility payments, fees to hotels and motels for short-term shelter, and the purchase of items to meet basic needs. Under the provisions of LB328, NHAP funding could be effectively eliminated. Organizations that provide these essential services would face making severe cuts to services and personnel, and the number of individuals and families falling into homelessness without a path to stable housing will increase. Studies have shown a clear connection between the availability of housing supports for people experiencing homelessness and a strain on community systems. As housing supports decrease, the financial burden on taxpayers increases as law enforcement, medical facilities, crisis centers, and jails become overwhelmed with the unmet need. It is important to note that many organizations in Nebraska providing housing and support services utilize the trust fund dollars as a source of matching funds that are required by many federal grants designated to prevent and address homelessness. If the trust funds are reallocated or reduced, it will significantly affect their ability to leverage federal dollars. For many agencies, losing federal funding in addition to the cut in NHAP funds would be devastating. The Lincoln Homeless Coalition and the Lincoln continuum of care recognize the importance of providing safe shelter, supportive services, and affordable housing. Rather than reallocating documentary stamp tax funds that support these critical resources, we would ask the committee consider strengthening our state's investment in strategies that break the cycle of homelessness and support our community members in need. Thank you for your time and consideration.

VON GILLERN: Thank you for your testimony. Questions from the committee? Seeing none. Thank you for being here. Next opponent. Good afternoon.

JOHNATHAN SISNEROS: Hello. Thank you, Senator von Gillern, and thank you for the rest of the committee. My name is Jonathan Sisneros: Jonathan, J-o-h-n-a-t-h-a-n; Sisneros, S-i-s-n-e-r-o-s. And I'm here

in opposition of LB328 on behalf of Region V Systems. I am evidence that the program works. After living a productive life and being a productive member of society for years, I got a divorce, fell off the map, became homeless, and remained homeless for the majority of ten years. I lived in a tent in the woods next to the railroad tracks. Burden to society. Through the help of the mission, drug and alcohol treatment program, and Region V Systems, I am able to beco-- reestablish myself as a productive member of society. It was-- it, it was hard to ask for help. I went from owning a home in Millard to living in a tent in the woods. And being at the bottom, it was difficult to ask for help. And if, if it wasn't for the systems being in place and reaching out to people with mental health disabilities-- I suffer from schizoaffective disorder. And if I wouldn't have recognized it and had the support systems that are in place to become properly medicated and, and to get back to being a productive member of society-- if I wouldn't have had those supports in place, I would still be out there. So I appreciate your guys's public service. I won't take up any more time, but I'm open to any questions you may have.

von GILLERN: Thank you for your testimony. Questions? Senator Dungan.

DUNGAN: Thank you, Chair. I just want to say thank you for being here. I think a lot of these debates or conversations, we get caught up in numbers and we get caught up in pages of, of law, but in reality, it affects real people. So thank you for coming here to remind us of, of that. And I, I, I would you say I don't think you were ever a burden. I think every person matters. And I appreciate you being here and sharing your story. So thank you.

JOHNATHAN SISNEROS: I appreciate that appreciation. Thank you, sir.

von GILLERN: Any other questions? Thanks for being here. Thanks for sharing your story.

JOHNATHAN SISNEROS: Thank you.

von GILLERN: Any other opponents? Seeing none. Is there anyone who'd like to testify in a neutral capacity? Good afternoon.

EMMA CRAIG: Hello. Good afternoon, Chair and members of the committee. My name is Emma Craig, E-m-m-a C-r-a-i-g. And I am the Housing Policy and Legislation Manager at the Nebraska Investment Finance Authority. And today, we are providing neutral testimony on LB328. Removing the

documentary stamp tax as a funding source of the Affordable Housing Trust Fund would substantially limit its ability to support not just housing programs in Nebraska but also the Homeless Shelter Assistance Trust Fund and the Behavioral Health Services Fund. From the Nebraska Affordable Housing Trust Fund, \$108 million has been invested between 2015 and 2024, contributing to the development of hundreds of homes and assisting dozens of homebuyers in purchasing a home. In fiscal year 2023 alone, the trust fund awarded over \$12 million in grants to develop 263 housing units across Nebraska and creating 173 additional jobs in the process. Research from the National Association of Home Builders finds that, on a national average, the first full year impact for every 100 units of housing created is approximately 3-- \$32.4 million in local income and taxes for single-family units and \$13.9 million for multifamily. These estimates hypothesize a substantial return on investment for increased development in affordable, attainable, and diverse housing. So based on this model, the \$12 million investment to create 263 housing units across the state stands to more than break even on the return of investment of state dollars regardless of the home type built. Further, estimates suggest that Nebraska's experiencing a housing-- a shortage of homes between 100,000 to 120,000 units across the market. And in some counties, while over 30% of homes are vacant, only 2% of vacant homes are available for sale or for rent. Further, building permit rates show that the housing construction has not kept pace with population growth and ha-- current housing stock, aging, and dilapidation further exasperates this program. A recent NIFA study revealed that 82% of developers cited building costs, and 62% pointed to limiting-- limited funding as top barriers to housing construction. Many of these same developers, using state and federal funding, indicated that increased funding would enable them to build more housing. In short, we need more housing and we need it now. To tackle Nebraska's housing shortage, we need a yes-and approach, which includes investing state dollars into housing development. The state of Nebraska faces a shortage of available and attainable housing for a growing population and stands to reap a significant return on investment by bolstering our investment in housing. We not only need to catch up to the demand of housing in the state as it stands, but to prepare for our future growth. When we invest in our communities, our communities invest in us. So thank you for the opportunity to share this testimony. And I yield for questions.

von GILLERN: Thanks for your testimony.

EMMA CRAIG: Thank you.

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VON GILLERN: Questions? Seeing none. Thank you for being here.

EMMA CRAIG: Thank you.

VON GILLERN: Any other neutral testimony? Seeing none. We will invite Senator Holdcroft up to close. Senator Holdcroft, before you close, we had 0 proponent letters, 18 opponent letters, and 1 neutral letter--

HOLDCROFT: [INAUDIBLE] I guess.

VON GILLERN: --for the record.

HOLDCROFT: Well, I think this is definitely a candidate for consent calendar. So-- first of all, I want to thank all of the testifiers, both proponent and opponent. You know, is-- it is not my intent at all in this bill to reduce any of the funds but just to identify alternate funding for them. So, you know, I, I would not recommend advancing this bill until we have identified the alternate funding to keep these, these folks whole going forward. But the, the flip side of that is we have capped the counties and the cities, and we have not given them any additional funding to, to meet those caps. We gave education, you know, \$340 million and gave them a soft cap, which they mostly exceeded. But for the-- when we, when we cap the, the ci-- the counties and the cities at essentially inflation, we, we, we didn't give them any additional funding to be able to meet those needs. So now I have turned to, you know, trying to identify some unfunded mandates-- this being one of, of them-- to try and relieve them of some of the pressure on, on trying to meet-- to stay under those caps. The, the, the amounts that go from the, from the, from the doc stamp to these organizations varies quite a bit. I mean, as far as the, the amounts-- both the amounts and also the percentage of their overall budgets, and I will provide that to everyone here. That really doesn't make much of a difference. They need to be fully funded. I think they do good work. The problem is, you know, Senator Clements needs to come up with about \$26 million to, to make them-- so that-- to relieve the pressure on the, on the counties. It is-- I didn't know anything really about additional bills coming with-- that would affect the doc stamp. I hope we're not piling on, you know, by taking more and more of the pieces that could stay with the counties. If we're increasing the, the, the amount of the doc stamp to cover other things, to me, that's, that's just increasing property tax. I mean, that's-- ultimately, that's who's, who's paying the price, is, is-- it's coming from real estate transactions. And so we're just making it more and more expensive for people to buy and, and live in Nebraska. So that's

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where I am. I, I'm, I'm happy to work and I would really like to work with this committee as you, as you reach out to the Appropriations Committee to try to figure out how we're going to have a balanced budget and see if somehow we can come up with funds. If we can't, you know, then I would recommend, you know, rolling this over to next year and maybe the, the-- maybe the budget situation would be more conducive to try and move the sourcing of the funding-- of these funds to some-- someplace else. It would be great if we brought this in 2023, when we had \$1.5 billion surplus. But we don't-- we're, we're-- we are where we are, but that doesn't relieve us of the situation where we are asking the counties and the cities to tighten their belts and we're not giv-- and, and we're just piling on with unfunded mandates. So with that, I'm happy to answer any questions.

VON GILLERN: Thank you. Senator Jacobson.

JACOBSON: I just want to clarify. You said that Senator Clements is looking for \$26 million. Is that as Appropriations chair or, or his inheritance tax bill?

HOLDCROFT: That's for this bill. That would be for this bill, out of general funds.

JACOBSON: Gotcha. All right.

HOLDCROFT: I haven't actually-- I think I may have mentioned it to him. You know how he is. OK.

JACOBSON: Yeah.

HOLDCROFT: Nope.

JACOBSON: Yeah.

HOLDCROFT: We'll look at that.

JACOBSON: Like, he's not overly responsive. The-- well, I think you can rest assured this won't be consent fi-- calendar. And-- the-- but--

HOLDCROFT: 7-1 then, maybe?

JACOBSON: Possibly. Yeah. Thank you.

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VON GILLERN: Any, any other questions? Just to add clarity to Senator Jacobson's question, you, you do not have a formal request in to Appropriations for the fund.

HOLDCROFT: I do not.

VON GILLERN: And would you consider amending this bill to-- with a, with a revised, which would, of course, would general a fiscal note-- to come up with the funding?

HOLDCROFT: Certainly.

VON GILLERN: OK. All right. I just didn't know if there was any other vehicle to-- OK. All right. OK. Seeing no other questions. Thank you, Senator Holdcroft. That'll close our hearing on LB328. And we will open on LB622. Welcome up, Senator Dover. I will hand off the chair to Vice Chair Jacobson for a few moments.

JACOBSON: OK. Senator Dover, nice to have you here. We'll open the hearing on LB622. You're welcome to begin with your opening.

DOVER: Thank you, Chairman Jacobson. And good afternoon, committee members, those that are still left here today. For the record, my name is Robert Dover, R-o-b-e-r-t D-o-v-e-r. I am-- represent District 19, which consists of Madison County and south half of Pierce County. Included in my testimony is a white copy amendment that was emailed earlier and will replace LB622 in its current form. I am removing the doc stamp increase and replacing it with changes in the way the Affordable Housing Trust Fund operates. To repeat myself, I am removing the stoc-- doc-- document stamp increase. So if you're here to speak in opposition to it, it is being removed. Everybody got the message looks like. Yeah. Besides cutting spending, Nebraska's only way to solve its current tax dilemma is through economic development. Economic development raises all boats, including government and private sectors. And how do we create more oconom-- economic development? By first creating a favorable environment for business and industry, a favorable tax structure, and business investment incentives, and by creating a state that is welcoming with a low cost of living, affordable housing, good education, entertainment, and recreation, to name a few. Before we can locate any new businesses or expand any current ones, we need to have housing for these new individuals and hopefully families to live in. This is why our Housing Trust Fund exists. Nebraska Affordable Housing Trust Fund was created to increase the number of affordable housings for sale in Nebraska.

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The Nebraska Affordable Housing Trust Fund was established in 1996. The Rural and Middle Income Housing Trust Funds-- Workforce Housing Trust Funds were created in 2020, 14 years later. The later funds were more efficient in releasing funds. I believe it would have been advantageous to, to housing in Nebraska if we would-- if we worked upon updating the Nebraska Affordable Housing Trust Fund statutes to make the grant process less burdensome. By simplifying and changing the way that DED disperses its affordable housing trust funds, housing assistance money will get into the hands of granting agencies, builders, and developers faster. By increasing the rate of the money flowing to affordable housing, more houses will be built-- exactly what we need. LB622 will set a schedule for DED to begin disbursements of grant proceeds to a qualified recipient at the time that the contract has been executed and any, quote, release of funds requirements have been met. It allows for the department to require a quarterly report from the recipient, which includes an itemization of grant expenditures on eligible activities. The target may, within reason, require source documentation as evidence for appropriate use of funds. Source documentation may consist of invoices, time sheets, copies of checks that have cleared the recipients' banks, the cost certification performed by third parties such as title, company, bank, account, or auditor. It will provide recourse to DED if the recipient does not submit required report with the schedule of itemized grant expenditures on eligible activities. Provide for disqualification of recipient if found to not have performed the duties of the contract with DED. It will provide for other actions necessary by the department to meet their responsibilities to ensure proper use of funds. LB622 does not prohibit the department from taking appropriate actions for illegal actions such as fraud and theft. It provides for the submission of a final report by the recipient to certify completion of the contract requirements. The other focus of LB622 is to ensure that we capture housing assistance funds upon the sale of houses that utilized Affordable Housing Trust Fund moneys. This recapture will increase the amount of affordable housing trust funds available in the future. This will lessen the need for more money to be appropriated to hou-- to the housing cause and at the same time increase the number of housings being built. I believe LB622 goes a long way in solving many concerns of my interim housing study this summer. Thank you very much for your time and attention today.

JACOBSON: Thank you. Questions from the committee? I guess I have one, just talking about your recapture at the end. So how would-- would that be a lien on the property?

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DOVER: I think you file a second. And then upon closing-- you know, if there would-- I'm not proposing that if, if there aren't as sufficient funds to recapture the entire amount-- say, the-- say there's a downpayment assistance of \$30,000 and say there's only \$20,000 available at closing. Then they would just recapture the \$20,000.

JACOBSON: Only thing I would caution you is that if you have a second on there, you're going to have problems with getting those homes sold, the secondary market. You're also going to have trouble with them being eligible collateral for the federal home loan bank, which would really perhaps create a negative impact on the amount of dollars available. So I would have some concerns about that.

DOVER: Suggestions?

JACOBSON: Yeah. Be-- figure out a way to do it without putting a lien on the property.

DOVER: OK.

JACOBSON: But we can talk about that offline.

DOVER: All right. Thank you, Senator.

JACOBSON: Other questions? Senator Dungan, surely you've got a question. No?

DUNGAN: I just got here.

JACOBSON: All right. Thank you for your open. I presume you'll stay for close.

DOVER: No, I won't.

JACOBSON: You won't?

DOVER: No.

JACOBSON: So this is it.

DOVER: This is it.

JACOBSON: Here's your last chance. Anybody rethinking their question? All right. Thank you. How about proponents for LB642? All yours.

von GILLERN: Good afternoon.

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ROGER NADRCHAL: Good afternoon. Hello once again, Chairman von Gillern and members of the Revenue Committee. My name is Roger Nadrchal, spelled R-o-g-e-r N-a-d-r-c-h-a-l. I'm here as-- today as the CEO of NeighborWorks Northeast Nebraska in support of LB622 as amended. With-- working with Senator Dover from the district that I reside in, we, we were very much appreciative of his efforts and his attention to working with us on the Affordable Housing Trust Fund. When he had his housing study earlier, a few months ago, one of the ideas that I had proposed to him was-- is what's in the amendment, as, as you see before you. We are a nonprofit housing development organization based in Norfolk and an office in Columbus. Over the years-- 30 years, we developed over 1,300 units. And a majority of the development that we've, that we've done has used the Nebraska Affordable Housing Trust Fund. We received over 20 different grants from the state for the trust fund. And there has been-- sometimes it's been very cumbersome and there's been some barriers to access those dollars, which takes time and costs-- of course, costs money to do housing. We have never had any findings or any audit concerns. Right now, we as NeighborWorks Northeast Nebraska have four grants that are open, and the dollar's still sitting in the state treasury. If the Nebraska Affordable Housing Trust Fund would be set up and mirror the way the, the workforce housing funds are, those \$2 million that are awarded to our organization would be in an account with us, maybe with an escrow account, with the title company or some sort of that nature, but would be out of the state treasury, which we want to see that-- as mentioned earlier, that balance continues to grow and sits there and continues to be a target of pulling money out of there because it's, it's a cash balance. We want to get that cash balance reduced when there's awards out there so the funds are out with the given grantee. So we're asking that it, it mirrors the way the trust-- the, the workforce funds are, that-- on award and all the, the doc-- proper documentation is prepared-- worked through, that the funds are disbursed to the given organization. So that's the main thing. And we as NeighborWorks are willing to work with the Department of Economic Development on working on some details and be willing to be a pilot program on making a change of this sort when and if this does get approved by, by you and, and the, the State Legislature. So I'm here just in support of LB622. And be glad to answer any questions you might have for me.

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

JACOBSON: I guess I have a little indigestion about having the state advance dollars to an organization to hold just to make sure that

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there's no cash balances swept. Because there is also the risk, what if that organization doesn't follow through and complete all the terms? How does the state recapture those dollars back? I mean, how many dollars do you think you'd have in escrow at any one time?

ROGER NADARCHAL: Well, if it was our given situation where we're at right now, we would be sitting at about \$2.2 million.

JACOBSON: OK.

ROGER NADARCHAL: In, in a, an, an account, you know, that we have ownership of.

JACOBSON: And, and--

ROGER NADARCHAL: And details like that, Senator Jacobson, would have to be worked out in all this. And this is basically just kind of setting the, the parameter that this is a process, but there's a lot of details that would need to be worked out with the, the state agency of, of how things like that would be administered.

JACOBSON: The banker in me always comes out in these financial situations--

ROGER NADARCHAL: Oh, sure. You bet.

JACOBSON: --so just-- thank you.

ROGER NADARCHAL: I can understand. I used to be a banker as well, so.

von GILLERN: Any other questions? Seeing none. Thank you for your testimony.

ROGER NADARCHAL: Thank you.

von GILLERN: Proponents, right?

JACOBSON: Yes.

von GILLERN: Next proponent.

CAROL BODEEN: Probably knew you'd see me again, huh?

von GILLERN: Happy to have you.

CAROL BODEEN: Good afternoon, Chairperson von Gillern, 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. Nebraska Housing Developers Association is an organization with over 70 members, including both nonprofit and for-profit organizations from across the state. Our mission is to champion affordable housing. First of all, thank you to Senator Dover for bringing forth this legislation. Senator Dover is a strong advocate for addressing our housing issues in Nebraska. We have appreciated working with him as this bill has evolved. Following his bill last year to increase the doc stamp for a down payment assistance program, the conversations have been ongoing. Many of us participated in LR416, his interim study to examine what is working and what is not working and what can be improved when it comes to our state of Nebraska's housing incentives. At that time, many of our members and myself shared with him that, overall, the Nebraska Affordable Housing Trust Fund is a perfect example of something that is proven to increase supply and improve the quality of affordable housing in Nebraska. It has over 25 years of proven performance, a dedicated funding source in the doc stamp, flexibility of the income guidelines for recipients, up to 100 per 20-- 120% AMI. Grants from the trust fund can be used throughout the state in many flexible and innovative ways to facilitate affordable housing, new construction, rehabilitation, rental, down payment assistance, and housing education. As define-- as designed, the funds available each year are distributed equally to each congressional district. There are two aspects that rose to the top in what could be improved about the Affordable Housing Trust Fund. One, we'll always ask for increased funding through the documentary stamp tax. The amount allocated to the trust fund is currently \$0.95 of the \$2.25 for each \$1,000 of the real estate value transferred. Administration of the grants by the recipients is more cumbersome than seems necessary per the statute of the Affordable Housing Act. If there are ways the department could streamline the use of these funds, they could be used more effectively. While the amendment that is being introduced to replace the original LB622 does not include an increase to the doc stamp allocation as we would like to see, it does allow a more streamlined use of the funds. Allowing funds to be dispersed upfront to the grantees would allow them to be more efficient and effective in implementing their affordable housing projects under the Affordable Housing Trust Fund. We realize that there could be some things to work out with this type of change. We want to make sure that the grantees of these funds, the senator, and DED work together to ensure no

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unintended consequences that would be detrimental to either the grantees or the department. And I'd be happy to take any questions.

VON GILLERN: Thank you. Any questions from the committee? Senator Ibach.

IBACH: Thank you very much. I really appreciate your testimony. You seem to be very, very thorough. Do you think that this bill reflects the results of the interim study with, with the exception of the increase in the doc stamp?

CAROL BODEEN: I do, at least from, from our standpoint in our conversations with the senator. I mean, we-- our organization very much feels like the Affordable Housing Trust Fund is the ongoing vehicle to address affordable housing development in Nebraska. And by continuing to improve that program, then we feel like potentially maybe we could have more leverage to ask for more funding for it and allow it to help even more so to address the housing issues that we have.

IBACH: Great. Thank you very much. Thank you, Chair.

VON GILLERN: Thank you. Any other questions?

CAROL BODEEN: Thank you.

VON GILLERN: Seeing none. Thank you for your testimony.

CAROL BODEEN: Thank you.

VON GILLERN: Next proponent.

TINA ROCKENBACH: Good afternoon again. I am Tina Rockenbach, T-i-n-a R-o-c-k-e-n-b-a-c-h. Executive Director for Community Action of Nebraska, representing all nine community action agencies that service all 93 counties. You're receiving my written testimony, and I'll let you read that on your own time. I just wanted to elevate and kind of highlight a few things here. First of all, we are in support of LB622. Just to kind of reiterate what you've already heard, this is a very good first step or next step into expanding affordable housing availability to those severely low-income families. Just a couple of things we would like to add in for recommendation and suggestion. Kind of going on a little bit of some of the conversation that's already happened, which is related to that client accountability. And it, it does sound like Senator Dover has some, some great thoughts and plans

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in, in how this would be implemented, so, so we'll certainly follow up with him. But one of the things that we found-- so as we've discussed already in the previous bill regarding the housing assis-- or-- excuse me-- the Affordable Housing Trust Fund, some of our agencies do have down payment assistance programs already, whether it's in conjunction with that fund or another one. And so some of the things in the-- again, when you're working with clients that are going through some case-managed services to try to get to that economic stability, sometimes there are some accountability incentives built in, such as maybe some partial loan forgiveness if a client meets a certain set of criteria through that process. And so those are some things just to consider as far as kind of getting the client to that accountability completion so that we aren't seeing defaults on loans. Or, again, they are coming out of extreme financial hardship. So there could be multiple things that they're juggling along with this. And in addition, the only thing that we would like to continue to see-- and again, there's been a little bit of conversation today already-- is regarding some clarity on, on how this would be implemented as far as how individuals would apply for this and receive this funding since there are organizations that are also receiving the funding for this-- for down payment assistance. And so just as the process goes-- yeah, that clarification to those that are eligible for this fund would be very helpful. Other than that, we urge you to, to pass on LB622. And if I can answer any questions, I'll do my best.

VON GILLERN: Thank you. Questions from the committee? Senator Jacobson.

JACOBSON: I'm, I'm assuming that many of your recipients are using other, other sources as well for down payment assistance in, in addition to these funds.

TINA ROCKENBACH: Right. Absolutely. And so for us-- again, as, as you've, you've heard either in the previous bill or many bills we testify on, we braid a lot of state, federal, and private funds in all of our programs, right, nationwide. So what we like about this is just-- it's just additional support. We can't meet all the need. Sometimes the programs that we have are, are maybe a little bit too strict in a client's eligibility for that program. But essentially, what we're seeing here is just that expanded resource, both for financial and for more individuals to be able to qualify for some additional assistance.

JACOBSON: Thank you.

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TINA ROCKENBACH: Yeah.

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

TINA ROCKENBACH: Thank you.

von GILLERN: Next proponent. Welcome back.

AMANDA BREWER: Hi. Thank you. Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Amanda Brewer, A-m-a-n-d-a B-r-e-w-e-r. And I'm the CEO of Habitat for Humanity of Omaha. I'm here in support of LB622. I'm grateful for Senator Dover for his good efforts in expanding homeownership and home repair in Nebraska and removing barriers to maximize success. You heard much testimony on the benefits of NAFT and the Affordable Housing Trust Fund, so I will instead focus on why this is a very good bill and one that we are the most excited about of all the bills. What it does is it minimizes detailed documentation by allowing third-party-- well, actually, this is what we want, but what he's trying to do is allow so that you don't have to submit intense documentation. That's why he's asking for it upfront. This is the documentation required for 15 invoices.

von GILLERN: You're not allowed to use props, so. Thank you. You can just leave it on the table there.

AMANDA BREWER: Thank you. Sorry about that.

von GILLERN: It's all right.

AMANDA BREWER: It, it really is cumbersome. And the change to payment upfront or third-party cost certification would save us one FTE and probably save the state multiple FTEs. And then it would-- it's a little vague, but it would-- it appears to disallow a limit on the number of awards per organization. Habitat Omaha serves all three congressional districts and multiple communities. Limiting the number of awards decreases our ability to serve all congressional districts. And lastly, though it was removed from the amendment, we strongly support the increase to the document stamp fee by 30% that Senator Dover had initially included in the bill. For a \$300,000 house, that is an increase-- a tax to the seller of only \$90. I know the realtors and builders lobby hard against increasing the doc stamp fee, but the builders aren't able to easily create entry-level homes, and the real

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estate market would benefit by adding homes to the market. Happy to answer any questions.

VON GILLERN: Thank you. Any questions from the committee? I'll ask a quick question. How much paperwork is required to fill that out? Just approximately.

AMANDA BREWER: Maybe, like, an inch or an inch and a half for 15 invoices.

VON GILLERN: Thank you for the clarity on that. Thanks for being here.

AMANDA BREWER: Thank you.

VON GILLERN: Next proponent.

KORBY GILBERTSON: Good afternoon again, Chairman von Gillern, members of the committee. My name is Korby Gilbertson. That's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. Appearing today as a lobbyist on behalf of Nebraska Realtors Association, the State, Omaha, and Lincoln Home Builders Association in support of LB622 with the proposed amended changes to the bill. We appreciate working with Senator Dover over-- well, I would say, for me, the last 35 years, as he has been members of the realtors and working with homebuilders and developers those years, and his dedication to working on housing issue-- issues in Nebraska. It's very nice to have someone that understands us and is willing to sit down and work through things. And as you heard me testify earlier this year, the builders' and realtors' biggest concern is not one bill that increases the doc stamp tax, but it's the package of bills that purport to add to the doc stamp tax and the impact that that could have. The problem with that is it doesn't make the money go out of the Affordable Housing Trust Fund anymore. It leaves it susceptible to being transferred into other housing prog-- programs like the workforce housing programs, things like that. Our contention is that perhaps the first step that we should be doing is dealing with making sure those moneys can be spent judiciously, get out of the fund quick enough so that they aren't sitting there able to be swept, and then come back and look at what else we can do. As I talked about in the previous bill, when you look at the origination of the, the doc stamp tax, it was originally there to pay for the management of those records. It then was expanded to allow payment for other things. Over the last however many years, it's been expanded to pay for additional things. The realtors have always maintained, and the builders as well, that all of these funds that are in addition to the funds that are

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needed by the counties should be used for housing purposes, especially affordable housing purposes. You all know that we're in a housing shortage, and we believe very strongly that that is what needs to be focused on before using that to pay for other things. And then secondly, to look at the list of 25 different things that are currently exempted from the documentary stamp tax and the idea that we are taxing one certain group for a lot of other groups that aren't paying that-- any transfer tax whatsoever. Senator Dover worked with us-- and I think that Senator Jacobson has some good questions. And we have continued to talk to Senator Dover about sitting down and trying to make sure we can work through all of the details to make sure that everything will work. But I think the one thing that everyone's worked on it has agreed to is that it needs to be simplified. So. I'd be happy to take any questions.

von GILLERN: Senator Jacobson.

JACOBSON: To be clear, you don't want the doc stamp fee to go up.

KORBY GILBERTSON: Yeah. You know, I-- that I think is an unfair characterization. I think that it is-- we do not-- when you look at the number of bills that have been introduced this year-- and we have one more to talk about today-- the concern is if you say yes to one of them, then [INAUDIBLE] says, well, that doesn't really matter, so let's just add another one. And earlier, Senator Bostar jokingly, I think, said, well, let's just double it and let the county keep half and give the other half to other people. Doubling it causes a problem. While people think it isn't a big deal, when you look at the median sales prices for houses in Nebraska-- so ranging from upper 200s to upper \$300,000-- those doc stamp fees are between \$600 and \$900. For each thousand dollars that you raise a price of a house, there is a big group of people that then fall out of the ability to be able to buy a house. The National Realtors Association and Builders do it too. Yep.

JACOBSON: Basically, the doc stamp fees in 99% of the transaction are paid on the seller's side, correct?

KORBY GILBERTSON: That is very correct. And usually they are then trying to go buy another house. And if they have to pay that doc stamp, that reduces the amount of money they have then to go spend on the next pro-- property.

JACOBSON: OK. That's a, that's a whole new twist on [INAUDIBLE].

KORBY GILBERTSON: [INAUDIBLE].

JACOBSON: And you talked about the exemptions. I'm pretty familiar with those who are exempted from doc stamp fees.

KORBY GILBERTSON: Right.

JACOBSON: So who would you be targeting to maybe pay the doc stamp fee that have been exempted?

KORBY GILBERTSON: We think that the whole-- I think-- that's why we think there needs to be a deeper dive and look at everything. If they're-- if we're going to use an increase in the doc stamp tax to then try to reduce or eliminate the inheritance tax, then let's look at those transfer fees. If right now they are exempt from a transfer fee because they're being taxed for inheritance tax-- inheritance tax, then perhaps those same properties should pay a transfer tax.

JACOBSON: Thank you.

KORBY GILBERTSON: Yep.

von GILLERN: Any other questions? Seeing none. Thank you.

KORBY GILBERTSON: Thank you.

von GILLERN: Any other proponent testimony?

EMMA CRAIG: Hello. Good afternoon.

von GILLERN: Afternoon.

EMMA CRAIG: It's been so long.

von GILLERN: Yeah. Glad to have you back.

EMMA CRAIG: My name is Emma Craig, E-m-m-a C-r-a-i-g. And I am the Housing Policy and Legislation Manager at the Nebraska Investment Finance Authority. NIFA is pleased to provide testimony regarding LB622, which aims to make the Nebraska Affordable Housing Trust Fund more efficient and effective. To give a little landscape of the current state of housing in the state, the cost of home-- of a home in Nebraska is fast outpacing the growth of income. From 2020 to 2023, the median household income increased just over 1%, from \$71,802 to just over \$72,500; whereas in that same time frame, the median home price grew 21.25%, from \$203-- \$203,000 to \$247,000. The decoupling of

income to housing prices in addition to rising interest rates is posing a barrier to first-time homebuyers. In addition, Nebraska currently has 68.7 thousand vacant housing units across the state. These vacant housing units are not a sign that there's no housing shortage. However, they mainly include homes that are dilapidated or uninhabitable. Only 2% of vacant homes across the state are available for sale or for rent. Moody's Analytics estimates that Nebraska is likely experiencing a deficit of more than 120,000 housing units across the state. In over the past two decades, permits for housing construction have not kept up with population growth. Since 2004, Nebraska's grown by almost 250,000 residents, with additional stress in certain areas due to migration to population centers, yet only 161,000 building permits for housing were issued and around 1%, or 7,800, properties annually continue to dilapidated beyond use, meaning that the additional housing permits do not fully add to the usable housing stock but go to replace dilapidated units. Nebraska needs safe, accessible, affordable, and diverse types of housing to accommodate our changing population, and financing avenues that encourage housing development are key to alleviating supply and affordability stress on the market. Further, the Strategic Housing Framework has two shared priorities: reducing the number of households that are cost burdened by 44,000 and to develop and rehabilitate 35,000 affordable and attainable low- to middle-income rental and ownership housing units by 2028. The Affordable Housing Trust Fund is a major tool in the toolbox to achieving these priorities, and allowing the fund to work more efficiently and effectively will be key to addressing Nebraska's housing shortage and easing affordability concerns. As we work to reduce the housing gap, continued state and local investment is needed. To address the housing problems experienced in the state, we need a yes-and approach. Complementing supply-side solutions like stimulating development through the use of the Affordable Housing Trust Fund, as well as demand-side solutions like down payment assistance, can help to move households who are ready to purchase a home, opening up other housing units for our growing state. NIFA supports this bill's intent to help the trust fund operate more efficiently and effectively. And I thank you for the opportunity to provide testimony today. Any questions?

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

EMMA CRAIG: Thank you.

von GILLERN: Next proponent. Is there-- any other proponents? Seeing none. Are there any opponents? LB622. Seeing none. Is there anyone who'd like testify in the neutral position? I imagine. Good afternoon.

JON CANNON: Good afternoon, Chair von Gillern, distinguished members of the Revenue Committee. My name is Jon Cannon, C-a-n-n-- J-o-n C-a-n-n-o-n. I'm the Executive Director of NACO, the Nebraska Association of County Officials, here to testify in the neutral capacity on LB622. Appreciate Senate Dover bringing the bill. Always enjoy the opportunity to have discussion about, you know, how we got to where we are with, with the tax that we had. Originally, when he brought the white copy amendment, I said, well, I-- you know, I, I might not even testify at all since the bill's-- has changed significantly. But with some of the testimony that, that has been elicited on the green copy movement, I, I felt it was appropriate for me to still provide the neutral testimony that we prepared for today. And so I will incorporate my prior testimony on LB328 by reference so as not to burden the, the committee. And we'll pick up where I left off when, when I ran out of time on, on LB328. The documentary stamp tax has traditionally been split between the state and county, and the state would use it originally when the General Fund and the county had also-- and their general fund. 1969, it was \$0.55. 25% was retained by the county to be put into the general fund. That would be a-- if, if it was 25%, if that's what we were talking about, that would be \$0.56 that the counties would be retaining today. 1985, we changed that to be \$1.50 per \$1,000 of value transferred, with 1/3 to the county. That would be \$0.50 today. In 1992, we raised that to \$2-- \$1.75, with \$0.50 retained by the county. That would have been 28% of the total documentary stamp tax that was going to be remitted. And in 2005, we raised it to, to, to the current value level of \$2.25 per \$1,000 of transferred, with \$0.50 retained by the county. We're, we're at 22% of the total amount doc stamp that is collected is retained by the county. The remainder is remitted to the state. I will note that if this went up by \$0.50-- or-- I'm sorry-- by \$0.30, that the \$0.50 we retain out of the \$2.55-- that would be the new rate-- that would be 19.6%. And so to the extent that we're talking about what, what should the counties be retaining, it, it's traditionally been that number of, of between, you know-- or, right around 25%, and this just kind of gets us a little bit further away from that. I also note that the documentary stamp tax as it's currently constituted goes to a lot of laudatory functions. And you've, you've heard them all testify too today. You know, I guess one of the questions is, does it have to go to the state in order to be administered that way? Could these, these

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things be earmarked specifically for being administered at the county level for all these various laudatory functions? And, and that, that's obviously a question of policy that, that could be determined by the committee. But put another way, I guess my-- one of my questions would be, how much of the \$1.75 that's currently being remitted from the county to the state is being spent locally? For instance, of the, the amount of documentary stamp tax that's collected from Lincoln County, Senator Jacobson, I'm curious how much of that is actually being spent on affordable housing, behavioral health, et cetera in Lincoln County. And I, I think that's something that's, that's worthy of, of discussion further. I don't have those numbers, unfortunately, so I've asked a question I don't know the answer to. I apologize for that. But with that, I'm, I'm happy to take any questions you may have.

von GILLERN: Senator Jacobson.

JACOBSON: Well, since Senator Dover's not going to come back to close and the other people with expertise have already testified before I looked at this, I'm going to ask you-- and you can-- just tell me that's past my pay grade. But I'm looking at-- on page 5, lines 12 to 18. It talks about first priority to-- in allocating trust fund assistance [INAUDIBLE] be those in enterprise zones. Do you know how many enterprise zones there are in rural Nebraska?

JON CANNON: I, I do not know the answer to that, sir, and I apologize.

JACOBSON: I'm, I'm-- I teed it up for the people over here. They'll give me that answer, I think.

JON CANNON: Yes, yes, sir.

JACOBSON: Thank you.

JON CANNON: Above my pay grade, but not above theirs.

JACOBSON: But, but I, I, I-- it's, it's nice to stump, stump you one time. Thank you.

JON CANNON: You'll have plenty more opportunities, sir.

von GILLERN: Any other questions? Seeing none. Thank you for testifying.

JON CANNON: Thank you very much.

VON GILLERN: Is there any other neutral testimony? Good afternoon.

HUNTER TRAYNOR: Good afternoon, Chairman von Gillern, members of the Revenue Committee. My name is Hunter Traynor, spelled 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, and the Lincoln Chamber of Commerce in a neutral capacity, at least as it related to the green copy of LB622. Based on the white copy that this committee will, will now consider, I think that internally we are in support of that just with an internal process timing issue. Wanted to still come in and share some comments. We were involved with the interim study this summer before the Appropriations Committee related to efficiencies and potential reform efforts for the state's housing programs. And so I'm going to borrow from some of the comments that I shared at that interim study and then conclude with some quick thoughts. So in 2024, we have a foundation at the Nebraska Chamber, and we did a economic competitiveness assessment where we try to set the table for the public and policymakers as it relates to the top challenges facing the business community in Nebraska. What are we doing well? What can we do better? How can we improve? So we surveyed all of our members and businesses around the state about the top challenges they are facing. And the number one and two major weaknesses for the state of Nebraska were housing availability and housing costs. My friend, Emma, with NIFA stole my thunder a little bit. We get together and geek about housing statistics. And she shared one that I talked about this summer and I just would like to reiterate. As it relates to population growth and the decline in the last ten years in housing permits polled, it demonstrates to us that our housing issues in Nebraska are supply-side issues. In the Affordable Housing Trust Fund, as it relates to addressing further supply of housing-- particularly for those who are seeking to enter the market at entry-level pricing-- in light of carrying costs, in light of future inflationary headwinds, we think every dollar has an impact on getting folks into housing and thereby permitting businesses and our workforce to expand here. And so we're very supportive of making this program more efficient. And unsolicited, to answer the question you asked earlier, Senator Ibach, is this white copy in the spirit of that inter-- interim study? I would say I think it is. I'd be happy to answer any questions.

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

HUNTER TRAYNOR: Thank you all.

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VON GILLERN: Any other neutral testimony? Seeing none. That will close our hearing. Senator Dover's not here, so we'll close our hearing on LB622. Before we close our hearing on LB622, we had 8 proponent letter-- 6 proponent letters, 1 opponent letter, and 0 neutral. Now we will close our hearing on LB622. We'll open on LB269. Welcome, Senator Rountree. Could we clear the room please so we can start our next-- thank you-- hearing. Some of us are going to stop asking questions so we can go home tonight. Welcome, Senator Rountree.

ROUNTREE: Good afternoon, Chairman von Gillern and the members of the Revenue Committee. This is truly a historic day. It's my first opportunity to testify--

VON GILLERN: We're glad to have you.

ROUNTREE: All right. Good to be here. Well, my name is Victor Rountree. That's V-i-c-t-o-r R-o-u-n-t-r-e-e. And I represent District 3, which is made up of Bellevue and Papillion. Today, I'm here to introduce LB269, which would require the state to maintain an address-based boundary database to ensure accuracy in sales tax collection. Municipalities are requesting the changes in LB269 because of the confusion that occurs between jurisdictions relating to sales tax collection and remittance. The various municipalities in Sarpy County have different sales tax rates. And with growing frequency, a seller will remit the wrong sales tax based on the current zip code system used by the state. LB269 seeks to address this problem by requiring the state to provide and maintain an address-based boundary database in order to more accurately identify what sales tax rate a seller should be collecting and remitting. The bill also provides that if a seller is not able to determine the correct jurisdiction for remitting the sales tax through the address-based boundary database, the zip code database can be used. The hope is the zip code database will only need to be used in rare circumstances. Zip codes can cross all kinds of boundaries, including municipal boundaries. A zip code could apply to multiple cities and therefore is not always a reliable indicator of what sales tax rates should be remitted. In practice, this means that one city can receive sales tax from a seller not in their jurisdiction while the other city does not receive the sales tax for which they are entitled and they budgeted for. Following me, Mayor David Black of Papillion, representing the United Cities of Sarpy County, will provide more detail on the many zip codes in Sarpy County, how they cross municipal boundaries, and the confusion and the inequity it creates. Although this issue is most pronounced in Sarpy

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County, the situation occurs in other parts of the state as well. With that, I'm happy to answer any questions.

VON GILLERN: Thank you. I'll, I'll kick off I gue-- and I just said we're not gonna ask a lot of questions, but he generated a couple. Yesterday we heard Senator Anderson's LB613, which addressed some concerns with the sales tax collection. Have you had conversations-- is your bill-- does your bill interact with his at all? Does it interlace with it? Does it coordinate it at all?

ROUNTREE: So I'd have to go back and read at that. He might have met with our Sarpy County-- United Cities as well.

VON GILLERN: All right. The-- fair question. And then have you had any conversations with Department of Revenue on this? Have they had any participation in the drafting of the bill or--

ROUNTREE: We did raise the issue. And also I talked with-- one of the other bills that we have talking with our auditor as well.

VON GILLERN: OK. All right. OK. Thank you. Any other questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair von Gill-- Gillern. So do, do you estimate that this is going to increase sales tax collection to certain places? And I guess I didn't realize that this was a problem. So is this just looking at kind of redirecting where everything goes to the more appropriate spot?

ROUNTREE: I think as Mayor Black comes [INAUDIBLE] more clarification on that. But [INAUDIBLE] it'll get clarity. [INAUDIBLE] lands at the right place.

VON GILLERN: OK. Seeing no other questions. Thank you for your opening. Will you stay to close?

ROUNTREE: Yes, I will stay to close.

VON GILLERN: Thank you, sir. We'll invite up our first proponent.

ROUNTREE: Thank you so much.

VON GILLERN: Or-- yeah. Proponent. Think about that for a second.

DAVID BLACK: Thank you again. Hopefully I can answer both questions when we're done. Chairman von Gillern, Revenue Committee. My name's David, D-a-v-i-d; Black, B-l-a-c-k. Mayor of the city of Papillion. Also representing the United Cities of Sarpy County. So that includes Bellevue, La Vista, Gretna, and Springfield. And we are here in support of LB269. May not seem like a big deal, however, it's a very critical component of modernizing the sales tax process and an important part of property tax reduction conversation. I mentioned yesterday property tax in cities is our stable, predictable, auditable source of revenue. Sales tax is variable, unpredictable, and, from a practical perspective, unauditable. The problem starts at the original submission by the retailer, which is what this addresses. I want to focus on the idea of address. It's not a defined term in the bill, but it's critical to our support position. If someone asks you your address, you're going to give them the name and street, not the city's zip code. So in my case, my address is not Papillion, 68046. My address is 1215 Buckboard Boulevard. If you look at the city name, you don't know if that's city limits. Is it the ETJ? Or is it the postal assigned name? And the postal name has no correlation to city boundaries. Zip code does not have any correlation to city or jurisdictional boundaries. Zip codes can cross cities. The postal assigned city can be in a city that's not even within the jurisdiction of the city. I was like, who's on first? Zip codes can also cross multiple city boundaries. We've attempted to align postal city name and zip code to the boundary, but it literally can be an act of Congress. We've had some limited success, but not, not enough. Addresses in the number of state can bring a direct correlation to the jurisdictional boundary irrespective of the city and zip. Just to give you the example: for Sarpy, we have 13 zip codes, 9 cross jurisdictional boundaries. Papillion has seven-- two of them, the post office doesn't even recognize Papillion as the city, as either a primary or alternative name. We know mistakes are made on the submission side, where one city is missing sales tax and another may get it. However, it's been impractical to solve it. The urgency has been raised in three cases. The implementation of online sales tax. Our heavy residential is shared amongst three cities. Bellevue's done some testing and they know there are errors in there. The restrictions on the property tax growth. Again, we need confidence that our sales tax is predictable. And right now, it's all over the board where it's going. So we lose that predictability. And economic growth. Our Highway 50 and 370 is our heavy, heavy industrial, large property tax base from an economic development perspective. That's in three shared zip-- zip codes that don't even recognize Papillion. So Section 6 of

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the bill states that it's an address-based boundary database for assigning taxing jurisdictions and associated rates. And that's the critical component. So I attached to the testimony a chart that just shows the Sarpy zip codes, which ones they cross, and what the postal name is just to give you a visual of the issue. So we encourage you to support it. Got a red light.

von GILLERN: Thank you. Would you like-- there were a couple questions posed earlier. Would you like to address them?

DAVID BLACK: You bet. So yours was the question on yesterday's bill and the interrelation. Actually, we were-- we proposed both of those. We were trying to look at the whole sales tax process and how do we make that stable so we can actually use that for budgeting purposes ongoing and hopefully reduce property tax. So if you look at the process, the original submission of the retailer to the state and then the money coming back down to the city, that's what this is doing. Let's get it right at the beginning so it's not even broken, and that's what this addresses. We know errors are going to occur. We want checks and balances. We want audit. That's after the fact. And that's what yesterday was.

von GILLERN: Thank you.

DAVID BLACK: Plus, yesterday allows us to monitor and manage our state incentive businesses, which we can't do today. And this is, this is independent of that.

von GILLERN: Got it. Thank you. Any questions?

DAVID BLACK: And then your question was, is there going to be a winner and a loser? Our assumption in this is the retailers are paying their sales tax. We're, we're not doubting that in this process. What we're doubting is it's going to the wrong jurisdiction. And it's going to be all over the board. And so at any point in time, Papillion probably wins sometimes, would probably lose sometimes. And we've got examples where-- some significant ones where revenue that was going to La Vista should have come to Papillion. And we had a recent one where Springfield got it. They realized the error because of the spike in, in revenue. They knew it was wrong, and we figured out it was supposed to be to ours-- to us. So it's all over the board. In the end, it's going to create stability and pre-- predictability is what the issue becomes. It's accuracy.

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VON GILLERN: Great. Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. In order to do this, it doesn't sound like it takes technology that we've never had, right?

DAVID BLACK: Well--

SORRENTINO: We've always had addresses.

DAVID BLACK: Actually, we don't, we don't think it's going to be that hard. And I know the Department of Revenue has a fiscal note on it for some programming and it's the one-time programming. And after they get it in, I don't think there's any fiscal impact. In our mind, what it is it's just a GIS database. I can pull up on my phone right now and go to sarpy.gov on our GIS and I can pull up the layer for our jurisdictional boundaries and I can pull up the zip code boundaries. And I-- so I can see the overlay in probably two minutes. So the GIS would support it. I can also type an address into our county assessor and it'll tell me exactly the jurisdictions because they know the taxing authority for that address. So the technology's there. It's just the state needs to move from 1970 computer system to modern technology. So I don't doubt the fiscal note, but it is a one-time for modernization.

SORRENTINO: All right. Thank you.

VON GILLERN: Thank you. Any other questions? Seeing none. Thank you for your testimony.

DAVID BLACK: Thank you.

VON GILLERN: Next proponent.

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 first want to thank Senator Rountree for introducing this bill and, of course, for Mayor Black for all of his leadership on this issue. This issue did come to us from Papillion through our league legislative system. And I know that you have heard me talk about this before. When a, a request comes in, both our larger cities and our smaller cities are able to review the proposal and sort of make suggestions about it. And this really was universally thought to be a great idea. And I'll give you a little-- just a little flavor of why that is. Obviously, Sarpy County is sort of our poster child of probably the most

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problematic county, but there are instances in other parts of the state where a city does share a zip code. For example, South Sioux City and Dakota City share a zip code. And they both have sales tax, but they have them at different rates. The same thing for Gering and Terrytown. Again, both municipalities implementing a sales tax but at different rates. So again, we want to lift up that Sarpy County is probably the most-- best example, but I did want to mention this is sort of a statewide issue. It's more than Sarpy County. And as this committee knows so, so, so well, we understand that the focus has been to reducing property tax asking, and we certainly appreciate that. And we want to move to other sources of revenue like sales tax. And we do think this is one of the pieces of the puzzle to make sure that the sales tax is going to those municipalities that have-- are entitled to it. So again, thank you to Senator Rountree. And we're happy to answer any questions that you might have.

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

JACOBSON: Well, I, I, I'm kind of following up on Mayor Black's comments. I'm just letting it sink in here, but. So today, I'm thinking about in North Platte. If I live outside the city limits, my address would still be North Platte and it would-- the zip code be 69101. So as we look at the retailers-- online retailers, is it possible that they're collecting local option sales tax for North Platte on people living outside the city limits and sending it to North Platte?

CHRISTY ABRAHAM: I think that's a great question, Senator Jacobson. And I don't know that I have a great answer for you other than to say it's my understanding the current system that the state uses is based on zip codes. And as you heard--

JACOBSON: I kind of like that system. [INAUDIBLE].

CHRISTY ABRAHAM: North Platte's just raking it in from any-- everybody. Yes. But as you heard, you know, zip codes aren't just for municipal boundaries. They, they cross municipal boundaries and county boundaries. So we just feel like the address-based system is just a lot better.

von GILLERN: All right. Any other questions? Seeing none. Thank you for testifying.

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CHRISTY ABRAHAM: Thanks so much.

von GILLERN: Next proponent. Any other proponents? Seeing none. Any opponents to LB269? Seeing none. Any neutral testimony for LB269? Senator Rountree, would you like to close? And as you come forward, there were no online comments. Jackpot.

ROUNTREE: Thanks so much again, Chair von Gillern, and to all of our testifiers that have come. All of our information's been presented. Hopefully all our questions answered to your satisfaction. And with that, I would like to see this bill move on out of the committee and go to the General File so we can debate it.

von GILLERN: Thank you.

ROUNTREE: [INAUDIBLE] be able to get our moneys deposited where they need to go.

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

ROUNTREE: All right. Thank you so much. Have a great weekend.

von GILLERN: Hope this was a good first-time experience with the Revenue Committee. Close our hearing on LB269. And we will open on LB583. Is Senator Spivey available?

KAUTH: Can we take a five-minute break?

von GILLERN: Yeah. Let's do a--

KAUTH: Three-minute break.

von GILLERN: Let's do a break. Let's start back at--

CHARLES HAMILTON: 5 past.

von GILLERN: Let's start at-- back at 4:05.

SORRENTINO: Their LA was here. I don't see him. Nor her.

[BREAK]

von GILLERN: --LB583. Welcome to the Revenue Committee.

SPIVEY: Yes. Thank you, Chair von Gillern, Vice Chair Jacobson, and all of the members of Revenue. I am Ashlei Spivey, A-s-h-l-e-i S-p-i-v-e-y. And I'm proud to represent Legislative District 13 in northeast in northwest Omaha. I am here today to introduce LB583, which updates Nebraska's documentary stamp tax to invest in critical community programs that really work hand in hand with housing security. You do have in front of you a synopsis that has a table around the, the current doc stamp goes to in terms of the revenue and then what I am proposing. But as a high-level summary, that does include child care investment, veteran services, behavioral health, and access to health for some of our most vulnerable populations, economic development, and some increased investment for counties. I am proposing to change the documentary stamp tax from \$2.25 to \$3.30 per every thousand dollars of real estate value to generate really additional revenue to key state programs. As we all know, money is finite and we are battling a deficit. However, the, the programs and what I'm proposing to invest in are essential for Nebraska residents. And so I think with this minimal increase, it would allow us to still show up for our neighbors, the people that we are here representing, to be able to continue to have them access the good life. This bill does not create any new taxes beyond adjusting the real estate transfer fee, which only applies at the point of sale for the seller. It does not overly burden real estate transactions. It's a minimal increase, which really represents a small fraction of the overall cost of property sales, and it does not divert funds away from existing programs that are currently in the doc stamp but really allocates and provides additional revenue to what is there. Some of the key updates for the language that I'm using looks at creating and updating the Child Care Cash Fund administered by HHS. So it updates grants from \$10,000 to \$15,000. And we all know that we're in a child care crisis. And it's also not just about the access to care but the ecosystem of child care providers. Do these business owners have what they need to be successful and meet the demand of child care for our working parents? And so it does add additional-- and create that additional support for that ecosystem. I have been in contact with First Five to work on some amendment language to that point because right now the language says licensed child care providers. And there are lots of startup child care business owners that also need investment to be able to meet the demand of support for working families. And so we have been in conversation around what would that look like. This would also direct additional funding to veterans services, ensuring that community-based programs are really there to support mental health, investing in affordable housing and really emerging developers as well

and, and having those special populations have access to afford-- affordable, quality housing, which we know is not always there. Think about it as our seniors, folks with disabilities, folks navigating reentry and coming back home to community. And so-- again, investing in their stability in their housing makes for a more vibrant community. And then lastly, supporting economic development and innovation efforts, which has its own return on investment. And so why is LB583 necessary? I know that y'all are hearing lots of doc stamp bills. It's important because, for me, and the work that I have done and what I have seen is that housing goes hand in hand with other social drivers of health. And so while this does invest in some of the current housing funds, it also names it as we try to solve some of these complex issues in front of us. We need a comprehensive approach, and housing as a component of that that really fits in with child care, with innovation, with supporting veterans, really looking at the picture more holistically. I also put some information in your packet around what other states are doing and what that doc stamp looks like. So there are other states-- 36, including Florida, South Carolina, Tennessee to name a few-- that have actually expanded their document stamp in the recent years. Florida, for example, is at \$7. South Carolina, \$3.70, Tennessee, \$3.70. So when you look at, like, the span of where we are, we're kind of in the middle range at the lower end. And so again, the increase that I am proposing is not drastic where I think it would cripple our housing market where it would not allow for these transactions to happen successfully, but really, again, create some more innovative revenue for the things that are really important and in front of us as a state. And so I encourage you to support this bill. And I would be happy to answer any questions that you have.

VON GILLERN: Thank you. Questions from the committee? Senator Ibach.

IBACH: Thank you very much. Thank you, Senator. How did you come up with these five additional accounts?

SPIVEY: That are listed in the bill? So this is based on-- I looked at the document stamp that was introduced last session by Senator Mike McDonnell. And then just thinking about what our priorities that I have seen in my community, what I have heard from my constituents, and where I think these categories fit into-- like, housing stability and that larger conversation is how I landed on these. So we have the information or the, the line item for federally qualified health centers, as we are battling care deserts across the state and the, and the integral work that they're doing for underserved populations. Of course, child care I mentioned. I've done a lot of work in innovation

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and economic development, so the Innovation Cash Fund comes from that. I really liked that the military was in the last doc stamp bill, and I thought that was important as we think about that population. And then again, economic recovery. I did add an additional \$0.10 for behavioral health due to what we're seeing around behavioral health access in community and, and the importance of having more access to care. And then also added in additional funds for the Affordable Housing Trust because we know workforce and affordable housing is important. And then I added money into counties because why-- this didn't have necessarily the same implications as the last bill. Counties are still always underfunded and are looking for additional resources. And so the way in which counties show up, I thought it was important to also think about adding additional revenue.

IBACH: All right. Thank you very much. Thank you, Chair.

SPIVEY: Thank you, Senator.

von GILLERN: Other questions? OK. I had a few questions. I was just looking at the, the listings of the other states very quickly here. A couple of these that have the highest rates-- Florida, Washington-- have no, no income tax. So obviously they're looking to make a difference in other places.

SPIVEY: For sure.

von GILLERN: The-- do you have any idea-- I mean, I've always thought it's a little bizarre how Nebraska breaks up and parses out the doc tax. Any i-- are these-- any idea of where these funds are going in other states? Do they similarly break out in the ways that we do or do they typically go to the county? What--

SPIVEY: Every state is really different. I can pull--

von GILLERN: That's what I thought.

SPIVEY: Yeah. It's very different depending on that geography. I would be happy to pull some more examples of that so you can see what some of these states are doing specifically. And I know that there has been conversation with this committee and some other stakeholders around, how does this fit into the county, into the state? Like, for example, Kansas looks at this from a county perspective as they do the doc stamp. Everything is county based versus having the state involved at all. And so it is very specific to that geography. And if you want specific information, I'll be happy to pull it.

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VON GILLERN: It's, it's, it's really challenging to, to do state-by-state comparisons, but particularly with something that's, that's this unusual, so. But thank you for the information.

SPIVEY: Absolutely, Chair.

VON GILLERN: Any other questions? Seeing no other questions. Will you stay to close?

SPIVEY: Absolutely.

VON GILLERN: All right.

SPIVEY: All right. Thank you, Chair.

VON GILLERN: You bet. We'll invite up our first proponent testimony.

KENNY McMORRIS: I think we're kind of holding you guys between now and the rest of the weekend, huh?

VON GILLERN: [INAUDIBLE] standing between us.

KENNY McMORRIS: Yeah. Yeah. No. Chairperson von Gillern and members of the Revenue Committee. My name is Kenny, K-e-n-n-y; McMorris, M-c-M-o-r-r-i-s. And I have the pleasure of serving as the CEO for Charles Drew Health Center in Omaha. First, I'd like to give my sincere appreciation for Senator Spivey for her continued commitment for-- to addressing health-related issues for, for some of our most vulnerable in the state. For 42 years, Charles Drew Health Center has been a cornerstone in our community, offering comprehensive primary medical, dental, behavioral health, and pharmacy supports to all regardless of insurance status or ability to pay. We partnered with our community to address the social factors that impact health, such as addressing food security, stable employment, and improving economic well-being. In 2024, Charles Drew Health Center served over 12,000 patients, accounting for 30,000-- 39,000 encounters. 80% of our patients have incomes at 100% or below the federal poverty level, with 23% lacking health insurance or, or are under-- underinsured. Additionally, many of our patients have more significant barriers to care, such as housing insecurity. 17% of our patients served attested to experiencing homelessness and 25% received public housing assistance. Our health care delivery system model supports colocation of services with partners like schools, homeless shelters, public housing, WIC, and Omaha Healthy Start. Our ability to coordinate ensures we are addressing all of our social barriers that impact

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patients' health and meeting them where they are. As a fully integrated primary care service provider, Charles Drew Health Center patients average an-- experience at least one diagnosable behavioral health disorder, with 1.9 diagnosed chronic conditions such as diabetes and hypertension. According to the most recent Community Health Needs Assessment, 18% of our adults residing in northeast Omaha noted cost preventing them from seeing a physician in the past year. This is in contrast to the rest of the state, at about 10%. Health centers across the country such as Charles Drew are facing financial challenges and need stable funding to expand our workforce-- expand workforce recruitment and retention efforts, and also ensuring that behavioral health access is available for everyone. For some service lines, new patients wait almost three months to be able to get access to care. And, and, and we know that care delayed creates greater problems down the line for folks using the emergency room as such. We're here today and I'm here today to again support Senator Spivey as, as it relates to LB583. And I'll take any questions that you all may have related to health care and how we can expand it.

von GILLERN: Thank you. Questions from the committee? Seeing none. I-- quick comment. I-- a very long time ago, I built the building that you work in.

KENNY McMORRIS: Yes. Yes, yes, yes.

von GILLERN: Worked with Dr. Patterson.

KENNY McMORRIS: Yes, yes, yes. Know the history very well.

von GILLERN: Yeah. It was an honor to be a part of that. Thank you for being here today.

KENNY McMORRIS: We're, we're growing leaps and bounds, so.

von GILLERN: Appreciate what you do. Thank you.

KENNY McMORRIS: Thank you.

von GILLERN: Next proponent. Good afternoon.

MITCHELL CLARK: Good afternoon, Chairman von Gillern and members of the Revenue Committee. Thank you for the opportunity to testify before you today. My name is Mitchell Clark, M-i-t-c-h-e-l-l C-l-a-r-k. And I am a policy advisor for First Five Nebraska, a statewide public policy organization committed to the early care, education, and healthy

development of Nebraska's youngest children. I am here to testify in support of LB583, particularly Sections 1 and 2, relating to the child care grants administered by the Department of Health and Human Services. I would like to start by thanking Senator Spivey for addressing access to quality care in our state, as well as the amendment and working with First Five Nebraska. We are greatly appreciative. Quality child care is an instrumental component of our state's economic stability and growth. Access to these programs is necessary for the 75% of children under age six in Nebraska with all available parents in the workforce and helps create economic opportunities for working parents, improves workplace productivity for employers, and increases our state's revenue. Unfortunately, our state has seen a drop of 13% in the number of licensed child care programs serving children ages zero to five since 2019, leaving fewer quality care options available to working parents. Despite the critical need for child care, there are few supports for owning and operating these programs. Child care does not typically offer financial stability nor an easy career path for program owners and child care workers alike. Most child care programs operate on extremely thin margins, and also child care workers earned a median hourly wage of \$13.99 in Nebraska, compared to \$22.33 for all other occupations in 2023, and usually lack benefits more common in other professions. As a result, Nebraska has suffered from a chronic shortfall in access to child care in all regions of the state. LB583 would address these two issues of capacity and workforce recruitment and retention by increasing the grants made available from the federal Child Care and Development Fund. Additionally, the bill would expand upon allowable uses of these funds by including staff recruitment and retention for eligible programs. It would also grant-- would make more accessible the lowering of the reapplication window from three to two years. Lastly, LB583 would provide additional funding source through the documentary stamp tax, as Senator Spivey has already addressed here. And LB583 would help address child care programs' need for capacity expansion and address one of the biggest challenges in the industry with recruitment and retention of child care workers. It would help communities strengthen and build new programs, help recruit and retain these employees, and ultimately serve Nebraska's economic success. I thank you for the opportunity to testify today. I encourage the committee to advance LB583 to General File with amendment. And would welcome any questions you may have.

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

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MITCHELL CLARK: Thank you.

von GILLERN: Any other proponents for LB503? Seeing none. Are there any opponents to LB583? We have proponent or opponent?

KORBY GILBERTSON: Opponent.

von GILLERN: Opponent. Come on up. I just want to make sure I got you in the right category.

KORBY GILBERTSON: Chairman von Gillern, members of the committee. My name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of the Nebraska Realtors Association, the State, Omaha, and Lincoln Home Builders Association. I want to personally thank Senator Spivey for her passion and sharing her knowledge and experience in all of these very worthy subjects. She and I have talked. We share passions on a number of these. However, I think that although more needs to be done for all of these constituencies, this bill illustrates exactly why the Realtors and the Home Builders are opposed to this type of legislation and think that a better route is to go back and look at what the Affordable Housing Trust Fund is being used for to determine what the uses should be. I look back at what Senator Bostar had in his bill earlier this session. That is also equally a valuable thing to be spending money on, and I think that's why we would argue that perhaps we need to sit down and take a deeper look into this. And as you all know, I can talk a lot longer on this, but I won't.

von GILLERN: We fully anticipated your op-- your position. Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. I'll try to be quick. I know we're getting late in time. It sounded like from the other testimony we've heard about the doc stamp tax that the last time it was raised was in 2005. Do you know at that point in time whether or not the Home Builders and the Realtors were in favor of that increase?

KORBY GILBERTSON: So as I-- and I, I had to step out of the room for a moment when Mr. Cannon was testifying. But we worked with the counties on that increase so that-- because part of it was to help the counties get more money because they wanted to modernize their recordkeeping, because that, that was at the time when they were moving everything online. So we have supported things in the past. That's why I think it's, it's-- I don't want to say that the Realtors and the Home

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Builders would never support it. Our concern is that once you say yes to one thing, then all of a sudden it becomes a \$5 doc stamp tax, and that is, I would arg-- we would argue an unfair tax on people.

DUNGAN: So you have a "if you give a mouse a cookie objection," essentially.

KORBY GILBERTSON: Yes. Mm-hmm.

DUNGAN: OK. That makes sense. Thank you.

KORBY GILBERTSON: Tent, nose, camel, sliding slope, whatever.

von GILLERN: Any other questions? Seeing none. Thank you.

KORBY GILBERTSON: Thank you.

von GILLERN: Appreciate it. Any other opponent testimony? Seeing none. Is there any neutral testimony? Go for it.

JON CANNON: Good afternoon, Chair-- 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-- hereon after referred to as NACO. Here to testify today in the neutral capacity on LB583. And I'll speak 10% more quickly than I usually do because I know that we're late in the afternoon on a Friday. First, I want to thank Senator Spivey. She's been very gracious with her time and visiting with me about her reasons behind the-- what, what this bill's all about. And, and certainly the, the goals there are very, very worthy. I will incorporate my prior testimony on LB328 and LB622 by reference. We will note that \$0.75, which is the raise of the, the allocation to the counties, out of the \$3.03 would be 22.73%, roughly, which is a little bit-- slightly more than the 22.22% that we're-- we currently retain. I am-- well, I'm, I'm happy to defer to Ms. Gilbertson's expertise. She was a classmate of mine in law school, and she was ranked way ahead of me when we graduated. I will note the \$0.50 share from the counties has been static since 1985. In 1985, we received 1/3 of \$1.50. And about when it was raised in 1992, I think, to \$1.75, it was, it was put in just at \$0.50, not at 1/3. And then, you know, 2005, we, we retained that \$0.50. I'm happy to take any questions you may have.

von GILLERN: Thank you, Mr. Cannon. Senator Jacobson.

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JACOBSON: I probably-- it's worth noting, I'm sure-- and I'm surprised Sena-- Ms. Gilbertson did not raise this issue. But although the rate has not increased, the value of homes and values of properties has gone up dramatically, probably well above the rate of inflation. And so therefore, the amount of dollars coming out of the-- of that or being paid through that have gone up, you know, exponentially since the last increase.

JON CANNON: That's absolutely correct, sir.

JACOBSON: Thank you. I wanted you just to confirm that.

JON CANNON: Yes, sir.

JACOBSON: That was my question.

von GILLERN: Any other questions? Senator Bostar.

BOSTAR: Thank you, Chair von Gillern. Thank you, Mr. Cannon. So, you know, over the course of the day, we've heard a lot of different things. Sarpy County talking about how it costs them millions of dollars to process these, is that-- does that sound right? And does it sound right in the context that there have been efforts almost 20 years ago to modernize and digitize the process, as well as other testifiers coming up and saying that this is an easy process and you can do it on the computer and you shouldn't be messing with forms. What-- how, how, how can a county be spending millions of dollars on this? That's what I want to know.

JON CANNON: I, I would have to defer specifically to Spar-- Sarpy County. I-- we don't have access to their employment records or, or their, their-- we do have access to their budget. The numbers they said, as far as, you know, what it costs for them to run the assessor's office and the, and the register of deeds' office, which is part of the clerk's office, are, are accurate.

BOSTAR: But then, then saying that it's 30% to 40% of that is dedicated to the-- specifically the processing of doc stamp tax.

JON CANNON: I, I think that's the-- it can, it can vary from county to county. That's probably not unreasonable given the, the volume of land transfers that occur in Sarpy County. You know, one of the-- one of the things actually-- for what it's worth, when you talk about-- and obviously, we're here to advocate for a greater share for the counties as far as the doc stamp is concerned. When, when you look at the

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volume that's associated in the largest counties, any time that you increase the documentary stamp tax, it's going-- they're going to get-- they're going to reap more of the reward than the smaller counties will. And so-- and, and again, that's based on volume. And so it-- is it reasonable for Sarpy County--

BOSTAR: Well, they-- well, they'll reap-- they'll reap an-- an appropriate and commensurate amount of the reward, right? I mean, they're-- you're talking about distributing it over population as well.

JON CANNON: Sure.

BOSTAR: So it's, it's, it's not a-- it's not a-- necessarily an unfair distribution.

JON CANNON: Well, I, I don't-- I-- you know, as far as what Sarpy County specifically spends on administering the documentary stamp tax program, I have, I have no reason to disagree with what, what Commissioner Kelly had to, had to say in his testimony.

BOSTAR: Is it possible that you can do these on the computer and-- or online and, and just-- because we had te-- we heard testimony on that. I, I don't file these. Right? So I, I'm just trying to get a better understanding, and it, it just-- it feels like there have been some contradictory impressions given.

JON CANNON: Yeah. So-- you know, it's really going to depend on which county you're in. Sarpy County being larger, having access to probably more resources, there are certainly things that they can do. And I'm not suggesting that they have to or that they haven't done them, but there are certainly things that Sarpy County is able to access as far as resources that, say, Deuel County or Banner County can't because they can't afford the equipment, they can't afford the infrastructure, and they're relying on a clerk who is also wearing the hat of clerk of the district court, register of deeds, assessor, you know, so on, so forth all the way down the line.

BOSTAR: Absolutely. But all this to say that it actually sounds like Sarpy County should be in a position to capitalize on the-- their, their scale and their staffing and that it shouldn't take \$2 million to file forms every year.

JON CANNON: I-- given what I know about Sarpy County--

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BOSTAR: And I know, I know you-- you're not, you're not here to represent specifically Sarpy County. And I'm trying to put you in that, I'm just--

von GILLERN: I think we're off topic on the bill too.

BOSTAR: Well, no, we're talking about distribution of doc stamp tax and where it's owed. And, and I'm just trying to get down to where it's owed and, and have a, a more comprehensive understanding of that. Anyway. Fair enough, Chairman von Gillern.

von GILLERN: Thank you.

BOSTAR: And thank you, Mr. Cannon.

JON CANNON: Thank you, sir. Appreciate it.

von GILLERN: Any other questions? Seeing none. Thank you for your testimony. Any other neutral testifiers?

JON CANNON: Thank you very much.

von GILLERN: Seeing none. We will welcome up Senator Spivey to close. And we have 1 proponent, 5 opponent, and 2 neutral letters on record.

SPIVEY: Thank you, Chair von Gillern and members of the Revenue Committee. I would just like to add, if you actually read the comment, three of the oppositions were for a different bill. So they had the wrong bill number. Just a note for the record. But again, thank you all for taking time to hear this bill. I know you are, are hearing a lot and have a lot to unpack around what does this look like and the implications. Again, I'm committed to working with the folks that are impacted, working with the Realor-- Nebraska Realtors Association to have that larger conversation if the committee so chooses as you all are navigating the type of bill or, or what could move out of this committee. The, the two things that I just wanted to uplift in my closing before we head out was the fiscal note around the potential revenue and impact that this could have. And so with the-- a \$1.05 increase is what, is what I'm proposing, that we're seeing a little over \$7.5 million in revenue for '25-26, and then close to \$12.8 million. And so again, as we think about-- resources are finite. And I don't want to come from a scarcity mindset, but we have to prioritize. And I know we're going to have to make tough decisions. And I do think that raising the doc stamp by \$1.05 for these essential services that create a better quality of living and invest in really the vitality in

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not only our housing market but our Nebraskans overall is an investment, especially when this has not been updated in 20 years and it-- and is not overburdensome. And so I would encourage you to advance this bill out of committee. I would be happy to answer any questions as you all are navigating and talking through each of the doc stamp bills. And again would answer any questions before we are done today.

von GILLERN: Thank you. Just as a matter of clarity, you mentioned that there was-- you mentioned the revenue on the fiscal note, but there are also equivalent expenditures. So it's a net zero.

SPIVEY: For sure. Yeah.

von GILLERN: Yes. OK. All right. Thank you. So it's not revenue positive. Questions from the committee members? Seeing none. We'll close--

SPIVEY: Thank you.

von GILLERN: --our hearing on LB583. And we'll close our hearing--

SPIVEY: Happy Friday.

von GILLERN: --hearing for the day. Have a great weekend.

DUNGAN: Thank you.