

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**STINNER:** Welcome to the Appropriations Committee hearing. My name is John Stinner. I'm from Gering, and I represent the 48th Legislative District, which is all of Scotts Bluff County. I serve as Chair of this committee. I'd like to start off by having members do self-introductions, starting with Senator Erdman.

**ERDMAN:** Hi, I'm Steve Erdman. I represent District 47, which is ten counties of the Panhandle.

**CLEMENTS:** Rob Clements, from Elmwood, represent District 2, Cass County, parts of Sarpy and Otoe.

**McDONNELL:** Mike McDonnell, LD5, south Omaha.

**STINNER:** John Stinner, Legislative District 48.

**HILKEMANN:** Senator Hilkemann, District 4, west Omaha.

**STINNER:** Senator Bolz, I believe, is in hearings and won't be here, and I don't believe Senator Wishart will be here.

**DORN:** She has a bill in hearing too.

**STINNER:** She is at a hearing also.

**VARGAS:** Senator Vargas, District 7, downtown, south Omaha. I do have a hearing later on, as well, so I'll step out.

**DORN:** Senator Dorn, District 30, Gage County and southeast Lancaster.

**STINNER:** Assisting the committee today is Brittany Bohlmeier, our committee clerk. And to my left is our fiscal analyst, Mike Lovelace. Our page today is Hallett Moomey. On the cabinet to your right, you will find green testifier sheets. If you are planning to testify today, please fill out a signed sheet and hand it to the page when it comes up-- when you come up to testify. If you will not be testifying at the microphone but would want to go on record as having a position on a bill being heard today, there are white sign-in sheets on cabinet where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please silence or-- silence or turn off your cell phone. Order of testimony will be introducers, proponents, opponents, neutral, closing. We will have the

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

initial presenter present all three bills together, which may be a little bit different than we normally do it. But this is a budget, so we'll get the full view of what is being presented by the Governor. When we hear testimony regarding agencies, we will first hear from the representative of the agency and then we'll hear testimony from anybody who wishes to speak on the agency's budget. We would ask that you first-- spell your first and last name for the record. Be concise. I am requesting that you limit your testimony to five minutes where the materials may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff. When you come up to testify, we need 12 copies. If you have written testimony but do not have 12 copies, please raise your hand so the page can make copies for you. With that, we will start today's hearings on LB108 [SIC], LB109 [SIC], and LB1-- LB1010. Budget Director Oligmueller, please.

**GERRY OLIGMUELLER:** Thank you. Chairman Stinner and members of the Appropriations Committee, for the record, my name is Gerry Oligmueller. My name is spelled G-e-r-r-y O-l-i-g-m-u-e-l-l-e-r. I am the State Budget Administrator and administrator of the Department of Administrative Services State Budget Division. I'm appearing here today on behalf of Governor Ricketts in support of LB1008, LB1009, and LB1010, which contain the Governor's mid-biennium budget adjustments. The contents of this legislation have been summarized and presented to you in a printed publication entitled "Mid-Biennium Budget Adjustments 2019-2021 Biennium" and dated January 15, 2020. I have provided a copy of that printed publication along with my prepared remarks to the committee clerk for your record. In addition, we've posted this publication on the State Budget Division website. The state budget for the 2019-2021 biennium was enacted during the 2019 Legislative Session. Since the budget was enacted, the state collected \$176.4 million more in General Fund tax receipts than the certified forecast for FY 2018-19. That amount was transferred from the General Fund to the Cash Reserve Fund in July of fiscal year 2019-20. In October 2019, the Nebraska Economic Forecasting Advisory Board revised the 2019-2021 biennium budget net General Fund tax receipts forecast upward by \$266; \$160.9 million in FY 2019-20; and \$105 million in FY 2020-21. The Forecast Board will meet again on February 28 to review current tax receipt forecasts for FY 2019-20 and FY 2020-21, prior to final consideration of mid-biennium budget adjustments by the Legislature. The \$176.4 million actual excess receipts for FY 2018-19 and the forecasted excess receipts of \$160.9 million for FY 2019-20 total \$337.3 million. The Governor's recommendations propose to use \$109.4

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

million, or 32 percent, of those excess receipts for one-time, disaster-related repair costs, state building repairs, and patient safety measures at the Lincoln Regional Center. The remainder, 68 percent, is used to increase the estimated Cash Reserve Fund balance to \$507 million. The estimated balance for the 2019 through 2021 biennium at the end of the 2000 Legislative Session was \$322 million. LB1008 contains the Governor's recommendations that provide change or eliminate provisions related to appropriations. The Governor's recommendations contained in LB1008 include a \$216,449 net increase in General Fund appropriations in FY 2019-20 and a \$1,664,002 dollars net reduction in General Fund appropriations for FY '21. Total General Fund appropriations for the 2019-21 biennium are essentially unchanged in the Governor's recommendations. In addition, the recommendations contained in LB1008 eliminate \$10.7 million in General Fund reappropriations in FY 2019-20. LB1009 contains the Governor's recommendations to provide for transfers or changes, the use of certain funds to carry out recommendations contained in LB1008. LB1010 contains the Governor's recommendations related to the Cash Reserve Fund for the current 2019-21 biennium. It includes the proposed transfer to the Governor's Emergency Cash Fund of \$62.2 million, including \$50 million to the state for the state cost share of the estimated \$400 million and statewide disaster relief projects; \$9.2 million to aid specific counties most severely impacted by the disaster; and \$3 million to continue to maintain the emergency funds reserved for unanticipated future events. LB1010 also includes the transfer of \$3.8 million to the Critical Infrastructure Facilities Cash Fund and \$19.4 million to the Nebraska Capital Construction Fund, included in the Governor's recommendations for the current biennium. In addition to the recommendations provided for in LB1008, LB1009, and LB1010, the Governor recommends enactment of new property tax relief over the next three years of \$520 million. This recommendation is based on, as all appropriation and policy legislation considered each year by the Legislature, upon the ongoing tax receipt forecast of the Nebraska Economic Forecasting Advisory Board and the tax receipt projections by the Legislative Fiscal Office, included in the Legislature's Tax Rate Review Committee report. The Governor remains available to work closely with the Revenue Committee, Appropriations Committee, and other members of the Legislature to accomplish significant new tax relief during the 2020 Legislative Session. The Governor's recommendations to the Legislature also include support and account for LB153 military retirement benefits; LB720, Imagine Nebraska Act, and a new Nebraska Career Scholarship Program, in a continuing effort to connect Nebraskans to great job opportunities. I

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

urge your support for these measures and note the appropriations for the Nebraska Career Scholarship Program are included in LB1008. In summary, the Governor's recommendations provide for a 2019-21 biennium ending General Fund balance of \$341.2 million, a 3.5 percent balance, a variance of \$48.2 million above the minimum General Fund reserve of 3 percent. In addition, the 2019-21 biennium ending Cash Reserve balance is estimated at \$531 million, with two plan transfers for the following biennium bringing that balance to \$507 million. My understanding is that you've been briefed on the mid-biennium requests and recommendations and are completing your preliminary decisions. Also, you have scheduled hearings for February 3 through February 13 with individual state agency boards and commissions for your further consideration of their requests and the Governor's recommendations. Members of the Governor's cabinet will be providing additional information and answer your specific questions regarding recommendations that affect their agencies during your upcoming budget hearings. As always, we look forward to working with you as you consider mid-biennium budget adjustments during the 2020 Session of the Legislature. Thank you. Are there any questions?

**STINNER:** I have a couple questions that I want to ask you. We-- we as a committee, with our fiscal-- our fiscal representative, changed the Governor's Emergency Fund from where you're at today. I think we adjusted down. And what were the exact numbers? I can't--

**MIKE LOVELACE:** \$46 million [INAUDIBLE]

**STINNER:** Forty-- \$46 million. So have you been privy to those numbers and do you agree with our changes?

**GERRY OLIGMUELLER:** I've heard that you've adjusted it downward. I don't necessarily agree with the changes. I think we-- what I would say is I'll have Military Department speak to it specifically when they come for their agency hearing. What I wouldn't want to do is not have made available the funds necessary, based on our current estimates, for things that are covered--

**STINNER:** Yeah, and I--

**GERRY OLIGMUELLER:** --ultimately by the fund.

**STINNER:** I do agree with that. I was just checking to see if you had been privy to those and had agreed to it. So--

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**GERRY OLIGMUELLER:** No.

**STINNER:** --you're saying just wait-- you're-- you don't agree with it and you'll wait until--

**GERRY OLIGMUELLER:** I'm privy to it and I have some concern about it.

**STINNER:** OK.

**GERRY OLIGMUELLER:** And I'll, you know, be pursuing that with the Military Department, ask them to address it when they come in for their hearing.

**STINNER:** OK, so we will get some information from Military.

**GERRY OLIGMUELLER:** Yeah.

**STINNER:** The other thing was-- is I don't know if you contemplated the fact that we put an extra \$5 million into the Emergency Fund for the Governor, which included the-- the angel tax credit of \$4 million plus a million on top of that. It didn't look like you considered that and-- but still requested an additional \$3 million. Is the \$3 million above that \$5 million or is it--

**GERRY OLIGMUELLER:** It's \$3 million above whatever has been appropriated.

**STINNER:** At this point?

**GERRY OLIGMUELLER:** At this point.

**STINNER:** OK.

**GERRY OLIGMUELLER:** Yeah.

**STINNER:** Well, we'll go back and do that-- that computation. The interesting note that I have, and a question to you, is the transferring out of the General Funds the Capital Construction Fund for the next one, two, three, four years, and using the rainy-day fund for that. Tell me the science behind that.

**GERRY OLIGMUELLER:** Well, we made a very deliberate decision to use excess receipts for those one-time items that are included in the Governor's recommendations.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**STINNER:** The only thing about the Capital Construction, it's HVAC and it is ongoing.

**GERRY OLIGMUELLER:** Correct.

**STINNER:** That would be the only rebuttal I would have to that comment.

**GERRY OLIGMUELLER:** And, you know, if my recollection is correct, we did do some initial cost related to that from the Capital Construction Fund.

**STINNER:** Right. We did start the fund with an allocation out of the-- out of the rainy-day fund.

**GERRY OLIGMUELLER:** It-- it-- you know, the general approach we've used in constructing recommendations around the capital construction projects financed from the Nebraska Capital Construction Fund, for example, has been to recognize the full cost of that project and to, you know, to finance it up-front through to completion, even when they run over multiple years. The history on the HVAC repairs related to the-- the HVAC project, if you will, would reflect that most of--is that-- that project was not financed up-front and was dependent upon future allocations or appropriations of funds, so--

**STINNER:** Which tells me it should be in General Funds, but that's--

**GERRY OLIGMUELLER:** So it's a little bit of a departure--

**STINNER:** Yes.

**GERRY OLIGMUELLER:** --and a little bit of departure with regards to the HVAC project.

**STINNER:** Now I thought that you were going to tell me that that achieved structural balance in each of the years, which I've taken note of, so-- but that said--

**GERRY OLIGMUELLER:** Well, then I--

**STINNER:** That was not a question but an observation.

**GERRY OLIGMUELLER:** Senator, I appreciate that, and so I will not add that comment to my testimony.

**STINNER:** So we're really a little-- in a little different mode here with the Appropriations Committee, because we have to look at and

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

contemplate in our-- in what we-- what we are doing in the mid-biennium. As it relates to property tax relief, there is a three-year program that's obviously outside of our-- our appropriations budgeting,

**GERRY OLIGMUELLER:** Um-hum.

**STINNER:** Obviously, then we are looking at LB720, which is Imagine Nebraska, and the impact. And I guess when I look at the pull forward of the budget, and of course you're using 3 percent, I believe, is what the Governor said--

**GERRY OLIGMUELLER:** Right,

**STINNER:** --and I'm looking back at a 20-year analysis of expenditures, General Funds appropriation breakdown for the last 20 years, it's 3.5 percent and, with Medicaid expansion, adds another at least a half a percent to that, which means I'm-- I'm at 4 percent. And I'm also reflective of-- and I'm going to try to find where we actually are taking up and projecting forward in our Tax Rate Review Committee an increase of 5 percent, \$238 million, and \$441 million then in the next year. When I start to reflect on what comprises that, of course, TEEOSA is the biggest number. But give me some guidance as to what you expect us to cut.

**GERRY OLIGMUELLER:** Well, for-- on a planning basis--

**STINNER:** Yes.

**GERRY OLIGMUELLER:** --and in the context of actual recommendations advanced by Governor Ricketts since he was elected into office in 2014, he has brought forward res-- budgets exhibiting expenditure restraint. And the motivation has been--

**STINNER:** And I think we've been pretty good partners in that, by the way.

**GERRY OLIGMUELLER:** Exactly. And the motivation has been to construct a spending path on a forward-looking basis, you know, that is a percent or two below forecasted receipts, as best one could-- could construct and plan for, and been pretty much on that path. And so, of course, we'll be entering the next cycle, '22-- the '21-23 biennium next fall. And, you know, we'll go through the normal process of entertaining the requests from the individual agencies and constructing Governor's recommendations. But the Governor fully intends to bring forward

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

recommendations next fall that fall in line with this planning forecast that's laid here that restricts growth going forward to 3 percent, and it comes down to setting priorities.

**STINNER:** I-- I-- I get the fact of setting priorities, and if that's what I have to work with, I think this committee will-- will abide by that. But the question I would have is the largest number is K-12 TEEOSA, and we're trying to pass a property tax reform bill that utilizes a good portion of TEEOSA. And if I have to get to 3 percent, I have to cut that part of TEEOSA. Is that consistent with what we're trying to do?

**GERRY OLIGMUELLER:** Well, if you take a look at-- I'll just use this as an example. This is just one item, obviously, as you look at your individual decisions with regards to mid-biennium adjustments, as you look forward on a planning basis. But this recent precertification numbers with regards to TEEOSA take at least \$100 million out of the projected spending that was in your Tax Rate Review Committee status in November. So-- so--

**STINNER:** That-- I-- I'm asking you these tough questions because I'm going to be asked these tough questions.

**GERRY OLIGMUELLER:** Yeah, so--

**STINNER:** And I need to have some guidance to see, you know. And actually I would like you to put together an analysis showing that \$100 million showing up in this so I--

**GERRY OLIGMUELLER:** Sure, sure.

**STINNER:** --so I have it handy.

**GERRY OLIGMUELLER:** Yeah.

**STINNER:** The other thing is I look at Medicaid and that whole area. This committee did cut provider rates. We've reestablished a pattern of 2 percent. When I start to work down through some of the Medicaid numbers, it's hard for me to come up with a provider rate of 2 percent and still stay-- and still cut this down inside the 3 percent. Tell me your feelings about that.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**GERRY OLIGMUELLER:** The path we're on for constructing recommendations for '20-- for the '21 through '23 biennium are to build a budget that grows 3 percent and establish priorities inside that frame.

**STINNER:** Okay, I get that. And then when I look down here and I've got each category at 3.7 and 4 and 5, it's hard for me to say, OK, now I have to get it inside of that. In contemplation, as we-- as we look forward-- and I will give you another analysis as it relates to revenue projections. Revenue projections are generally off either minus 4.5 percent or up 4.4 percent, so you're-- when we are using projections in order to pass a bill, in order to rationalize our vote to do that, and I'm-- I'm in agreement. We need property tax relief. I want to make that statement right off the bat. But as we start to project, we're going to have to rationalize what we're doing so that people fully understand property tax, how it fits into the rest of the budget. And certainly, LB720, when you lay that on, coupled with a commitment to the university of \$300 million, numbers get a little squishy. And I really need to have your help, the budget help to try to figure out just how we answer some of those questions to mitigate the concerns that I'm hearing and that I have, frankly. And I kind of work my own scenarios and can probably get this all to fit. And like I said, I'm 100 percent behind the-- what the Governor's saying because that's the priority that I hear, property tax. That is the priority. So if that's the priority, the body goes with the priority of property tax, I'm 100 percent behind it.

**GERRY OLIGMUELLER:** Chairman Stinner, I appreciate that and I'll be glad to work with you to look at, you know, those alternatives, those fits, if you will. I took a look, for example, coming-- before I came down today. You have probably 37 bills referenced to Appropriations this year that purport to spend over \$100 million of additional taxpayer money.

**STINNER:** You know what, they-- they fund that, we might have some money. That-- somebody let that word out.

**GERRY OLIGMUELLER:** So--

**STINNER:** I don't know how.

**GERRY OLIGMUELLER:** So again, you know, I mean, ultimately, it's going to come down to sorting through some priorities with regards to what's being pitched to the committee, certainly, and, of course, to the full Legislature, and determining what's priority and what the fit is, what

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

the fit is. I mean, the Governor stressed with us as we worked on the budget package he brought forward that the proposals would be offered within budget, within the context of the budget. So that's why you saw an offering that provided for minimum Reserve balances greater than 3 percent. That's why you saw a structural balance on an annual basis, and it's why it operated within the frame of the process that has the Forecast Board and-- and Legislative Fiscal Office providing the projections on a planning basis going forward. So, true to process, very disciplined, balanced, one-- one-time excess receipts to deal with some emergent issues, in particular, and with one-time issues, and then sort of sus-- the sustaining decisions based on the forecast going forward through the planning years. But, yeah, there are a lot of choices one has to make. But I think it starts with determining what's your priority, right? Is it tax relief or is it more spending? More spend-- any-- any additional spending is less tax relief, more than likely, so where's-- where's your comfort level in that balance when you consider that?

**STINNER:** And I think that's what the-- that's what the debate will be.

**GERRY OLIGMUELLER:** Yeah.

**STINNER:** That's what--

**GERRY OLIGMUELLER:** So--

**STINNER:** That's why my questions are structured the way they are. It should be noted, too, that in these projections the increase in salaries to Corrections is not computed or put into the Tax Rate Review numbers, so they're-- they're probably a little bit more to be added and considered as we look forward.

**GERRY OLIGMUELLER:** They're just growing on a 3 percent basis.

**STINNER:** Yes.

**GERRY OLIGMUELLER:** Yeah.

**STINNER:** Let me ask you another question. As we continue to grow receipts, and obviously then the spend side, so we go from a \$4.5 or a \$4 billion budget. Now we're at 5 billion. Is it still appropriate to have a \$500 million rainy-day fund as a minimum balance, or does that slide along with to provide that economic cushion along with the increase in expenditures?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**GERRY OLIGMUELLER:** It's-- again, that-- that's a judgment call. You have a statute in place that guides that. And then obviously, you meet in each session and you decide whether or not you're going to introduce other priorities that impact on that balance. But maybe just to put it a little bit into context, I'd say that at sine die I think we were at about 7 percent on the Cash Reserve Fund. The Governor's recommendation moves that to about 11, 10-11 percent, depending on which of the fiscal years you're looking at. The National Association of State Budget Officers does an annual survey every year-- actually does two of them, one in the spring, one in the fall. The one they concluded this fall revealed that the national median on the Cash Reserve Fund was at 7.6 percent on spending and for 2020 budgets, on a go-forward basis, it was at 8 percent. So we're on the upside of-- if you will, where the-- where that measurement is for the balance of the country. If you look at total balances, and I want to just stress this so we're cognizant of this, but when we enact budgets and then when we strive to maintain a 3 percent reserve in the General Fund, we're doing something that not all states do as well, and that is we build-- we build a state budget that provides for a minimum of a 3 percent reserve when we enact that budget. So we're in essence taxing some measure more than we've identified for appropriations. And on a total balances basis, we're sitting at right around 17 percent. So you've got the combination of the discipline we've exercised in constructing the budget and providing for, you know, minimum reserves. And you-- we have-- make certain we're obviously-- we're monitoring cash flow on a daily basis. Cash-- the General Fund balance today is probably running at a record high or record highs. And-- and then you have the Cash Reserve Fund as well, so you've got a total balance-- you have at total balances reserve that runs around 17 percent. You have a Cash Reserve balance that in the Governor's recommendation would run around 11 percent. And the Governor is comfortable with that recommendation at 507 and--

**STINNER:** So I can bring that 3 percent mandatory reserve back down to 2.5 or 2 and still have plenty of room, right?

**GERRY OLIGMUELLER:** Well, I don't want to do the cash flow on it, as you know from past experience, so--

**STINNER:** That's only \$90 million. It kind of gives me a little head room and--

**GERRY OLIGMUELLER:** Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**STINNER:** I think anytime, and I think everybody is abundantly aware, when we look out into the future, we're using projections, you've got volatility and it's--

**GERRY OLIGMUELLER:** Yeah.

**STINNER:** --hard to sit here and say two years, three years, four years in advance where we're going to be. From a revenue standpoint, spending, obviously, we can control. But it-- it will be priorities and--

**GERRY OLIGMUELLER:** And if I may, we do some things in Nebraska, I think, that are very good and very disciplined practices, such as the Forecast Board meets three times a year in a budget-setting year, twice otherwise. There's good communication that exists between the executive and legislative branch with regards to tax receipts. And our Legislature meets every year. I took a look at it before I came down today. It's my 28th appearance in front of Appropriations Committee, OK--

**STINNER:** Congratulations.

**GERRY OLIGMUELLER:** --25 regular ones, only 3 special ones, OK? So-- and the last one of those was 2009.

**STINNER:** Yeah.

**GERRY OLIGMUELLER:** The two previous were-- they both were recession related. But, you know, that's why we have the capacity to-- you know, we have regular meetings of the Forecast Board, we track tax receipts. Legislature meets on an annual basis and in special session, if necessary. So our processes are, I think, very disciplined. Communications are very good. We score very high, I know, on the Mercatus scale, I think top in the country as far as fiscal discipline. And that's a credit to everybody around the table. I'm not, you know, up here speaking simply from a State Budget Administrator perspective with regards to our role, but we have some very good, disciplined process and practice. And I would just say we made an effort to emphasize those in the Governor's recommendation this year by structural balance, preserving the 3 percent reserves, building the Cash Reserve balance up. And if receipts continue down the path they are this month, again, it's going to be higher than 507.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**STINNER:** Well, thank you. I will note this, and I think the administration should be aware, and abundantly aware, that we have not passed, except for a judge, a bill that had a fiscal note for three years. There might be a little-- just a little bit of pent-up demand out there. So with that, is there any additional questions? Senator Vargas,

**VARGAS:** I did have questions about the scholarship program, but I think I'll probably reserve some of those for when the agencies themselves come in specifically.

**GERRY OLIGMUELLER:** That's great. Yeah, and--

**VARGAS:** You had mentioned that in your--

**GERRY OLIGMUELLER:** And DED will, I think, specifically be addressing that, as well, when they're in for their hearing, so appreciate it.

**VARGAS:** And I-- and I shared some similar questions, so I don't need to rehash the questions, but more-- more of a comment. And I do have concerns about the volatility. I-- I don't see where-- I see the priorities that you're bringing forward in-- in-- in this. This is a-- this is-- this is a prioritization spending bill as much as it is-- I know you're talking about we're either going to do property tax relief for we have \$100 million in new spending in appropriations bills, but you are recommending, and we will take up and have accepted preliminary recommendations, to invest in things.

**GERRY OLIGMUELLER:** Yeah.

**VARGAS:** We are doing new spending. I just want to make that clear for the record. That is not a bad thing. But we also in this committee have prioritized property tax relief and the parameters with which we have in front of us. So I just want to make that really clear so it's not as binary. I know that wasn't your intention.

**GERRY OLIGMUELLER:** Yeah.

**VARGAS:** But I wanted to make that clear. And I'll look forward to having an exchange with some of the higher-education institutions about the career scholarships, and appreciate you coming.

**GERRY OLIGMUELLER:** Great. Thank you very much.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**STINNER:** Additional questions? Senator Hilkemann.

**HILKEMANN:** Yeah. I just wanted to get a clarification here. Am I correct that the-- the Governor is comfortable with-- in-- at the four-year on the Property Tax Relief Fund, that we would be doing \$520 million dollars a year.

**GERRY OLIGMUELLER:** That's how the recommendation was constructed. Now that took into consideration repeal, because there was conversation at the time, a possible repeal of the personal property tax exemption. And that's about \$45 million. So you do the math on that, 520 less 45, you're at, what, 475? So Governor is recommending around \$500 million.

**HILKEMANN:** And if we go to the \$500 million as recommended, I'm assuming we're going to continue to-- continuing on, we're going to be spending at least 10 percent of our budget going forward on the Property Tax Relief Fund.

**GERRY OLIGMUELLER:** I don't know about the percent, but at least what that investment is now.

**HILKEMANN:** [INAUDIBLE] roughly a \$5 billion dollar budget, \$500 million.

**GERRY OLIGMUELLER:** There's no recommendation to reduce that. Property Tax Credit Fund?

**HILKEMANN:** Right.

**GERRY OLIGMUELLER:** Yeah. Yeah.

**DORN:** Yeah, thank you--

**STINNER:** Senator Dorn.

**GERRY OLIGMUELLER:** Senator Dorn.

**DORN:** Thank you, Chairman. Thanks for being here. I-- talk a little bit about how or why the 3 percent, how-- the thought process behind that or I guess what you look at and how you kind of determine that or-- or--

**GERRY OLIGMUELLER:** The-- the Governor's position since 2015, as we've worked on budgets, has been that we can create room for tax relief by spending a, you know, a margin less than the growth in tax receipt

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

forecast, OK, tax receipts. So the emphasis when we're working on the budget is to bring that in under the forecasted path for tax receipts to create room for tax relief. So it's that fundamental-- it's that fundamental of a philosophy with regards to the state's tax resources.

**HILKEMANN:** Thank you.

**STINNER:** And that is in statute a minimum of 3 percent, maximum of 7 percent on cash, on the working capital side. And I think it goes back to Senator Warner in his day when we went to a biennium budget. He came up with that as the working capital needs for the state. I believe that's the history, or at least that's the history I was told. And so they created that maximum and minimum. And that was-- it would still work with the rainy-day fund at-- as robust. I think-- I think we heard that we're now at 17 percent. I thought maybe 16 was the max but-- I'm just kidding. Anyhow, Senator Wishart.

**WISHART:** Well, thank you so much for being here--

**GERRY OLIGMUELLER:** Sure.

**WISHART:** --and for your dedication to the state. Do you, just thinking through the process of-- of coming to this recommendation, is there any look at-- since there are some projections and we are doing some projections into the future of-- of sort of where we'll be back with our budget and our revenue, do we ever look at, say we invest in community corrections beds, for example, and then project out how much savings we'd see in the future based off of evidence of sort of other systems that have done that? So what I'm trying to get at is, is there a way for us to be able to be better about looking at how prevent-- investments in preventative things can help us project out savings in the future that then can allow us to kind of-- to play around with doing more tax relief or investing in other programs?

**GERRY OLIGMUELLER:** Senator Wishart, I'd probably say the vehicle that occurs to me that would serve that the best is the biennial budget instructions, which are jointly prepared by the Budget Division and the Legislative Fiscal Office in terms of communicating a particular expectation in that regard, for example--

**WISHART:** Yeah.

**GERRY OLIGMUELLER:** --because, you know, that's a recurring process. It becomes-- it's a form of communication. It establishes some record

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

against which you can look back and measure. So that can happen. It has happened in some specific instances over time, I know in particular reference to Health and Human Services in terms of the kind of information--

**WISHART:** Yeah.

**GERRY OLIGMUELLER:** --that's brought forward is part of the budgeting process. The Legislature engages in its own processes, the Planning Committee being one of them, I would offer. So that's a vehicle--

**WISHART:** Yeah.

**GERRY OLIGMUELLER:** --that's available to undertake some of that kind of work, so.

**WISHART:** Yeah. Yeah. Yeah, it's just something I've been trying to think through if there would be a process or tools that would-- would help us start to look long term at some of-- and make some projections around the investments that we're making and the savings we might see. But anyway, thank you.

**GERRY OLIGMUELLER:** Yeah.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Mr. Oligmueller. I heard Senator Hilkemann talk about \$520 million per year of property tax relief, I think. Isn't that number a cumulative of three years?

**GERRY OLIGMUELLER:** Yes.

**CLEMENTS:** All right. Well, I think he asked you why was it-- why were we at 10 percent per year.

**GERRY OLIGMUELLER:** Yeah.

**CLEMENTS:** But the 520 is 140 plus 175 plus 205, isn't it?

**GERRY OLIGMUELLER:** Right.

**CLEMENTS:** So that-- I think that was a three-year total.

**GERRY OLIGMUELLER:** Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**CLEMENTS:** All right. Just wanted to make that clear that it was going to be \$520 million [INAUDIBLE] year.

**GERRY OLIGMUELLER:** Thank you. I did not catch that. You're a little bit more on the ball there than I was.

**CLEMENTS:** All right. Thank you.

**STINNER:** I will make this remark though. The 205 that's recommended in the third year that comprises the 520, you still have \$275 million going out.

**GERRY OLIGMUELLER:** Right.

**VARGAS:** That's why.

**STINNER:** So we have the two--

**HILKEMANN:** You have your 275 presently and putting that--

**VARGAS:** Plus the two--

**HILKEMANN:** Plus these, you're going to get over 500.

**STINNER:** No, that doesn't quite get there. But my math is 275 plus 205 is 480.

**CLEMENTS:** So 480.

**STINNER:** It's in shouting distance.

**HILKEMANN:** Close.

**VARGAS:** It's in the vicinity.

**CLEMENTS:** So that's what you were referring to.

**HILKEMANN:** Right. But I'm add-- I'm just adding because the 275 has never gone away since we start-- I mean, we've got the-- and that gets carried over whether we've got-- we'll cut other funds in order to carry that forward.

**STINNER:** Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. But to follow up on that just a bit, but that's not what Senator Clements has just described. It's not

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

the way LB974 is being sold. LB974 is being advertised, it's \$500 million worth of property tax relief and they're allowing you to assume that's annually. They're not making the assumption. They're not letting you understand that it's a cumulative of three years. They're saying it's \$500 million. We're going to get to \$500 million in three years. And they're leaving it to your discretion, whether you believe it's going to be an annual deal or it's a three-year accumulation, and that-- so they leave that. They throw that out there and they want you to believe that it's actually \$500 million a year, but it's not \$500 million.

**STINNER:** Most-- most of the people I talk to, I try to tell them it's-- the third year will be about \$500 million.

**ERDMAN:** That's the accumulated total.

**STINNER:** I don't know what the fiscal note is going to look like yet so--

**ERDMAN:** Yeah. But just talking with you, it's not--

**STINNER:** At the end of three years--

**ERDMAN:** Yeah, that will be the accumulated total at three years.

**STINNER:** Yeah.

**ERDMAN:** It's not \$500 million each year.

**STINNER:** It's a heck of a commitment out of the General Fund, so.

**ERDMAN:** But you're right, Senator Hilkemann. It's 205 plus the 275, nearly 500.

**HILKEMANN:** Right.

**STINNER:** OK. Any additional questions?

**GERRY OLIGMUELLER:** Numbers, you know.

**DORN:** Numbers.

**STINNER:** Thank you for your time. We appreciate it. Twenty-eight times, huh?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**GERRY OLIGMUELLER:** Yeah.

**STINNER:** We'll see if we can have you back once or twice more.

**GERRY OLIGMUELLER:** Thank you very much.

**DORN:** Just a quick question before you leave.

**STINNER:** Oh, I'm sorry. Senator Dorn.

**DORN:** So then you've been in this position for 25 years?

**GERRY OLIGMUELLER:** My first job was right here working for the  
Legislative Fiscal Office--

**DORN:** Oh, here, OK.

**GERRY OLIGMUELLER:** --Senator Warner, so, yeah.

**STINNER:** Thank you very much.

**GERRY OLIGMUELLER:** They used to have you sit two feet higher, though,  
so, you know, so the witness was down here like this looking up at  
you, so there was a platform there.

**DORN:** Is that right?

**GERRY OLIGMUELLER:** And you were another two feet elevated, Mike would  
remember, so.

**ERDMAN:** Wow. Have to do it again.

**STINNER:** Well, this is quite-- this is quite a garage, I'll tell you  
that.

**GERRY OLIGMUELLER:** Right.

**STINNER:** Thank you again.

**GERRY OLIGMUELLER:** Thank you very much.

**STINNER:** Any additional proponents?

**LARRY DIX:** Good afternoon, Senator Stinner.

**STINNER:** Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**LARRY DIX:** Members of the Appropriations Committee, my name is Larry Dix, L-a-r-r-y D-i-x. I'm the executive director of the Nebraska Association of County Officials, appearing today to provide support-- supporting testimony on LB1008 and LB1010. And the reason for that, we certainly appreciate the Governor recognizing some of the flood damage that-- that happened across our state. And as noted, there's a little over \$9 million appropriated to assist some of those counties. Out of those counties, I think we had about 84 counties that were declared a disaster. We know that at least 79 of those counties met FEMA requirements, just shy of \$400 million of damage to county infrastructure across the state. I know the folks at NEMA will probably, when they come in, they'll probably have more detailed accounting of that, but that's very, very significant. There were some counties in some parts of the state that just simply were devastated. And some of those counties are small landmass counties. Some counties just have an extraordinary amount of flood damage. And it will certainly be years before they're able to repair some of those bridges. We'll have some counties that I've heard they would anticipate without any additional assistance. It may be five to seven years before they can replace some of those bridges. And those counties, of course, were the ones, when that flood came down, it wasn't that it just took out one bridge. It-- it took the first one and it-- it took out every other bridge along the way. So there's some significant damage in parts of our state, and I just appreciate that the Governor recognizes that. We're more than happy to work with the Governor in helping figure out how to help those counties. And we've been-- and I would tell you since the day after the flood, the partnership with the Governor's Office and with NEMA and the folks that we from NACO have worked with has been phenomenal. We've been in communication really every-- every month, and at the outset it was pretty much daily, trying to identify and-- and figure out how do we resolve this. So for the most part, the infrastructure in many counties is starting to look a little bit normal. There's-- in many areas, there's gravel on the roads. They're starting to look good. But the reports I get from the highway superintendents is while the surface may look good, the base underneath it was really, really damaged and washed out. And so there's a lot of work to do over the next few years just simply on gravel roads. The other thing that happened in some of these counties is when a state bridge would be taken out, the local people, of course, would know their way around and could find a local bridge to go across. And so those roads then just-- just got hammered. Truck traffic-- local truck traffic was using those. Of course, people from out of state would see the detour

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

signs and say, well, here, I got to take this detour, in some areas up to 60 to 100 miles around. But the local people figured out, oh, well, I can-- I can use this county road here or there, and the tremendous weight that was put on those, and even those, some of the bridges were damaged after the flood, even though the bridge was still standing. So there's a lot of work to be done yet. I'd certainly compliment our county board members for their diligence. They took a lot of heat over this, trying to get those roads opened, and our highway superintendents, the-- the hours that they put in. But we look forward to working together. We would just ask the Appropriations Committee to take a serious look at the money that the Governor recommended. Hopefully we can hold that in place and help some of these counties. So with that, I'll be happy to answer any questions that you would have.

**STINNER:** Senator Dorn.

**DORN:** Thank you, Chairman Stinner. Explain a little bit the percentages, and in the Governor's proposal that money would take care of the county's amount that they would be required to fund for the FEMA disaster? Or explain that. OK.

**LARRY DIX:** Yeah. Certainly, I'm not privy to the Governor's calculations, so [INAUDIBLE] In general, when we had conversations, we were starting to look at counties that where their current levy limit is and where their current valuation is and would see what would happen if those counties were to have to budget an amount to cover that damage. It certainly would put a majority of these counties well, well over their constitutional 50 cent lid, and I think that's-- that's some of it. But I also think, to give you an example, early on when I talked to Nance County, I think Nance County identified \$10 million in damages to bridges alone. And when they looked at all the reserves that they had available to them, they had \$1 million. And so for them to ever make that up, Nance County is not a large landmass county. It's got some agricultural ground there and a few small towns. But the numbers just wouldn't add up to get them to the point where they could really, really get things back to normal.

**DORN:** But this \$9-plus million in the-- in the Governor's proposal, and we've had discussion on it already, that would just basically fund that 12.5 that the county owes? I mean, FEMA is going to pick up this percent or--

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**LARRY DIX:** Yeah.

**DORN:** Gerry is shaking his head too. That-- I may be--

**LARRY DIX:** OK, FEMA-- yeah, and-- and

**DORN:** --what that explanation is.

**LARRY DIX:** We can verify and I'll give it, and if I'm not exactly right, I'm sure we'll get it straight. But of course, the plan is FEMA would come in and take that and bring us 75 percent of the dollar; 12.5 percent comes from the state; the other 12.5 percent has to come from-- from local government, in this instance the counties. And so in a number of those counties, that-- the volume of damage is so great that even their 12.5 percent, they're not able to get to the 12.5 percent in order to take advantage to get the 75 percent FEMA match. And so what we're trying not to do is jeopardize or penalize or whatever a county if they don't have the wherewithal to get to the 12.5 percent to make up and somehow acquire the 75 percent FEMA match.

**DORN:** OK.

**STINNER:** So if they have a five-year project or a six-year project, they don't have to come up with the 12.5 until that project is completed, right?

**LARRY DIX:** Oh, I-- if it-- if it was a bridge that was taken out and reported as a result of this damage, they have to come up that-- that 12.5 percent. The statement before the five or seven years, if they were to simply save every penny they could possibly save, it would-- that's about how long it would take for them to come up with-- with that-- that match money.

**STINNER:** Do you know who came up with the formula? Was it--

**LARRY DIX:** I--

**STINNER:** --Roads Department or--

**LARRY DIX:** I do not. I-- I don't know who did. My-- I would imagine someone within the Governor's Office in consultation with Department of Transportation.

**STINNER:** But it seems to be a fair--

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**LARRY DIX:** Yeah, as far as we can-- you know, as far as we can tell. And again, I-- I've not been privy to those exact numbers or the calculations. I just was informed by the Governor's Office and-- and they had asked, you know, if I would sort of let them know where I thought the worst of the worst counties hit were, and that was really the conversation.

**STINNER:** OK. Any additional questions? Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Thank you, Mr. Dix, for being here. So how many counties are we talking about in this \$9.2 million?

**LARRY DIX:** I believe there's 11 or 12.

**ERDMAN:** OK.

**LARRY DIX:** Yeah, I think that's-- at least that's what I've seen their press release. I don't know that for a fact, but the press release identified-- identified those.

**ERDMAN:** So in those 11 or 10, 11 or 12, whatever it is, is this-- this number of \$9.2 million going to be enough to make up the 12.5 percent for all those?

**LARRY DIX:** I-- I believe that's how they made the calculation.

**ERDMAN:** OK.

**LARRY DIX:** I truly believe that.

**STINNER:** OK. Any additional questions? We'll have to follow up on that.

**LARRY DIX:** Yeah. Yeah.

**STINNER:** Senator Wishart.

**WISHART:** Do counties have the ability to-- so oftentimes with-- with-- when we're budgeting, we have some funds that we've invested that-- that amount to quite a bit of interest that then, stacked on top of itself, year after year, comes up to a sizeable amount that can support plugging holes for things or can go back into the General Fund, you name it. Do counties have-- are there other states where counties have more tools to be able to collaborate with each other, maybe invest with each other to pool money that would be able to be

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

used for emergency situations like this? I'm just thinking down into the-- in the future, we're really going to need to start thinking long term about how we equip counties to be able to get to that 12 percent, because if this happens year after year, I'm just concerned that we-- we don't have the tools for a sustainable way of addressing flooding.

**LARRY DIX:** Well, counties have the ability to have some reserves but nowhere close to the numbers, I think, that you're possibly thinking of. Again, you know, Nance County had-- had a million dollars in reserves. That's including what they had from inheritance tax and any reserves. Typically, historically, counties don't typically go out and set their levy to build a reserve. Typically, they set their levy just to operate within a calendar year. And so there really isn't anything statutorily that says counties must have X percent of a reserve or anything like that. Over the course of time, counties, the-- as long as I've been doing this, counties will build up a reserve because they're trying to replace a bridge. And sometimes that may take four or five years of building up a small reserve or taxing a small amount just to get to that point. So when I have conversations with my counterparts in other states, I-- pretty much that's how county government works. Other states have more ability to possibly raise revenue. Other states' counties have sales tax authority. You know, Nebraska, we really only have property tax. Other states-- also, a lot of other states do not necessarily have the 50-cent constitutional lid, and that's one of the things I know that's unique in Nebraska. You know, all-- all the other political subdivisions, they do have the ability to come to the Legislature and say, can you raise our-- our levy limits? But with counties, it's constitutional. We can't do it, so it's--

**STINNER:** Just for the committee's purpose, page 24 of the Governors report lists the counties and how that was all put together, just informationally, so just thought we'd-- I'd bring that up. Senator Wishart.

**WISHART:** Is there anything in state law that prohibits or gets in the way of counties being able to collaborate with each other financially and to address some of these issues?

**LARRY DIX:** Counties can-- can certainly collaborate in the way of interlocal agreements.

**WISHART:** OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**LARRY DIX:** That's what we see a lot of. You know, when this flood hit-- and typically you're going to do interlocal agreements with your neighboring counties. And when this hit, the devastation was so wide that every county had its need, so there wasn't really a whole lot of ability to sign any interlocal agreements with counties.

**WISHART:** OK.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Mr. Dix. I had a question about counties who need money. Are they able to issue bonds?

**LARRY DIX:** Counties could issue bonds. We've had some counties actually go and borrow money, which is-- borrowing money for counties is-- is rather rare because counties, again, set their budget based on property tax coming in, and that's a pretty reliable source, year after year after year. So it's pretty rare whenever we-- we see counties borrow any real significant amount of money. Some counties may do some lease purchase for larger pieces of equipment. But this is really the first time-- I've been doing this for a number of years. This is really the first time we've seen a number of counties approach us and saying we need to borrow some money. And some of them, I think, are looking to borrow the money to get to the 12.5 percent match.

**CLEMENTS:** And do they-- does the county board have authority to do that borrowing, or do they have to take it to a vote of the people?

**LARRY DIX:** No, county board has the authority to-- to borrow the money.

**CLEMENTS:** OK. Thank you.

**STINNER:** Additional questions? Seeing none, thank you.

**LARRY DIX:** Thank you.

**STINNER:** Any additional proponents? Seeing none, any opponents? Opponents? Anybody-- seeing none, anybody in the neutral capacity? Good afternoon.

**RENEE FRY:** Good afternoon, Chairman's Stinner. Members of the Appropriations Committee, my name is Renee Frye, R-e-n-e-e F-r-y. I'm the executive director of OpenSky Policy Institute. A number of our concerns have already been discussed, but I do want to mention some

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

numbers, so I'm not going to read all of my testimony. Primarily, we were concerned when we saw that the Governor has prioritized \$520 million for property tax relief when the Tax Rate Review Committee was showing a \$400 million projected surplus over the same three-year period. And as I said, much of this has been discussed already. But I do want to point out in the Tax Rate Review Committee report, line 20 on page 2 projects spending growth of 3.9 percent per year in FY '21 to '23, or \$680 million dollars, to meet those statutory requirements. The Governor reduces that spending growth to 3 percent per year, as has been discussed, or \$435 million over the biennium. That's on page 7, line 18, of the biennial budget report. So this is a \$245 million-- \$245 million less for statutory spending obligations compared to the Tax Rate Review Committee estimates. Furthermore, LB1084, the university project, was not included in this budget-- in his budget priorities. So if that passes as introduced, that will cost approximately \$55.5 million annually starting in FY '23. The Governor has also about \$9 million dollars less for LB720 in the FY '21-23 budget than in the revised fiscal note. And since LB720 and LB1084 would both presumably be considered tax expenditures, that spending will come off the top, leaving less than his budgeted 3 percent spending growth for current spend-- statutory obligations in the following biennium. There are two other important factors that are unaccounted for. First, Nebraska Advantage is projected to have a huge surge in credits taken over the following biennium. Combined with LB775, the two incentives are projected to reduce revenue by nearly \$815 million dollars over the next three years. That's an increase of \$340 million over historic revenue loss for-- from incentives. Second, there are strong signs that much of the revenue surplus we're experiencing this fiscal year is due to taxpayer behavior related to the Tax Cut and Jobs Act at the federal level, which may very well be one-time revenue. To a lesser extent, the federal market facilitation payments to farmers are bolstering farm income and should the payments go away before the tariffs are resolved, we would likely have depressed farm incomes and, therefore, less revenue. Relying on one-time revenue for ongoing spending obligations will result in a structural deficit once that revenue ceases to come in. As you know, all well know on the committee, incentives and the property tax bill are tied together to some extent. And we understand that the university project is going to be thrown into that mix. If these three bills all pass, they could consume between 6.9 and 9.9 percent of state revenues between FY '23 and '28. This is the chart that I've handed out, Senator Hilkemann, that does not include the property tax credit program. That is just those three bills. For reference, the

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

average annual revenue loss could be more than twice the size of the state appropriation for Corrections and nearly equal to the state funding for the University of Nebraska. Even if state revenues continue to grow at their historic adjusted rate of 4.2 percent annually, the impact of these measures would create a structural deficit that will leave lawmakers continuously faced with having to increase taxes or enacting funding cuts to essential services like Corrections, K12 education, and higher education to balance the state budget. The final point I would like to make, despite being a very proud former employee of the Med Center, and as I have talked with my good friend Heath Mello in the audience here, we are very concerned about the precedent set by calling the university project a tax expenditure and sending it to the Revenue Committee. According to Nebraska Revised Statute 77-381(1), a tax expenditure is defined as a revenue reduction that occurs in the tax base of a-- of the state or a political subdivision as a result of an exemption, deduction, exclusion, tax deferral, credit, or preferential rate introduced into the tax structure. LB1084 is a spending bill, not a tax bill, and should have gone to the Appropriations Committee, in our opinion. And we are concerned that it will become more commonplace for senators to label new spending as a tax expenditure to circumvent balanced budget requirements. With that, I would be happy to take questions.

**STINNER:** Any questions?

**WISHART:** I--

**STINNER:** Senator Wishart.

**WISHART:** Renee, thank you for being here. Do you look at-- does your team look at, at all, projections around ballot initiatives passing? I anticipate we will see gambling and medical marijuana pass next year on the ballot if the polling suggests, you know, where Nebraskans are going to be. Do you- do-- I mean, we need to take in account then that we will see potentially a significant amount of revenue coming from that moving forward. That would change this dynamic. Do you-- does your team look at all?

**RENEE FRY:** We haven't looked at those.

**WISHART:** OK.

**RENEE FRY:** And I haven't heard that they were on track to pass, so.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**WISHART:** They are on track to pass, yes.

**RENEE FRY:** So we have not had a chance to look at those.

**WISHART:** OK.

**RENEE FRY:** We certainly could, probably not in the next 30 days.

**WISHART:** No, that's fine. Yeah.

**RENEE FRY:** But we could certainly at some point.

**WISHART:** OK.

**STINNER:** Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Ms. Fry, you come here today to share information. I think it's important for us to consider, as you came in the neutral position and maybe you're not familiar with my position on that, your comments lead me to believe that you're not in the neutral position. And I would ask this question from you: If we pass this budget as it is today, are you OK with that?

**RENEE FRY:** So, Senator Erdman, the reason I came in the neutral position, and I didn't read my very first paragraph, which I maybe should have, but the-- but much of what I was talking about today actually isn't in LB1008, so I didn't feel like it was appropriate for me to come in, in a position on LB1008, because the property tax piece isn't actually in any of these budget bills; so neither is the military retirement from tax-- exemption is not in any of these either, so the-- the bigger pieces, neither is LB720 or LB1084. I just wanted to raise these issues. As we have been looking at the math, I just wanted to make sure you were all well aware and to get that-- start trying to get that information out there. So they're not in LB1008, which is why I'm testifying in a neutral capacity.

**ERDMAN:** OK. So I'm looking at today's agenda. It says LB1008, LB1009, and LB1010.

**RENEE FRY:** Um-hum, yes.

**ERDMAN:** That's what this hearing is about.

**RENEE FRY:** Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**ERDMAN:** And your testimony was not neutral in any way, and it should be put in the proper category as being in opposition, so-- and I-- I'm not opposed to the information you shared. It's just when you come, you need to be in the right category.

**RENEE FRY:** So I-- I understand what you're saying. I'm just-- what I--

**ERDMAN:** That's my opinion.

**RENEE FRY:** What I'm trying to say is that the property tax piece actually wasn't in LB1008, so it's in the Governor's biennial budget, but it isn't actually in any of these bills, so--

**ERDMAN:** Let me say this again.

**RENEE FRY:** OK.

**ERDMAN:** These are the three bills we're having a hearing on. All right?

**RENEE FRY:** Yeah.

**STINNER:** You have to put it--

**ERDMAN:** Go ahead.

**STINNER:** --in a question. If you want a question, that's great; statements, not so good. Anyhow, any additional questions, observations?

**RENEE FRY:** Could I-- do you mind if I just make one more comment related?

**STINNER:** Absolutely, go ahead.

**RENEE FRY:** So-- so part of the challenge, Senator Erdman, was that actually all of these bills are technically Revenue Committee bills, even though they have significant budgetary implications. And so what we were looking is the Governor's biennial budget document, but again, that's not reflected, per se, in any of these bills. So I wanted to make sure that we shared our opinion on-- about the impact on the budget and I'd--

**ERDMAN:** I'd respond to that, but I've been censored by the-- by the Chairman, so I won't say anything.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee January 29, 2020

**STINNER:** No, that's-- that's really a good one. I just wanted you to ask in the form of a question, if you could, so I'm not censoring.

**ERDMAN:** I understand what you're doing, John. I get it.

**STINNER:** OK. Any additional questions? Seeing none, thank you.

**RENEE FRY:** Thank you.

**STINNER:** Any additional neutral testimony? Seeing none, that concludes our hearing on the three budget bills.