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Appropriations Committee  
February 27, 2015

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[LB309 LB364 LB387 LB442]

The Committee on Appropriations met at 1:30 p.m. on Friday, February 27, 2015, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB309, LB387, LB442, and LB364. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Ken Haar; Bill Kintner; John Kuehn; Jeremy Nordquist; John Stinner; and Dan Watermeier. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I'm from south Omaha, representing the 5th Legislative District and serve as Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting here on my far left and your right with Senator Bill Kintner who will be joining us shortly. Senator Kintner is from District 2 that encompasses Sarpy, Cass, and parts of Otoe County. Sitting next to Senator Kintner is Senator Jeremy Nordquist who represents the 7th Legislative District in downtown and south Omaha.

SENATOR KUEHN: John Kuehn, District 38 in south-central Nebraska.

SENATOR HILKEMANN: Robert Hilkemann, District 4, which is west Omaha.

SENATOR STINNER: John Stinner, District 48, Scottsbluff.

SENATOR BOLZ: Senator Kate Bolz. I represent District 29, south-central Lincoln.

SENATOR MELLO: Sitting next to Senator Bolz is Senator Ken Haar who will be joining us shortly from District 21, representing Lancaster and Saunders County. And sitting next to Senator Haar is Senator Dan Watermeier, who will be joining us shortly as well, representing the 1st Legislative District in most of southeast Nebraska. Assisting the committee today is Rachel Meier, our committee clerk; and Julia, our committee page. Our fiscal analyst to start off the day is Doug Gibbs. On the cabinet to your right you will find some yellow or white testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to Rachel when you come up. It helps us keep an accurate record of today's public hearing. Also on the back cabinet there are white sheets. The white sheets are there for individuals who do not wish to testify but would like to record your position for the public record on a specific bill. When we hear testimony regarding state agencies or legislative bills today, we will first hear from the introducer of the bill or a representative from the agency. We will then hear testimony in support of a bill, then those who will come in opposition to the legislation, and finally those in the neutral capacity. When we hear testimony from agencies, we'll simply hear testimony on any specific item within a state agency's budget request. If you have any

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handouts, please bring up at least 11 copies and please give them to Julia. If you do not have enough copies, she will help make more for you. We ask that you begin your testimony today by giving us your first and last name and spelling it for the public record. We will be using the five-minute light system today and when you begin your testimony the light on the table will turn green. The yellow light is your one-minute warning, and when the red light comes on we ask that you please wrap up with your final thoughts. At this time, I would ask all of us, including senators, to please take a look at our cell phones and make sure they are on the silent or vibrate mode. With that, at this time we will begin today's public hearings with all four bills: LB309, LB442, LB387, and LB364. What we will do is we will have each individual senator come up and testify and introduce their bill, and then we will hear all testimony on all four bills: those in support, those in opposition, and those in the neutral capacity. With that, the first introducer will be Senator Davis with LB309. [LB309]

SENATOR DAVIS: Thank you, Senator Mello, members of the Appropriations Committee. I'm Al Davis, D-a-v-i-s, and I represent the 43rd Legislative District, and I'm going to keep this just as brief as I possibly can. LB309 is a request to allocate an additional \$25 million to the Property Tax Credit Fund. As you know, property taxes are one of the chief concerns in the state, as identified by the Tax Modernization Committee, and is something that I hear about in my district on an hour-by-hour basis everywhere I go. Now I know that you've already made a decision to put another \$45 million, I believe, into the Property Tax Credit Fund, which I applaud you for. I think that's a great, great service to the state and that's really all I came to say, you know. So I think you've done what I wanted to do in a way more generous manner than I might have done with my bill, but I applaud you for it because it will solve some of the property tax issues outstate. Thank you. [LB309]

SENATOR MELLO: Thank you, Senator Davis. Are there any questions from the committee? Seeing none, thank you, Senator Davis. And will you be waiving closing? [LB309]

SENATOR DAVIS: I will be waiving closing. [LB309]

SENATOR MELLO: All right. Thank you. Next up we will hear from Senator Bolz on LB442. [LB442]

SENATOR BOLZ: Good afternoon. I'm tempted to come up and say ditto. But I will say I appreciate the work of this committee in developing a balanced approach to finding a budget that works for this state as well as... [LB442]

SENATOR MELLO: Senator, could you please... [LB442]

SENATOR BOLZ: Oh, yes. [LB442]

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SENATOR MELLO: ...could you please state your name? (Laughter) [LB442]

SENATOR BOLZ: Senator Bolz, that's B-o-l-z. I appreciate the balanced approach to our budget and to finding opportunities for tax relief and look forward to continuing to work with all of you towards those goals. [LB442]

SENATOR MELLO: Thank you, Senator Bolz. Are there any questions from the committee? We would like to wish you a happy birthday, Senator Bolz. [LB442]

SENATOR BOLZ: Thank you. [LB442]

SENATOR MELLO: Next we'll move to LB387. Senator Schnoor. [LB387]

SENATOR SCHNOOR: Senator David Schnoor, D-a-v-i-d S-c-h-n-o-o-r. I represent District 15. And I like how you do this. You guys knock this stuff out and move on. We need...I need to talk to Senator Schilz and take some recommendations to him. I'm simply asking that this committee take into consideration to transfer \$60 million from the Cash Reserve to the Property Tax Credit Cash Fund. This would give tax relief to all property owners in the state of Nebraska. It's not just landowners; it's to everybody that owns property. And for the estimated cost for \$1,000 worth of valuation it would be a savings of just \$10. It's a small amount but it's just something. It's taxes that have been paid already by the taxpayer and let's give it back to them. It is already...it's been done already. I did not, in fact, did not know that. And I looked on my tax statement to see that, by gosh, it is there, because everybody automatically looks at the bottom to see what the bill is. But there is money going back to the taxpayers so I'd like that to continue. So that's simply what I'm asking. [LB387]

SENATOR MELLO: Thank you for your testimony, Senator Schnoor. Are there any questions from the committee? Senator Haar. [LB387]

SENATOR SCHNOOR: Yes, sir. [LB387]

SENATOR HAAR: We're not going to let you get off that easy. No, this is just something I've been thinking about and will ask when it comes on the floor and so on. But do you see any way to make property tax benefit renters--I mean often young people and poor people are renters--so that property tax can actually get through to those folks? [LB387]

SENATOR SCHNOOR: You say renters? [LB387]

SENATOR HAAR: Yeah. [LB387]

SENATOR SCHNOOR: Well, you would hope that ultimately...when property tax goes

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up your rent check gets higher. [LB387]

SENATOR HAAR: Uh-huh. [LB387]

SENATOR SCHNOOR: So you would hope that would, in turn, go down. You know this is, although \$60 million is a lot of money, when it comes down to the per person or per property basis, it's \$10 or \$20. You know it doesn't amount to a lot. So will it go back down to the renter? You know, that's going to be up to the landlord. So I guess I really can't answer that. [LB387]

SENATOR HAAR: Okay. Well, it would be nice to find a way to sort of reverse engineer that. And again, this isn't just with your bill but a recent example that's come to my mind is fuel costs have gone way down for the airlines and they've not made those reductions in their, you know, in their airfares. And so I would hope that this would have a downward influence on rents, but I'm not sure it would. [LB387]

SENATOR SCHNOOR: You know, we're hoping the same thing with farm inputs. You know, as commodity prices skyrocketed, inputs caught up with it. Now commodity prices have gone back down but inputs have not. So we're hoping in time that will follow. And that's, I guess, the only good answer I can give for you here is hopefully that will follow with the costs of rent. [LB387]

SENATOR HAAR: Okay. Maybe it's something we can all think about. [LB387]

SENATOR SCHNOOR: Yes. [LB387]

SENATOR HAAR: Yeah. Thank you very much. Appreciate that. [LB387]

SENATOR SCHNOOR: Uh-huh. Yes, sir. [LB387]

SENATOR MELLO: Senator Kuehn. [LB387]

SENATOR KUEHN: Thank you, Senator Mello. Senator Schnoor, I have a couple quick questions for you. First, I noted that your funding source for the \$60 million for the Property Tax Credit Fund was from the Cash Reserve Fund. Alternatives that have been proposed come from General Funds. So why did you feel that the Cash Reserve, or the rainy day fund, was the best opportunity for the funding of the Property Tax Credit Fund versus General Funds? [LB387]

SENATOR SCHNOOR: Because it's truly money back in the taxpayers' pockets. That's money that's already been paid. It's sitting in the savings account, so to speak, and so let's do what we can to give it back to them. [LB387]

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SENATOR KUEHN: Okay. My second question would be taking and tapping into that rainy day fund for this biennium, that would then assume that going forward in future bienniums that \$60 million disappears. Would that be your intent or would you expect that this would then be back as a General Fund appropriation going forward or how do you envision this fund being maintained over time? [LB387]

SENATOR SCHNOOR: The Cash Reserve Fund or this? [LB387]

SENATOR KUEHN: The Property Tax Credit Fund. [LB387]

SENATOR SCHNOOR: I would anticipate that this is something that's not going to last forever, that we need to look at...we have much bigger issues with taxation, with property taxes that my personal feeling is it's not going to get solved in this committee...or not in this committee but this year in the Legislature. I think particularly with education, I think we have some major, major...I don't want to say issues. That might not be the right term. But we have some things we have to look at in particular with TEEOSA. TEEOSA is a formula that's 25 years old. It served its purpose well but when it was designed the property values, you know, ag land in particular, was \$500 to \$1,000 an acre. Now it's anywhere from \$10,000 to \$15,000 an acre. So there's no way anybody could have anticipated that. So back to your question, from my perspective, this is just a small help for the landowners that...but it's not a long-term solution by any means. [LB387]

SENATOR KUEHN: Thank you. [LB387]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Schnoor. You're going to waive closing? [LB387]

SENATOR SCHNOOR: I will. [LB387]

SENATOR MELLO: Okay. Thank you. [LB387]

SENATOR SCHNOOR: Thank you, sir. [LB387]

SENATOR MELLO: That will take us to our last bill introduction by Senator Dan Watermeier, LB364. [LB364]

SENATOR WATERMEIER: Thank you, Chairman Mello, Appropriations Committee. I am Senator Dan Watermeier, spelled W-a-t-e-r-m-e-i-e-r, representing District 1 and here today to introduce LB364. LB364 proposes to transfer \$60 million in each year of the next biennium from the General Fund to the property tax credit program. The property tax credit program offsets a portion of real property taxes levied based upon the valuation of each parcel of real property compared to the valuation of all real

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property in the state. This property tax credit does not reduce the levy or the tax rate but is reflected as a reduction in the tax due on the tax statements. It has no impact on the property tax rate set by political subdivisions and the state of Nebraska offsets a portion of the real property taxes levied by reimbursing the local governments for the amount credited to local taxpayers. Although I did not introduce LB364 at the request of the Governor, he did include the same concept for property tax relief in his budget proposal. His message stated that his property tax relief measure will help all Nebraskans, homeowners, small business owners, and our farmers and our ranchers. The property tax credit program began in 2007 with funding at \$105 million, which was increased to \$115 million the following year. I was supportive of efforts to increase the property tax credit program by \$25 million last year to the \$140 million annually. LB364 would bring the program to \$200 million annually. Funded at the \$140 million for tax year 2014, the property tax credit amounted to \$71.54 per \$100,000 of taxable valuation. An additional \$60 million would raise the credit by approximately \$30 to just over \$100 of credit per \$100,000 of value. By increasing the property tax credit, it provides immediate and direct relief to all Nebraskans that pay property taxes. With funding at the \$200 million level, as proposed in LB364, it is projected that the property tax credit program will result in an approximate 6 percent reduction in the property taxes. Property taxes have been levied since 1857. A constitutional amendment adopted by voters in 1966 eliminated the use of property tax for state purposes. In 1967, the political subdivisions began exclusively levying property taxes. Today, property tax is a primary revenue-raising tool for political subdivisions. According to a recent report by the Legislative Research Office, property tax revenue accounted for approximately 39 percent of all state and local tax revenue collected. This compares with individual income tax comprising of less than 23 percent, and sales tax at about 21 percent. According to the Tax Foundation, which is a nonpartisan research think tank based in Washington, D.C., Nebraska ranks 20th when compared to all states in state and local tax collections per capita for fiscal year 2011. Nebraska's individual income tax collections per person in 2011 ranked us at 21st highest nationally. Our sales tax on consumers ranked us 25th. However, the property taxes collected per person ranked us at 14th highest in the nation. Consequently, this data verifies what we all know in that our property tax system is carrying too heavy of a burden in supporting government. In talking to constituents, I find that property taxes are their number one concern. I'm confident that most of you have heard very similar testimony. The property tax credit program is one way to provide direct property tax relief to taxpayers, and I believe we should increase the appropriation to this program, thereby providing more meaningful property tax relief. I thank my fellow Appropriations members for including an annual \$45 million in this program to our preliminary budget and recommendations. However, I do encourage us to stay on task and add the \$15 million extra to bring us to the total of \$200 million. With that, I'd try to answer any questions. I know you had lots of testimony here already today, but I'd like to end with my support of this bill. [LB364]

SENATOR MELLO: Thank you, Senator Watermeier. Are there any questions from the

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committee? Senator Kuehn. [LB364]

SENATOR KUEHN: Thank you, Senator Watermeier. Just a question about, as you envision this additional \$60 million going in, would it be your expectation then that going forward into future bienniums that the Property Tax Credit Fund would be...continue to be funded via General Funds at the rate of \$200 million annually in future bienniums and for future budgeting purposes? [LB364]

SENATOR WATERMEIER: You know, barring some overhaul of the whole system, which I'd be fully in favor of looking at yet if we could get to that point and fix the TEEOSA issue, fix the property tax issue all at the same time, I would be...wouldn't be opposed to looking at that. But I guess for the way it looks today, I would say that's probably going to be our avenue. [LB364]

SENATOR KUEHN: Okay. [LB364]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Watermeier. Are you going to waive closing? [LB364]

SENATOR WATERMEIER: I'm here today. Yep, I'm done with the other two bills. [LB364]

SENATOR MELLO: Okay. First, we will take proponents on LB309, LB387, LB442, and LB364. Any proponents? [LB309 LB387 LB442 LB364]

LAVON HEIDEMANN: (Exhibit 1) Senator Mello and members of the Appropriations Committee, my name is Lavon Heidemann, L-a-v-o-n, Heidemann, H-e-i-d-e-m-a-n-n. I'm a registered lobbyist for Nebraska Farm Bureau. Today, out of respect for your time, being as it's Friday, we got a whole bunch of people together. I'm also testifying today not only on behalf of Nebraska Farm Bureau but also Nebraska Cattlemen, Nebraska Corn Growers, Nebraska Dairy Association, Nebraska Pork Producers, Nebraska Poultry Industries, and the Nebraska Soybean Association. We're all here in support of LB364, introduced by Senator Watermeier. We appreciate all the other efforts with all the other bills. This bill actually aligns a little bit more the amount that we would like and where it's coming from. I would like to first express my collective...our collective appreciation to Senator Watermeier for introducing LB364. In addition, we would like to express our appreciation to the Appropriations Committee for including an additional \$45 million for the property tax credit program in its preliminary budget recommendations. We are very appreciative of the committee's recommendation and the recognition of the need for property tax relief in Nebraska. However, we strongly urge the committee to increase the overall program amount in the property tax credit program to \$200 million, or a \$60 million increase over the current budget, as LB364 seeks to do. The cry for property tax reduction is loud and growing...the ranchers,

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homeowners, and small...for ranchers, homeowners, and small business owners. It's a dollar-for-dollar relief. Taxpayers will know exactly the amount of relief provided. And increasing the program to \$200 million is consistent with the budget recommendations made by Governor Pete Ricketts. For the state's farmers and ranchers, the need for property tax relief is real. Since 2004, property tax on agricultural land have increased 162 percent. It is likely agricultural land values will see double-digit growth again in 2015. We've heard increases of 18 to 38 percent in Cherry County, depending on the land type, and 33 percent in Sarpy County. Increasing the dollars in the property tax credit program is one thing the Legislature can do where all taxpayers would be helped. Again, all our organizations support LB364 and we do appreciate the work of the Appropriations Committee on this important matter. Thank you for having the opportunity to testify this afternoon. I would be happy to or at least try to answer any questions that might come my way. [LB309 LB387 LB442 LB364]

SENATOR MELLO: Thank you for your testimony, Mr. Heidemann. Are there any questions from the committee? Seeing none, thank you, Lavon. [LB309 LB387 LB442 LB364]

LAVON HEIDEMANN: Thanks. It's good to be back once again. [LB309 LB387 LB442 LB364]

SENATOR MELLO: Are there any other proponents to LB309, LB387, LB442, or LB364? [LB309 LB387 LB442 LB364]

PAT PTACEK: (Exhibits 2 and 3) Good afternoon, Chairman Mello, members of the Appropriations Committee. For the record, my name is Pat Ptacek, that's P-a-t P-t-a-c-e-k, associate lobbyist with the Association of Nebraska Ethanol Producers, testifying upon...for myself and for Loran Schmit in favor of all four bills. The passage of any or even all of these bills plus an amount recommended by the Appropriations Committee, would provide immediate property tax relief for rural taxpayers. There are a variety of proposals that may assist all Nebraska taxpayers to relieve their tax burden. Some are more effective than others. Previous Nebraska legislators have recognized that the best property tax relief is to add value to Nebraska commodities and livestock. The committee is to be commended for its support of legislation which encouraged the development of the Nebraska biofuels industry. During 2014, 49 percent of our corn production was processed by Nebraska ethanol plants--a demand which substantially increased the value of our corn crop and which made it easier for Nebraska corn producers to pay their taxes. The distillation process produced hundreds of thousands of tons of distillers grains and the availability of that cattle feed for Nebraska cattle feeders is a major reason why Nebraska has now taken over Texas as the number one cattle-feeding state in the nation. The Nebraska cattle industry is profitable today, which makes it easier to pay real estate taxes. That does not correct the inequity of our property tax system, however, but it does reduce the strain. The passage of any or all of

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these bills heard today, plus the help from the Appropriations Committee, gives rural taxpayers some relief while the Nebraska Legislature continues to follow the recommendations of the 2013 Tax Modernization Committee. I will take any questions that the committee has. Otherwise, I do have a...in support of LB364 by former-Senator Norm Wallman, if I could hand that in for the record. [LB309 LB387 LB442 LB364]

SENATOR MELLO: Are there any questions from the committee? Seeing none, thank you, Pat. [LB309 LB387 LB442 LB364]

PAT PTACEK: Thank you. [LB309 LB387 LB442 LB364]

SENATOR MELLO: Are there any other proponents for LB309, LB364, LB387, or LB442? [LB309 LB387 LB442 LB364]

WALTER RADCLIFFE: Senator Mello and members of the committee, my name is Walter Radcliffe, R-a-d-c-l-i-f-f-e, appearing before you today as a registered lobbyist on behalf of the Nebraska Realtors Association, not so much in favor of any one particular bill. But the realtors' position is that they do support, for property tax relief purposes, funding, additional funding for the property tax relief fund. So this seemed like the opportunity to come and make that position on the record. And having done that, I'd be happy to answer any questions. [LB309 LB387 LB442 LB364]

SENATOR MELLO: Thank you for your testimony, Mr. Radcliffe. Are there any questions for the committee? One question I do have, Mr. Radcliffe, is we have to probably put you down testifying on at least one bill. [LB309 LB387 LB442 LB364]

WALTER RADCLIFFE: Pick a number, Senator. I'll write it down here. [LB309 LB387 LB442 LB364]

SENATOR MELLO: We will put you down then for LB364,... [LB309 LB387 LB442 LB364]

WALTER RADCLIFFE: LB364 it is. [LB309 LB387 LB442 LB364]

SENATOR MELLO: ...if that's all right. [LB309 LB387 LB442 LB364]

WALTER RADCLIFFE: Thank you. Who introduced that, by the way? (Laughter) [LB309 LB387 LB442 LB364]

SENATOR MELLO: The gentleman is behind you. [LB309 LB387 LB442 LB364]

WALTER RADCLIFFE: Oh. Well, yeah, he'll do. (Laughter) Thank you and have a nice weekend. [LB309 LB387 LB442 LB364]

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SENATOR MELLO: Thank you. Are there any other testifiers on LB309, LB387, LB442, or LB364? Seeing none, are there any opponents to LB309, LB387, LB442, or LB364? [LB309 LB387 LB442 LB364]

RENEE FRY: (Exhibits 4 and 5) Good afternoon, Chairman Mello and members of the Appropriations Committee. My name is Renee Fry, R-e-n-e-e F-r-y, and I'm the executive director of OpenSky Policy Institute. I will tell you we spent a lot of time agonizing over these bills, whether there would be some that we could support or be neutral, but we really couldn't differentiate them. And at the end of the day, we just felt that more systemic reform was needed. I did prepare testimony, different testimony on both of the bills. Hopefully I'll be able to get to it. But because one is a Cash Reserve, we wanted to address those differently. So as I said, we're here in reluctant opposition to LB309, LB364, and LB442. Our research shows that our state's three-legged stool is out of balance and that we rely more heavily on property taxes. So we greatly appreciate the intent of the bills you are hearing today that would provide a reduction in property taxes. However, we would advocate, instead, for more systemic property tax reform, as opposed to injections of funding into the property tax credit program. Every major study of Nebraska's taxes since 1962 has noted our state's high reliance on property taxes to fund schools. That reliance is largely a result of historically low state support for our schools. Presently, about 48 percent of Nebraska's K-12 education comes from property taxes, compared to a national average of 29 percent. In FY '13, we hit an historic low in state support for K-12 education as a share of the economy since the implementation of TEEOSA. While that funding has bounced back slightly, the Appropriations' preliminary budget would again take a downward turn, taking us to just above the historically low level. The number one property tax recommendation of the Tax Modernization Committee was to "increase the state aid commitment to schools to offset property tax use and reduce property taxes as a share of total state and local taxes." At a time when school funding for K-12 education is near a historic low, our fear is that diverting dollars from the General Fund will remove the political will needed to meaningfully address our systemic imbalances. For this reason, we would support other proposals that would provide greater systemic property relief, such as Senator Bolz's circuit breaker, Senator Davis and Senator Sullivan both have bills that would significantly change how we fund education, and Senator Davis and Senator Haar both have bills that would conduct a review of school finance. Regarding LB387, OpenSky Policy Institute has been a strong advocate for building and protecting our state's Cash Reserve. I was before this committee earlier this week discussing the impact of revenue volatility on our state budget and the best practices we can implement to guard against these uncertainties, the most effective safeguard being a strong Cash Reserve. The Government Finance Officers Association recommends that governments maintain a Cash Reserve of two months, or 16.7 percent, of the General Fund. The Legislative Fiscal Office recommends maintaining 16 percent in the Cash Reserve when our economy is strong. Nebraska's Cash Reserve is projected to reach \$769 million at the

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end of FY '17, which would equal 16.6 percent of the General Fund. Taking \$60 million out of the Cash Reserve, as proposed in LB387, would reduce it to just over 15 percent, which is below minimum recommended levels. While we appreciate the intent of LB387, we believe the state's rainy fund should be reserved for economic downturns or one-time spending needs. However, contributing to the property tax credit program essentially creates an ongoing obligation, as any reduction in the level of funds allocated will functionally act as a property tax increase. We think it is vitally important that we maintain a Cash Reserve of at least 16 percent of our General Fund while our economy is strong. Our Cash Reserve needs to be at least that size to deal with the rainy days that are sure to come. I would like to note that we did stop up at the...at NEFAB (Nebraska Economic Forecasting Advisory Board) that's happening right now where they're looking at the forecast. And I will tell you that the Fiscal Office is projecting there's a \$90 million difference just this year in the projections between the Department of Revenue and the Legislative Fiscal Office. And in the next biennium, there's a \$60 million difference between the two. And so that just, for us, really reinforces the need to protect our state's rainy day fund if we're getting these significant differences and projections from two very qualified entities. So with that, thank you for your time and I'd be happy to answer any questions. [LB309 LB387 LB442 LB364]

SENATOR MELLO: Thank you for your testimony, Ms. Fry. Are there any questions from the committee? Senator Kuehn. [LB309 LB387 LB442 LB364]

SENATOR KUEHN: Thank you, Chairman Mello. And thank you, Ms. Fry, for coming before us again and talking to us about your organization's perspective on the rainy day fund. Just kind of want to clarify your position--so in opposition to the bills that would use General Funds and create an ongoing obligation, thereby reducing political will for structural reform for property tax. How do you balance that within the proposal which you have also opposed to using a one-time shot from the rainy day fund which would not create a continuing obligation but rather reestablishes and keeps that pressure on us as a body, as well as the executive branch, to continue to look toward structural reform? How do you balance those two kind of opinions? [LB309 LB387 LB442 LB364]

RENEE FRY: I mean the concern in either is it does maintain an expectation, right? And with that expectation comes perhaps the ability to keep pushing this issue further off. That's really our concern. And obviously, we're very concerned about draining the state's rainy day fund, particularly for something that isn't a one-time expenditure, because we would have to keep that up, right? I mean there would be, I think, a public expectation to maintain that so then it would have to come out of the General Fund. And not knowing, you know, where we're going to be in the economy, we just...we would prefer to use it for emergencies, lawsuit, those sorts of things, but really protect that for when we need it. [LB309 LB387 LB442 LB364]

SENATOR KUEHN: Okay. So in terms of approaching this kind of funding, would you

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see and would your organization see a value in a one-time shot to give the body a year or more to again look at some of the recommendations of the Tax Modernization Committee and come to the kind of structural reform that we need? Or would it be your opinion that we need to not fund this fund and continue that pain, if you will, on Nebraska taxpayers until this body is able to look at those structural reforms? [LB309 LB387 LB442 LB364]

RENEE FRY: So I think if there's a commitment for a temporary increase, that makes a lot of sense. I will tell you I think it was in 1988 that they had a similar property tax credit program and they put a sunset on it and they forced the issue that way. And so they put a sunset on it and then they went through the School Finance Review Commission and came out with LB1059. And so that way, they really forced the issue. So they did fund it though. They continued to fund it. And I think that they actually had a slight uptick in the funding, if I remember correctly, during the time while they were working out the details. And I think that makes absolute sense, if there's a commitment. I mean our concern is that we just keep funding it and then there's no pressure, no reason to tackle these really difficult issues. I mean how we fund education is really very complex and so, yeah, if you were doing it for a year or two with a commitment to really take a step back and look at the system, I think that makes absolute sense. [LB309 LB387 LB442 LB364]

SENATOR KUEHN: Thank you. I appreciate your opinion. [LB309 LB387 LB442 LB364]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Ms. Fry. [LB309 LB387 LB442 LB364]

RENEE FRY: Thank you. [LB309 LB387 LB442 LB364]

SENATOR MELLO: Are there any other opponents to LB309, LB387, LB442, or LB364? Are there any testifiers in the neutral capacity for LB309, LB387, LB442, or LB364? Seeing none, Senator Watermeier, you want to testify or waive closing? [LB309 LB387 LB442 LB364]

SENATOR WATERMEIER: I'll just waive. [LB309 LB387 LB442 LB364]

SENATOR MELLO: (Exhibit 6) Senator Watermeier waives closing. That will end today's public hearings...oh, I'm sorry. Real quick, the committee did receive a letter, I apologize, the committee did receive a letter of support for LB309, LB364, LB387, and LB442 from the National Federation of Independent Businesses. With that, that will close today's public hearings on LB309, LB387, LB442, and LB364, and take us to our first agency hearing of the day, Agency 75, the Nebraska Investment Council. [LB309 LB387 LB442 LB364]