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Floor Debate
May 07, 2019

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FOLEY: [RECORDER MALFUNCTION.] I call to order the seventy-first day of the One Hundred Sixth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: I have a quorum present, Mr. President.

FOLEY: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I have none.

FOLEY: Thank you, sir. Any messages, reports, or announcements?

CLERK: New A bill, LB642A by Senator McDonnell. (Read LB642A by title for the first time.) Appointment letters from the Governor to the Public Employees Retirement Board as well as the Nebraska Tourism Commission. Attorney General Opinion addressed to Senator Linehan, that will be inserted in the Journal. That's all that I have, Mr. President.

FOLEY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign the following three legislative resolutions, LR97, LR99, and LR100. Senator Howard, for what purpose do you rise?

HOWARD: A point of personal privilege.

FOLEY: Please proceed.

HOWARD: Thank you, Mr. President. Yesterday morning my father-in-law, Ernie Schroder, passed away. He was 82 years old and a wonderful husband to Rosalie, and a wonderful father to his sons, Andy and my husband, Doug. He was a veteran, and even at the height of his dementia, he still thought that he was driving a tank. He was a semi driver and a construction worker. And I just wanted to take a minute to really thank the staff at the medical center at the UNMC Emergency Room who helped us with a really hard decision, especially Dr. Bill Thorell and the night nurse Daniel [PHONETIC] who was with us. I also want to thank the staff at Via Christe Assisted Living who took care of Ernie as his dementia got worse and worse, especially Ruth [PHONETIC] and Nurse Mary [PHONETIC]. I want to thank everybody who gave us our-- their

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condolences yesterday. He was an incredibly sweet man, and we are going to really miss him a lot. Thank you, Mr. President.

FOLEY: Thank you, Senator Howard. We're sorry for your loss. We'll proceed to the agenda, General File, appropriation bill LB86A, Mr. Clerk.

CLERK: Mr. President, LB86A is by Senator Wayne. (Read title.)

FOLEY: Senator Wayne, you're recognized to open on LB86A.

WAYNE: Thank you, Mr. President. Mr. President, I'm just taking 30 or 40 seconds to give a moment of silence to Senator Howard's father-in-law and let those say their prayers to her and her father-in-law on my time, and I'll be brief with my opening. Thank you, Mr. President. Members of this body, LB86A is an A bill for LB 86 which was advanced to-- advanced to Final Reading last week. As members recall, LB86 was amended to incorporate provisions of LB88, Senator Vargas-- or my bill which provides nonrefundable income tax credits to individuals who purchase a residence during a taxable year in which-- in an area that has been designated as extremely blighted under the community development laws. LB86A would appropriate funds for a one-time cost to the Department of Revenue to revise the tax forms to include an income tax credit. I urge a green vote on LB86A to Select File. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Is there any discussion of LB86A? I do not see any. Senator Wayne, you're recognized to close on the advance of the bill. He waives closing. The question before the body is the advancement of LB86A to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of the bill.

FOLEY: LB86A advances. Per the agenda, General File, 2019 senator priority bill, LB209, Mr. Clerk.

CLERK: Mr. President, LB209 by Senator Albrecht relates to abortion. (Read title.) The bill has been discussed. The committee amendments as offered by the Judiciary Committee were adopted. When the Legislature left the bill, pending was a motion by Senator Hunt to recommit. Subsequent to that, there was a priority motion from Senator Chambers to bracket the bill until June 6. Those two motions are pending.

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FOLEY: Thank you, Mr. Clerk. Members, we've been on this bill for about five hours or so, or more, I believe. So I don't think we need an extensive summary, but, Senator Albrecht, Senator Hunt, and Senator Chambers, if you'd like a minute each just to refresh us on where we left off, we'll do that and then we'll proceed to a long list of senators who are in the speaking queue. Senator Albrecht.

ALBRECHT: Thank you, President Foley, and good morning, colleagues. Again, this bill, LB209, is about one thing and that is informed consent. I want to remind you again that 55 percent of the abortions in Nebraska are medication abortions, and those begin with a pill that the-- one of two pills that a woman would take. I just ask that you'll take a look at the-- at the facts that we've presented and know that we really do-- that we really do care about the mother and her ability to have a choice to-- to continue on or to-- to continue on with the abortion or stop midterm and be able to take-- go to a call line and get some assistance. So with that, I just ask you to support LB209, and hopefully we won't have all this noise in the background so we can get to the bottom of it. Thank you.

FOLEY: Thank you, Senator Albrecht. Senator Hunt, would you like a minute?

HUNT: Yes, thank you, Mr. Lieutenant Governor. Respectfully, I know this is a-- a very hot-button topic. It's probably the hottest topic we can discuss in this Legislature. If this bill is about informed consent, then we don't need to pass this bill because informed consent is already in statute. Doctors already inform patients about the effectiveness of mifepristone and what to do if they decide to continue their pregnancies. So knowing all of that, if you want to vote on this, I hope that you-- you can go on the record knowing that you're supporting a bill based on a paper that was done unethically with no oversight, with no involvement from an ethical review committee, that was published in a disreputable journal. There's no science or evidence behind the intent of this bill and I think that we need to find other ways to support women who are pregnant and who want to have a healthy family. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Hunt. And, Senator Chambers, if you'd like a minute, you're welcome to it.

CHAMBERS: Thank you. Mr. President, members of the Legislature, this bill is not about informed consent. It is, as all these so-called consent bills are, an assault on a woman's right to get an abortion. This Legislature, down through the years, has done all it could to make that decision extremely difficult and the process itself nearly impossible. I'm not going to take any more time, but I want you to notice that once I stood up and began talking, the noise ceased. That should give you something in the way of understanding what ought to be done with this bill. Thank you, Mr. President.

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FOLEY: Thank you, Senator Chambers. We have a long list of senators in the speaking queue. (Doctor of the day and visitors introduced.) Proceeding now to debate on LB209 and the pending motions, Senator Slama.

SLAMA: Thank you, Mr. President, and good morning, colleagues. So it's worth noting, based on the information shared during the openings today-- it's been noted that doctors already tell their patients the information that's shared in this bill. So I'm just going to take a moment to rehash, for what I believe now is the ninth time, just precisely what is in this bill as amended. It's not based on any type of junk science or a study that's been disposed of. There are no references to progesterone abortion reversals, nothing of that nature. This bill, as amended, says simply, on page 1, subsection (e), "Research indicates that mifepristone alone is not always effective in ending a pregnancy. You may still have a viable pregnancy after taking mifepristone. If you change your mind and want to continue your pregnancy after taking mifepristone, information on finding immediate medical assistance is available on the Web site of the Department of Health and Human Services." Folks, this is a fact backed by science. Mifepristone alone is not always effective at ending a pregnancy. That's why you have the two-pill process. And with that, I am citing the Reproductive Health Access Project which says that mifepristone alone is only 65 percent effective at ending a pregnancy. So there are about 35 percent of women, according to this statistic, who, if they change their minds, could reasonably save their pregnancy, or pursue that option. And again, we move to page-- the end of page 2. This is a longer sentence that doesn't include all of the bill's changes. So this is part of the original statute until I say otherwise. "The physician or his or her agent shall orally inform the woman that the materials have been provided by the Department of Health and Human Services and that they describe the unborn child, list agencies which offer alternatives to abortion," and then this is the part which is changed in the bill as amendment-- amended, "and include information on finding immediate medical assistance if she changes her mind after taking mifepristone and wants to continue her pregnancy." Again, information only, based solely in informed consent. Again, we go further down the bill to page 7, subsection (d), "Materials designed to inform the woman that she may still have a viable pregnancy after taking mifepristone. The materials shall include the following statements: 'Research indicates that mifepristone alone is not always effective in ending a pregnancy. You may still have a viable pregnancy after taking mifepristone. If you change your mind and want to continue your pregnancy after taking mifepristone, it may not be too late.'" Subsection (e), "Materials, including contact information, that will assist the woman in finding a medical professional who can help her continue her pregnancy after taking mifepristone." Folks, that's all this bill does. There's no references to any studies. It's just based in the simple fact that the first pill of a two-pill abortion is not always effective in ending the pregnancy. And if, during that 24- to 48-hour waiting period a woman changes her mind, we're ensuring that she's been told that she can go seek medical assistance and she might have a chance to save that pregnancy. We've heard asserted on the floor today that doctors already tell their patients this fact. I haven't heard a single citation that that is true. And if you look at the 2017 statistical report of abortions

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for Nebraska provided by the Department of Health and Human Services, there were approximately 1,900--

FOLEY: One minute.

SLAMA: --abortions-- thank you, Mr. President-- 1,900-- oh, 1,958 abortions performed in Nebraska in 2017; 1,302 of those were abortions performed on women for the first time. And until we can see some sort of citation, some sort of study, some sort of evidence showing that every single one of those women were told, hey, this first pill isn't always effect and here are your options if you change your mind in those 24- to 48-hour windows, I'll proudly support this bill as amended and stand opposed to motion 71 to recommit and motion 76 to bracket because women deserve to know that they have a chance to save their pregnancy if they change their mind. Thank you, Mr. President.

FOLEY: Thank you, Senator Slama. (Visitors introduced.) Continuing debate, Senator Clements.

CLEMENTS: Thank you, Mr. President. As I've been researching this, I wanted to know more of what doctors had to say about it, and I found a paper from the ProLife OB/GYNS that was written, and it says, "The American Association of ProLife Obstetricians and Gynecologists, a 2,500-member organization, supports offering abortion pill reversal to women who regret initiating the abortion pill process, after appropriate informed consent. We-- dispute the accusation that this procedure is 'junk science.' The use of progesterone to counteract mifepristone-- is a logical extension of decades of therapies for pregnancy loss caused by progesterone deficiency. Research studies have shown that use of progesterone reverses the effects of mifepristone blockage, and progesterone has been used safely for decades in pregnant women. Many women are ambivalent about their abortion decision, and there is increasing evidence that many abortions are coerced. These women welcome the opportunity to reverse their initial decision, and should be given accurate information about this process. Progesterone reversal of mifepristone is an off-label use of an FDA approved drug. Off-label use of FDA approved drugs is legal, and widely prevalent in the" United States. "In fact, the most common abortion pill protocols use non-FDA approved doses, and non-FDA approved protocols for pregnancies beyond seven weeks. It is hypocritical for abortion advocates to criticize off-label use of pharmaceuticals when in fact they are widely engaging in this practice themselves. It is also inaccurate for abortion advocates to state that 30-50 percent of babies survive mifepristone. Research studies have demonstrated that the use of mifepristone alone allows for 7 percent to at the very most 40 percent initial survival of the mifepristone poisoning, depending on gestational age. Our reversal process has thus far demonstrated better survival" than this. "Although some babies will survive mifepristone without additional progesterone support, it is scientific common sense to supply the hormone being blocked in order to increase the survival rate of fetuses for

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women who have changed their mind. We believe there is ample evidence that progesterone markedly improves survival. More than 200 physicians are part of a national network providing this service to women. Outcomes of treatment are reported to the APR project of Culture of Life Family Services and analyzed by physicians, RNs, and a statistician associated with the project. As more women receive this therapy, the results will continue to be reported in the medical literature. And more mothers of newborns will gladly share their gratitude at receiving help." This was by Mary Davenport, M.D., director of public policy, and Donna Harrison, M.D., executive director, American Association of ProLife OB/GYNS. So this is a safe, scientific procedure. It's a legal use of this medication, legal, not illegal. The results are being monitored by doctors. And providing information to the woman is very time sensitive and it's best done at the clinic. That's why this bill is important. If the clinic is already providing this information, it should be no burden to them. But if the clinic is not providing this information, it's withholding important information the woman needs to-- needs to make an informed decision. And with that, I would yield the rest of my time to Senator Albrecht if-- is Senator Albrecht here? How much time do I have left, Mr. Speaker?

FOLEY: Twenty-five seconds.

CLEMENTS: Senator-- OK. Well, I'll just reiterate that the-- this society of-- Association of ProLife OB/GYN physicians state that this is a safe, scientific procedure, it's a legal use of the medication, progesterone, and they are-- continue to monitor the results and--

FOLEY: That's time, Senator.

CLEMENTS: Thank you.

FOLEY: Thank you, Senator Clements. Senator Arch.

ARCH: Thank you, Mr. President. I want to go back and address something that has been discussed previously, but I have a little more information on it, and that is this-- this concept of FDA approval for a particular drug. When-- when the FDA receives an application, it is very, very narrow, very, very specific as to a specific use, specific population, specific dosage, specific indication, and FDA approval, if it has then followed the necessary phases of that approval, then grants that approval for that specific indication. However, we know that medications that are-- that are approved for a specific indication are often used for other indications that would be considered to be off label, and that's the term that's used when a-- when a physician prescribes. And I went back and I found some examples of other medications that are being used off label, and I'll get to progesterone here in just a second. But some of the-- some of the more common, Decadron is a steroid anti-inflammatory immune-suppressive agent used off label for premature

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label-- labor to enhance heart maturation. Neur-- Neur-- Neurontin is approved for treatment of seizures of postherpetic neuralgia in adults, but it is used off label for a variety of conditions, including bipolar disorder, essential tremor, hot flashes, migraine prophylaxis, neuropathic pain syndromes, phantom limb syndrome, restless leg syndrome. Clonidine, it's approved and commonly used for treatment of hypertension, but off-label uses include cancer pain, ADHD, hot sweats, certain psychiatric disorders, nicotine dependence, opioid withdrawal, migraine headaches, and restless leg syndrome. Wellbutrin, when sold under the brand name Wellbutrin, is indicated for depression, but it's also sold as a smoking cessation drug under the name Zyban, off-label use for treatment of ADHD, bipolar, depression. And then some of the over-the-counter, off-label use that we're probably more familiar with, aspirin, only FDA approved for analgesic pain and antipyretic fever properties. Anti-inflammatory and most cardiac uses, aortic valve repair, atrial fibrillation, carotid artery stenosis, peripheral arterial disease, are all off-label uses. Benadryl, FDA approved for cough, insomnia, rhinitis, off-label uses includes anaphylaxis and allergic reactions. Advil, FDA approved for pain, fever, inflammation, but used off label for acute gout flares, pericarditis, patent ductus arteriosus, premature baby heart development. So again, examples of those medications, prescriptions that are used off label, decided by the physician upon review of literature, upon review of research that-- that-- that-- in that physician's determination, he-- he-- he/she rules that that is adequate to prescribe off label. Now I want to get to progesterone because that's the-- that is the prescription, the medication that we're talking about here. It is specifically approved for amenorrhea, which is an absence of menstruation, assisted reproductive technology and fertility, or fertility treatments, endometrial hyperplasia prevention, the thickening of the uterine lining, and uterine bleeding, specific indications that the FDA has approved for the use of progesterone. However, progesterone is also used off label for the prevention of spontaneous preterm delivery, seizure, migraine, feminizing hormone in gender reassignment, and other uses. Some of the other uses that I came across off label for progesterone includes prostate cancer, insufficient corpus luteum, hot flashes, precocious puberty, polycystic ovary syndrome and--

FOLEY: One minute.

ARCH: --and other uses. I guess the point is that it is a-- it is a common practice for physicians, for those who are independent practitioners, to make the determination whether or not to use a specific prescription off label while not necessarily FDA approved for the indication but the physician, this independent practitioner, determines that sufficient evidence is there, that sufficient evidence is also there that does-- that will not cause harm to the patient and-- and chooses then to use that prescription off label. I believe this is the situation we have with this particular use of progesterone that's-- there are physicians that have determined that off-label use is appropriate. That is their prerogative and is not uncommon in the practice of medicine to do that. I stand in support of LB209 and opposed to the motions that are on the floor at the present time. Thank you.

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FOLEY: Thank you, Senator Arch. Senator La Grone.

La GRONE: Thank you, Mr. President. A lot of what I was going to say was already covered by Senator Slama. And I know that Senator Arch had a few more examples that he had to cover, so I'll-- so he can finish that, I'll yield the remainder of my time to Senator Arch.

FOLEY: Thank you, Senator La Grone. Senator Arch, 4:45.

ARCH: Thank you, Senator La Grone. I also want to talk a little bit about a peer-reviewed journal, because that has also been called into question. The-- the journal where the publications have-- have-- have appeared is these issues in Law and Medicine. And I won't talk specifically about that quite yet, but I want to talk about what is a peer-reviewed journal and-- and get that on the record as well. In academic publishing, the goal of peer review is to assess the quality of articles submitted for publication in a scholarly journal. Before an article is deemed appropriate to be published in a peer-reviewed journal, it must undergo the following process. First, the author of the article must submit it to the journal editor, who forwards the article to experts in the field. Because the reviewers specialize in the same scholarly area as the author, they are considered the author's peers, hence the term "peer review." These impartial reviewers are charged with carefully evaluating the quality of the submitted manuscript. The peer reviewers check the manuscript for accuracy and assess the validity of the research methodology and procedures and, if appropriate, they suggest revisions. If they find the article lacking in scholarly validity and rigor, they reject it. And by the way, I would add, that last point as far as-- as far as recommending changes, very common. First submission to a peer-reviewed journal often receives multiple comments how to improve, how to clarify, questions regarding the science. All of those things go back then to the scientist to consider for the next-- for the next submission of a peer-reviewed journal. That is standard and-- and very common practice within science for a peer-reviewed journal because it does add to the validity of a published article. And if you have peers who understand the science that is-- that is being discussed in the article, it-- it-- it lends credence to the-- the results and the science that then is-- is being discussed. So now we come to the issue of the issues in Law and Medicine and whether or not that is a peer-reviewed journal, and, as a matter of fact, it is. Issues in Law and Medicine is a peer-reviewed, professional journal published semiannually, founded in 1985. It is cosponsored by the National Legal Center for the Medically Dependent and Disabled, Inc., and the Watson Bowes Research Institute. It is devoted to providing technical and informational assistance to attorneys, healthcare professionals, educators, and administrators on legal, medical, and ethical issues arising from healthcare decisions. Its subscribers include law libraries, medical libraries, university libraries, court libraries, attorneys, physicians, university professors, and other scholars, primarily in the U.S. and Canada, but also in Austria, Australia, Belgium, Brazil, Italy, the Netherlands New Zealand, Japan, Russia, South Korea, Spain, Taiwan, and the United Kingdom. It is quoted in the databases that are very typical to the scientists. All of the-- all of the major databases quote this

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particular publication and, obviously, then the articles that are found in the publication. I-- I say that because I believe that there is-- there is subjectivity in science. While we would like to believe that it is hard and-- and fast in all areas, there is subjectivity. Physicians, independent practitioners, go to years and years of schooling, multiple, multiple courses, as well as then the practical aspects of residence and internships and fellowships following that o develop their decision making along the lines of science so that they can have that independent clinical judgment when they begin to practice medicine.

FOLEY: One minute.

ARCH: And in this particular case, we have physicians who have decided that the use of progesterone for this particular use is appropriate and based upon their independent clinical judgment and based upon a peer-reviewed journal and the articles in that journal and other facts, they have determined that it is appropriate. So again, I stand in support of LB209 and opposed to the motions on the floor. Thank you.

FOLEY: Thank you, Senator Arch. Senator Ben Hansen.

B. HANSEN: Thank you, Mr. President. I stand in support of LB209 for not just some of the reasons that I had mentioned before, but also to kind of reaffirm my belief in this bill more than I had to already. I wanted to share a story with everyone that I heard over the weekend which I thought was relevant to what we're trying to discuss here, maybe the purpose behind it, whether it's, you know, a good bill or not. And I'm trying to keep this vague to kind of help protect the patient-doctor confidentiality. But just over the weekend in southeast South Dakota, pretty close to home, there was a-- there was a woman who was-- found out she became pregnant-- and this happened actually just a few days ago-- found out she became pregnant, according to the story, was coerced a little bit by her current boyfriend and by the baby's father to pursue a chemical abortion. Shortly thereafter, she changed her mind and she got in touch through a-- through-- I wouldn't say a hot line, but through information that was given to her that there is the possibility to reverse the chemical abortion. And so she got in contact with some people that helped her find a medical doctor nearby that would help administer progesterone shots and hopefully help save the life of the baby that she was going to abort. And so actually over the weekend, steps have been taken, and even-- she's even decided to go to church with the doctor that provided the shots. And so I think this story is pretty relevant, pretty recent to what we're trying to discuss. And the fact, in my opinion, if this bill does that once, it's worth it to me. If we can save the life of one child because of this bill, I think it is a worthwhile bill. And so I just-- I feel like I had to get up here and share that story not only because it's relevant, because it is recent, because it does happen. And that is what we're talking about with this bill is information, making sure patients have the relevant information at hand to make a decision, or not, but we leave it up to them. And

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I think that's where in-- where some of the other senators were mentioning before, where informed consent comes into this bill and some of the stuff that I said before about informed consent, not only knowing your risks and your rewards of a certain procedure, but also knowing all options that are in front of you. And I think what we've talked about before, the science does show that this-- this is relevant, the studies are relevant. And so I just wanted to get up there and share that story. And so with that, I will yield the rest of my time back to the Chair. Thank you.

FOLEY: Thank you, Senator Hansen. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. Going to read a letter that was written by a young lady. And it starts out: I never thought I would find myself having a breakdown in a Walmart bathroom, but I did; and at the moment I knew I had just made a horrible mistake. Finding out I was pregnant was not the magical moment I envisioned it to be. In fact, it was complete the opposite. I was devastated. From the beginning, I had my mind set on not keeping the baby. I tried to convince myself that a-- terminating the pregnancy was my best decision for the child. I didn't want to bring her into a situation that was less than perfect. I thought, how can I take care of a baby when I can barely take care of myself? The morning of my appointment, I tried to block out all the feelings of possibly keeping the baby. So she was struggling even at this point. I continued to tell myself that doing this would be the best. I felt nervousness in my heart the entire way there. And once I was in the office, the heaviness became even stronger. After being called back to the room, I was briefed on-- briefed on the pills and given the information on what to expect the next few days. I then took the first dose, gathered my things, and left. This is a young lady not in the best situations, as many of them are found. On my way home, I stopped by Walmart to get a few things, like normal. I went to the bathroom and all at once it hit me that I had just made the worst decision ever. In that moment I did-- I knew I did not want to continue the process of aborting my baby, but I had no idea what to do. I rushed home, jumped on my computer to see if reversing the abortion was possible. All sorts of things were going through my mind, but I was determined to save my baby. Quicker than I thought, I found a site with a number to call for people who were in my exact, same situation and needing the help of-- of a reversing pill. The lady who answered was so nice and so comforting. She gathered some information and told me she would call me right back. Only minutes later, she called back with the number of a doctor who would be able to help. I called the doctor and she had-- had me come in right away. She informed me that it was imperative to start this treatment--

FOLEY: One minute.

LOWE: Thank you, Mr. President. She informed me that it was imperative that she start-- that I start this treatment immediately. The progesterone treatment was a success and months later I welcomed my perfect, healthy baby girl into the world. Not following through with the abortion

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pill has been the treatment-- a tremendous blessing. My little girl is the joy of my life, and I truly don't know what I would do without her. I am thankful God placed people in my path who were able to make sure my little angel had a chance in life. And I think that's what LB209 is trying to do, is give a chance of life to little boys and little girls who their parents--

FOLEY: That's time, Senator.

LOWE: --had made a bad decision. Thank you, Mr. President.

FOLEY: Thank you, Senator Lowe. Senator Hunt.

HUNT: Thank you, Mr. Lieutenant Governor. I want everybody here to be clear about what's going on. Senator Albrecht brought a model bill that 25 of you signed onto because all she had to say to get you to support it was "pro-life." Then you all learned that the bill was based on one paper that was done unethically, with no institutional review board oversight, without any involvement from an ethical review committee, and was published in a disreputable journal. There is no evidence from this paper that patients knew they were participating in a study. There's no evidence that they consented to being experimented on. Did they know this drug had not been tested as an abortion reversal drug? We don't know. There is no evidence that the team that did this study had any contact with the patients at all. There's no evidence that there was any follow-up with patients to see if the progesterone had any adverse effects. There is no evidence or explanation of any of these methods in the paper, and I have never spent so much of my life so focused on one unethical study, and the only reason I have to waste my time on it is to prevent a bill from being passed based on this hogwash. The amended bill was a smart play by the Judiciary Committee that was necessary because the 25 cosponsors could have pulled this out in its original form. The amendment-- the amended bill, however, still interferes in the doctor-patient relationship and it expands government by requiring doctors to tell their patients something they already tell them. It's trash, but it's recyclable trash. And if you're serious about supporting mothers in Nebraska, we need to go to the drawing board and come up with another way to do that, because this bill, this model bill that you all blindly wrote your names on, supports an experimental procedure that is not approved by the FDA, is opposed by the American Medical Association, has not been adequately tested and, therefore, may be dangerous for women and their pregnancies. So knowing all of that, if you want to vote on this, you're going on the record as supporting all of that unethical stuff. What I think some of you ought to do is get together and tell Senator Albrecht that you're coming off cloture because you know that blocking this bill is the right thing to do for patients. Patients who want to continue their pregnancies should not be guinea pigs and the Nebraska Legislature should not be complicit in that. Just do on this bill what you did on LB627, Senator Pansing Brooks's LGBTQ workplace protections bill. Get together, tell the introducer you can't be there for cloture because the science

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isn't there, and then you'll all have political cover from the mailers and from the lobby. But if you're term limited and you don't vote against this, that's not something that makes sense to me. When somebody-- this is the thing you've got to understand, OK? When somebody proposes a new treatment, the burden is on them to prove scientifically that it works, so it's not a he-said/she said/he said between Delgado and Dr. Grossman, like Senator Ben Hansen said. It's not that there's evidence on both sides so we should try it, there isn't evidence on both sides. But even if there was, the point is that when somebody proposes a treatment and claims that the treatment is effective, the burden of proof is on that person or on that scientific team, and it's on them to have that claim validated by the scientific community. We haven't had this claim validated by the scientific community. We've had it rejected by the American Medical Association. But here we have one person making this claim with this unrigorous study. So this is the point that I feel needs to be made. The science isn't there yet. Senator Arch talked about off-label uses for drugs. Is progesterone used off label for abortion reversal? No. There's no evidence that it's safe. It's done by unethical doctors who-- who do this treatment without any oversight, without any basis in fact for doing that, that it's safe for anybody. It's not safe. It's not safe for unborn babies. It's not safe for fetuses. It's not safe for the mothers. So here are the questions that you all need to ponder.

FOLEY: One minute.

HUNT: Is this bill about abortion reversal? Then stop talking about abortion reversal if it's not. You're all still talking about progesterone. When you talk about how in your uneducated, unqualified, nonmedical opinion that progesterone can reverse the effects of mifepristone because you believe it, because you feel like that makes sense, when we know there is no scientific evidence that that's true, it makes it seem like the bill is about abortion reversal. So getting that on the record doesn't help any of you. Is this bill about informed consent, like Senator Albrecht now says, under the amended form? Well, if it is, then we don't need to pass this bill because informed consent is already in statute. Doctors already inform their patients about the effectiveness of mifepristone. It would be like if we brought a bill saying the drinking age is 21. It already is. It would make no sense to do that. It would be a waste of time. And now we're going to waste six hours on this bill, this model bill, that makes no sense. What this bill would do is put in statute that instead of these women going to their doctors, they should be referred to a list of clinicians.

FOLEY: That's time, Senator.

HUNT: What's the list of clinicians? I would love to tell you about it later.

FOLEY: Thank you, Senator Hunt. Senator Bostelman.

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BOSTELMAN: I-- thank you, Mr. President. I yield my time to Senator Arch if he'd like it.

FOLEY: Senator Arch, 5:00.

ARCH: Thank you. Thank you, Senator Bostelman, Mr. President. I want to talk about some of the earlier comments we've made on-- on the research and institutional review boards, the role of institutional review boards. And this particular study that is being referenced here has indicated that they received an IRB waiver. An IRB waiver is granted an institutional review board of the institution, usually the university, has-- means that they have reviewed a protocol on a particular research subject and has granted a waiver, meaning that they do not require that the researcher go back and talk to the individual-- individual patients in the study. And usually that is granted because there is no being experimented on, there is no progesterone being-- being used in an experimental way. But rather, it is a data review. They are going back and they are taking a look at the effects of that. So in this particular case, I would say that the institutional review board, because it granted a waiver, reviewed the protocol and granted-- and granted that waiver. I would-- I would only say this, as well, that, you know, this afternoon we are going to have a very large discussion on property taxes, a very large issue that our citizens are concerned about and we are concerned about, how-- how best to address that issue. This morning, however, we are talking about mothers who choose, want to keep this child, and giving them an opportunity to know of a possible way that that can be done. And again, I would urge you to vote yes on LB209, and I would yield the balance of my time to Senator Albrecht.

FOLEY: That's out of order, Senator.

ARCH: Thank you.

FOLEY: Senator Erdman, you're recognized.

ERDMAN: You say me?

FOLEY: Senator Erdman, you're recognized.

ERDMAN: Thank you. Thank you. I appreciate the discussion this morning, especially what Senator Arch was talking about this morning. Senator Albrecht brought this bill for the intent that Senator Hansen had described. If we save one baby, it was worth it all and it's not a waste of six hours, like some would think. That was a very moving story that Senator Hansen said, and I appreciate that. I appreciate Senator Albrecht taking the initiative to bring this. I am against the bracket motion and the recommit as well. I am in support of LB209, and I appreciate the

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opportunity you've had to discuss this. It's something that we need to pass, and I will yield the rest of my time to Senator Albrecht.

FOLEY: Thank you, Senator Erdman. Senator Albrecht, 4:10.

ALBRECHT: Thank you, President Foley. Thank you, Senator Erdman. Just to correct the record here, Senator Hunt had said that the Nebraska Medical Association is in-- is opposed to this bill. In fact, they are on a neutral side after-- after we-- after we moved the amendment forward, that's when they came on as neutral. And the children today, the women that go into the clinic, they-- the reason this bill is here is because they do not know today that they can, in fact, reverse it after the first pill, the mifepristone. I can't emphasize enough the importance of the informing these women of all their options. When they decide to pursue this medical abortion, physicians have an ethical and professional responsibility to provide their patients this information and it's a woman's right to have complete medical information regarding a medical abortion process. The abortion pill reversal is safe. We have had several children that we've been talking about throughout this six-hour debate that they do-- they are alive, well, and so are the-- the mothers. So it's important that we give all women the information that they need to make that truly informed choice. LB209 would be life changing for those women who want a second chance at choice. You heard here today from the-- the letter that Senator Lowe so nicely read into the record. And with-- with Senator Hansen, the story that we heard over the weekend of a gal who changed her mind, and of course, Rebekah, the gal who originally came to us to tell us her story about having her firstborn and then having considered an abortion and did take, in fact, that first pill, went to her car six years ago, Googled, and found that she was able to reverse it and has a healthy six-year-old little-- little boy today. So I just ask that you recognize that LB209 is about real choice and providing women with all the information that they need to make a truly informed and voluntary decision. Colleagues, this has been a-- a long ordeal, something that needs to be debated on this floor. But if you-- if you put your green light on for LB209, you are voting for that woman to have a right to know, a right to be able to make the decision if she wants to follow through with-- with the first pill and the second, or elect between the first pill and the second to reverse that-- that procedure. So I just implore you to vote green on LB209 and thank you for your time.

FOLEY: Thank you, Senator Albrecht. Senator Halloran.

HALLORAN: Thank you, Mr. President, colleagues. It's been a lot-- has been talked about on this issue and it's an issue worth the discussion. Some people have been commenting that-- that doctors are already giving their patients information on this opportunity or this chance to reverse the abortion pill. And it's-- that's puzzling to me because if-- if someone is in the business as a pro-- as an abortion doc-- I have trouble calling them abortion doctors-- an abortionist is in the

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business of providing an abortion, why-- why would they-- why would they disclose a method for reversing that process? It-- it makes absolutely no sense to me. I would yield the balance of my time to Senator Albrecht, please.

FOLEY: Thank you, Senator Halloran. Senator Albrecht, 4:00.

ALBRECHT: Well, again, I took this bill on and I want people to-- to know and understand that when I look at these bills, it's not just about it being a pro-life bill. Yes, I am pro-life. I do believe the majority of our state is pro-life. But this is a-- a simple bill that I can't-- it's hard to talk about it for six hours because we are simply letting the person know who's performing the abortion that they do need to let the woman know that she can reverse, she can choose to reverse, she can go get-- go get a physician that's going to help her through the-- the rest of her pregnancy. But we can't stand here and-- and doubt in any way that that's being done today. It certainly is not. And when a woman goes in, it-- this is a ten-week span. Fifty-five percent of the women in the state of Nebraska today are seeking medically induced abortions. If that shouldn't happen, and it goes over that, obviously, they have to extract the baby from the womb. Again, ten weeks, we're talking about the first ten weeks when these women are having the hardest decision about letting that-- that child go or bringing it to full term. There are a lot of things that go through the mind of a woman and even when they go home to talk with their significant other, spouse, husband, even grandparents, obviously, in some of these letters, play a part, and parents, and whether they think this is the right thing to do or the wrong thing, but it is that woman's choice. It's her choice to make the right decision for her and the unborn. So we are here today doing just that, seeking the information needed, and asking the clinics that perform-- perform these medical abortions to be able to tell the woman not any longer-- no longer will they be able to say there's no going back, because there is a choice. She has that choice. We need to make certain that she does have that choice, and LB209 will allow that to happen. So I again implore you to have a green light on LB209 and we can get on with the rest of the people's work. Thank you.

FOLEY: Thank you, Senator Albrecht. Mr. Clerk, you have a motion on the desk?

CLERK: I do, Mr. President. Senator Albrecht would move to invoke cloture pursuant to Rule 7, Section 10.

FOLEY: It's the ruling of the Chair that there has been a full and fair debate afforded to LB209. Senator Albrecht, for what purpose do you rise?

ALBRECHT: I'd like a call of the house, roll call, and regular order, please.

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FOLEY: There's been a request to place the house under call. The question is, shall the house go under call? Those in favor vote aye; those opposed vote nay. Record, please.

CLERK: 31 ayes, 1 nay to place the house under call.

FOLEY: The house is under call. All senators please return to your desk and check in. The house is under call. Senator Groene, if you could check in. All unexcused members are now present. The first vote is whether or not to adopt Senator Albrecht's motion of cloture. There's been a request for a roll call vote, Mr. Clerk.

CLERK: (Roll call vote taken.) 37 ayes, 5 nays, Mr. President, to invoke cloture.

FOLEY: Motion of cloture is successful. Our next vote is Senator Chambers' motion to bracket the bill until June 6, 2019. Those in favor of the bracket motion vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 8 ayes, 36 nays, Mr. President, to bracket the bill.

FOLEY: The bracket motion is not successful. Our next motion, Senator Hunt's motion to recommit the bill to committee. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

CLERK: 8 ayes, 37 nays, Mr. President, on the motion to-- to recommit the bill.

FOLEY: The recommit motion is not successful. Finally, our vote now is to-- whether or not to advance LB209 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

CLERK: 37 ayes, 9 nays, Mr. President, on the advancement of LB209.

FOLEY: LB209 advances. I raise the call. Items for the record, please.

CLERK: Mr. President, new resolutions: LR108, by Senator Pansing Brooks and others, congratulates Mayor Chris Beutler for his many years of service. LR109 is by Senator Bolz, again being laid over, recognizing David Newell for his work. LR110, by Senator Bolz, congratulating and thanking Brigadier General Wendy Johnson for her leadership. All three of those will be laid over. Enrollment and Review reports the following bills as correctly engrossed:

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LB86, LB96, LB155, LB179, LB184, LB375, LB411, LB418, LB460, LB460A, LB478, LB560, LB570, LB570A, and LB595, all reported correctly engrossed. That's all that I have, Mr. President.

FOLEY: Thank you, Mr. Clerk. We'll now proceed to General File, 2019, committee priority bills, LB675. Mr. Clerk.

CLERK: LB675 is a bill by Senator Groene. (Read title.) The bill was introduced on January 23 of this year; referred to the Education Committee, advanced to General File. I do have Education Committee amendments pending, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Groene, you are recognized to open on LB675.

GROENE: Thank you, Mr. President. LB675 is the committee priority. It is the clean-up bill that the Department of Education brings annually to the Education Committee to clean up obsolete language, clarify syntax in law, and to clean the old statutes out that are no longer relevant. The vast majority of this bill makes no actual changes to the law. It is simple clean-up, as I said. Some of these changes include to the law is adding a definition of a department in the Special Education Act. And number two, it clarifies and harmonizes provisions in the Special Education Act. Matches it better to the present IEP form of how we handle special education students and matches it to the federal disabilities act. And then it eliminates outdated and obsolete provision in education-related statutes. There are two primary changes to law in this bill. The first, allows school boards to enter into contract with certain services and material providers for a longer period of time from four years to seven years. My understanding is that school districts contract with somebody to do the janitorial work or somebody to do the food service work or to insurance, that they can get better rates for a longer term contract of seven years versus four years. The other major change, actual change to statute in the second update, it updates the duties of the Educational Technology Center to more reflect what they are attempting to do. That is the original version of LB675. Thank you.

FOLEY: Thank you, Senator Groene. As the Clerk indicated, there are amendments from the Education Committee. Senator Groene, you are recognized to open on the committee amendment.

GROENE: To the Education Committee amendment is LB431 which is the adjustment to the TEEOSA formula brought to us by the Appropriations Committee. I think Senator Stinner addressed it in his meeting this morning. We were requested to adjust the formula to adapt, I think, it was \$26.5 million reduction in state aid to schools. And to do that, all we had to do was change the allowable growth rate in the second year of the formula to 2.15 from 2.5. And--

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which we'll talk about the amendment to the amendment later in a little bit after Department of Ed, financial office and the Fiscal Office got together, they realized that number needed to be changed. Which I will address in the next amendment. Thank you.

FOLEY: Thank you, Senator Groene. Mr. Clerk.

CLERK: Mr. President, Senator Groene would move to amend the committee amendments with AM1499.

FOLEY: Senator Groene, you're recognized to open on AM1499.

GROENE: Thank you, Mr. President. As I said, Fiscal Office and Department of Education brought to the Education Committee that to be more accurate to the number they were looking for, it needed to-- the second year of allowable growth change needed to be 2 percent not 2.15. And in actuality, when that calculation is done, it drops the cut to education from the original request of \$26.5 million to 24.7. It is just a fact of change that needed to be done to create the correct outcome in what we're trying to do to match the TEEOSA funding to the Appropriations Committee's budget. Thank you.

FOLEY: Thank you, Senator Groene. Debate is now open on LB675 and the pending amendments. Senator Bolz.

BOLZ: Thank you, Mr. President. I just wanted to rise and thank Senator Groene and the Education Committee for partnering with the budget committee, it's a team effort. And I think this compromise both funds education with a significant and substantial increase, while also helping us manage our budget. So, I just wanted to publicly articulate my thanks to the Education Committee and the leadership. Thank you, Mr. President.

FOLEY: Thank you, Senator Bolz. Is there further discussion on AM1499? I see none. Senator Groene, you are recognized to close on AM1499. He waives close. The question for the body is the adoption of AM1499. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 38 ayes, 0 nays on the adoption of the amendment to the committee amendments.

FOLEY: AM1499 is adopted. Mr. Clerk. Continuing discussion on LB675 and the committee amendment that's pending. I see no one wishing to be recognized. Senator Groene, you are recognized to close on the committee amendment. He waives close. The question for the body is

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the adoption of the committee amendment, AM1308. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 37 ayes, 0 nays on adoption of committee amendments.

FOLEY: AM1308 committee amendment is adopted. Mr. Clerk.

CLERK: Mr. President, Senator Wayne, I had a series of amendments from you, Senator, all with notes to withdraw, except for the one you filed with me this morning.

WAYNE: Correct.

CLERK: Mr. President, Senator Wayne would move to amend the bill with AM1567.

FOLEY: Senator Wayne, you are recognized to open on AM1567.

WAYNE: Thank you, colleagues. This is a simple amendment that I told Senator Groene that I will not take to a vote, but I think it's something that we should one day, maybe this year, maybe on Select File take to a vote. My amendment is very simple: it says commencing with the 2020-2021 school year, if two or more high schools from a different school district compete in one or more extracurricular activities as a single team, each school district shall participate in a completion of a study of feasibility of consolidating such school districts. And it has to be done within two years from 2021. It's a simple concept. If you can share a resource to play basketball and football, that means you can probably share administration and you can probably share teachers to make sure you provide an education. It's really, really simple concept. We have to start talking real hard and serious about school consolidation. People don't want to talk about it. But it's part of the reason our property taxes are so high in western Nebraska. I'll even throw Omaha in that conversation, we need to have a conversation about it. But the reality is, if you have two principals plus two assistant principals and two superintendents overseeing a group of 500 kids in the entire system, that is wasteful spending. We can centralized those offices, and, yes, we can do things now with technology where they can even hire teachers that maybe are from Lincoln or Omaha through virtual portals to help teach their higher-- or their classes they can't get those math or scientists who need to teach those classes. This is an amendment to raise the ugly head that nobody wants to talk about, but something we have to deal with if we're going to get serious about property taxes. And the best way for me to do it is to say if you can compete in 8-man football or you have a cheerleader or a volleyball team and you have to combine high schools to do that, then we ought to have a serious look about combining high schools or combining districts to make sure it works out for the betterment of the entire county, entire

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municipalities in that area, or better for the student. My mom is from a small town in Iowa. It used to be called Roth High School; now it's Roth Pocahontas where they had to end up merging with other surrounding communities. This is not a foreign concept. So, if nobody talks, nobody wants to get on the mike and talk about this issue during my closing, I will withdraw. But I think it's a conversation we need to start having and we need to start having it now if we're going to get serious about property tax issues. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Debate is now open on the amendment. Senator Groene.

GROENE: Thank you, Mr. President. Just reaffirm that Senator Wayne did discuss this with me in advance and he agreed he would pull it later. But it is a conversation, I agree, that needs to be heard. The Education Committee plans on doing an LR this interim on looking at administrative costs in these smaller schools and if something can be done to at least combine those costs which are very high, percentagewise, on per student in many districts. And Senator Wayne, you're being generous when you say there's 500 kids in the two combined schools. It's usually probably closer to 200 or 250 between the two schools. But communities want their identity, and their school is their identity, it's their main street. So an option I would like to look at is, if anybody knows about rural Nebraska and what cooperatives have done, has merged their management but kept the local elevator open to cut costs. I think an approach like that could be looked at for these smaller schools. And-- but that's something we'll look at this summer. But I agree with Senator-- one reminder folks, to the urban senators, when these little schools are open yet, that's not a cost to the state of Nebraska or to a citizen of urban Nebraska because those local taxpayers fund that high cost for those students through their property taxes. And we'll be debating a bill later that tries to address some of that, at least the fairness in the state end of this issue. But if you really want property taxes, as Senator Wayne said, in some of the areas, consolidation of some of the services needs to be looked at and, therefore, they can keep their gym open but they can cut their cost per student. I appreciate Senator Wayne bringing this issue forward and his way of looking at it is a good point to look at it. If you can't even come up with five kids to play basketball, you got an awfully big building there. Thank you.

FOLEY: Thank you, Senator Groene. Continuing discussion, Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor; and good morning. This is an amendment Senator Wayne didn't talk to me about, it doesn't make any difference. It makes sense. Senator Wayne, we have several of those districts doing those kind of things in the west. And I don't know whether you have that in Omaha or not. But Senator Groene alluded to some of that, is the fact that people have their identity in their school and they're not willing to consolidate or consider that. But Senator Groene also commented if you want to lower your property tax, that's one way you can do that. But we continue to have discussions about property tax, but sometimes we're not

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willing to address some of the reasons why taxes are so high. So Senator Wayne, I appreciate the fact that you brought this this morning and we can have that discussion. We have in our counties out there, we have several school districts in each county and it may be a time for us to talk about one district, one county. We have had discussions about consolidations before, but in many of those areas, Senator Wayne, the school is all that's left in the town. And so it's a difficult decision for the taxpayers to make, difficult decision for the parents to make to consolidate, and they very well may have a different location for their school. So those are issues that need to be talked about. I do appreciate you bringing that. I think it's a discussion that we need to have this summer, and I appreciate Senator Groene going to address that. So, this is something we need to consider. And in the west, it is probably more prevalent than it is in Omaha and Lincoln because you're growing in population and we're losing. That's just the way it is. But anyway, those are my thoughts this morning. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Friesen.

FRIESEN: Thank you, Mr. President. Thank you, Senator Wayne, for bringing this amendment. I do stand in support of this. I think there does need to be some consolidation done in the rural districts, but I think what we want to keep remembering is right now that cost is being borne by the local taxpayer and not by the-- any state aid from the state of Nebraska. But I do think that they do need to look at that and there are cases could be made for consolidation. But I think we need to be careful when we do this, if we-- what I call smart consolidation, we need to look at the cost benefit ratio and see once where it makes sense and where it don't. A lot of these small rural communities, the school may be the base thing that holds all the businesses together there. We need to study that. If you're going to do more economic damage to a community than it costs, I think we need to be careful and we'll maybe hurry up that flight from the rural areas back to the east and to the urban areas if we damage those small local communities in a way that they can't recover. But there are definitely places where we can consolidate superintendents; they could easily manage multiple school districts and we could save, I think, a few dollars there. It makes sense. We have a lot of small schools across the districts, but again, there's transportation issues. You know, you don't want a kid having to go 35-40 miles one way to reach a school. The travel and bus times need to be looked at. And there is a sparsity factor in the TEEOSA formula currently, but we just-- we don't use it. It's there, it's been in place for a lot of years, and I think it's something that we need to look at and study it over the summer and then I think there do need to be some consolidations made. And one thing I'll say, is that for us to expect that the local school boards are going to make this decision, I don't think so. I think that is one area where the state has to step forward and actually take a hand in making this happen. These are tough issues at the local level. They're not easy decisions to make. There have been voluntary consolidations in the past and there have been mergers. There have been some things done, but there's another round, I think, that probably needs to happen in the near future if we're going to have property tax relief. With that, I thank you, Mr. President.

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FOLEY: Thank you, Senator Friesen. Senator Linehan.

LINEHAN: Thank you, Mr. President. I agree that we need to study this issue over the interim as far as consolidation. I do want to just caution people that it's not, maybe, as many schools out there as some of us who live east of here would think that need to consolidate. There are some, yes. But we have 27 counties in the state of Nebraska, so that's almost a third, who already only have one school in the county. That's one school in their whole county. So a lot of rural Nebraska has already addressed this. And it's pretty difficult when you've got schools setting side by side with very different levies to ask those people, my hometown, Lewiston, Nebraska, small school, maybe it should consolidate with other schools, but their levy is half of all the schools around them. So until we fix that problem, the property tax problem in these rural areas, you're going to have great difficulty forcing mergers or consolidation. The other reason I'm up here today is I am on the Education Committee and I have great respect for Senator Groene and Senator Stinner, but I am not overly thrilled about LB675. Hopefully, if we pass-- if we make progress this afternoon, we won't need LB675. But what we're doing here in LB675 is the same thing we do every year in the Legislature, or almost every year, we adjust our school funding to fit our budget instead of keeping our promise that we're going to fund TEEOSA. So what LB675 does is moves the LER up, which automatically pushes more funding back on the property taxpayers. So I'm going to support this, but I'm going to hope we don't need it, because this is why we have so many schools who are saying they can't trust us. So, with that, thank you, Mr. President.

FOLEY: Thank you, Senator Linehan. Senator Clements.

CLEMENTS: Thank you, Mr. President. Would Senator Wayne yield to a question?

FOLEY: Senator Wayne, would you yield, please?

WAYNE: Yes.

CLEMENTS: I had a question about merging two school districts, does it take a vote of the people or just the school boards?

WAYNE: Well, this wouldn't be an actual merger. What they would do is do a feasibility study to determine what they can and can't merge and if they should merge.

CLEMENTS: Yeah, I meant if it comes to that, if a merger happens, what does-- I know that this bill doesn't require it and I like the concept, but if the merger were to happen, what is the legal requirement?

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WAYNE: Well-- that can be determined by us. Senator Chambers just split OPS on the floor with an amendment. So, it could be a vote or it could be an amendment of 25, it depends, and we haven't gone that far. But I think we can talk about that and I think we can deal with that with Senator Groene's interim study on this issue to figure out how it might work.

CLEMENTS: All right, thank you. Well, I have been involved with the merger of two school districts. I'm from Elmwood and the village close to us is Murdock, and they are about six miles apart. It's a little over 25 years ago, we started cooperating in sports. They didn't have enough-- neither one had quite enough for football players, so they cooperated, and they also with basketball. And there was some expense saved, I believe one superintendent was dropped and maybe one principal. But what I found, it wasn't really a property tax relief because two D-1 schools suddenly became one C-2 class school and the salary array that the teachers were compared to moved up to a higher size school and so the payroll increased enough to almost use up the property tax savings. But it did give the combined school district more academic options. They've had more class offerings such as foreign language, and it's been giving, I think, the students a better academic options, better education, but wasn't a large decrease in savings in property tax, a little bit. But you do need to be aware that when you merge schools, they could go into another salary array where the benefits and the salary increases do use up quite a bit of it. And with that I'll yield my time to the Chair. Thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Senator Briese.

BRIESE: Thank you, Mr. President; good morning, colleagues. AM1567 is kind of out of the blue this morning. But if I was Senator Wayne, I wouldn't withdraw it just yet. Property taxes in Nebraska are driven by educational-- education spending. We spend roughly 60 percent of our property taxes on funding K-12 education. And what about K-12 costs? If you look at U.S. Census Bureau data, we spend roughly \$2,000 more per student than the average of five of the six surrounding states. If you multiply \$2,000 a kid by 300,000 students, I believe that's \$600 million. If we spent what five of the six surrounding states spent per student, it would seem to me that we would have roughly a \$600 million savings in educational costs. If you want to talk about the reasons why we spend more per student, you know, we can point to several things, but that's probably a discussion better left for another day. But I do note that Census Bureau data suggests that we probably spend about \$145 more per student on superintendent cost, if I'm reading the data correctly. And if that's true, multiply that times 300,000 kids and that's \$45 million right there. And can encouraging economies of scale help? I think it can. I appreciate Senator Clements' comments there. Consolidation isn't a sure-fire ticket to saving dollars, but in a lot of instances, economies of scale could help us with this issue. As I understand the amendment, I need to look at it first, we're not talking about forcing anybody to consolidate, we're just talking-- telling them, you take a good hard look at it, do a feasibility study. And so I applaud Senator Wayne's intent here; I applaud his effort here. And I'm certainly not opposed to

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this idea and I would suggest we leave it on the table and maybe move it forward. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. Thinking out of the box, that's what Senator Wayne does best. And that's where this comes from. I think we need to think out of the box from time to time. If Senator Wayne would answer a question or two.

FOLEY: Senator Wayne, would you yield, please?

WAYNE: Yes.

LOWE: Thank you, Senator Wayne. Kearney High and Kearney Catholic combined some of their sports. They combined baseball and now that Kearney High has a swimming pool, they combined swimming. How would this affect a private and a public school?

WAYNE: Well, I didn't know any school did that. So we would have to add some language to clarify that it's for public institutions. I didn't know-- in our district, we don't combine with private schools. So we would have to add some language to make sure that it's only applying to public schools because we can't dictate to private schools what they want to do.

LOWE: Thank you, I appreciate that. That was a concern of mine. And my sons played hockey and Kearney has the only rink out in western Nebraska. And so kids would come from Cozad, they'd come from Grand Island, from Hastings, from down by the border near Kansas. Some of the schools would offer-- would treat it as a sport and some would not. So I mean, that spans many counties, many miles and everything else. That's just something else I think we might need to take a look at where the facilities are few and far between.

WAYNE: To answer that, I think the simple answer is, they could still do a study saying that we only do hockey and another one and it's not feasible to merge if they are public schools. But I'm open to anything. And again, I am going to withdraw this this year, I'm not going to highjack or add an amendment without getting the blessing of the introducer, that's not-- I'm not that aggressive yet.

LOWE: I appreciate it. And I appreciate your thinking out of the box. You know, when Lincoln and Omaha come to us and say we need to consolidate our rural schools because the cost per child is high, I'd like to see them try to send, if you're a parent in Omaha, to send their kids to

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school in Lincoln, because that's the distance that some of our parents have to transport their kids. That's a long distance. And there aren't many kids out in that area and that's why the cost of education is high in the rural area. We're a great state with many miles and few people. And I think we're doing a pretty good job of educating the children that we have the way we are. We can always save in costs somehow. But to consolidate when we're thinking Omaha terms where our kids walk to school. And you consolidate a school out in western Nebraska, well, now instead of driving 20 miles in the morning, long before school starts, and it may be longer, the time may be more than that because of bad road conditions or winter weather, and now you're asking them to drive 40 miles instead of 20. That's tough on families. So, I think we need to think twice about consolidation. I am all for consolidation; I am all for distance learning through the Internet, it seems to be working well in colleges.

FOLEY: One minute.

LOWE: Thank you, Mr. President. A lot of students, I know at UNK campus, they rarely leave their dorm rooms. They don't go into their classroom but once or twice a year just to check with the instructor because distance learning is becoming so well done. Thank you, Mr. President.

FOLEY: Thank you, Senator Lowe. Senator Halloran.

HALLORAN: Thank you, Mr. President and colleagues. I want to applaud Senator Wayne for bringing this discussion to us briefly. I'm not going to take a lot of time here. But we should always be looking for efficiencies in education. This particular discussion centered around K-12, but we'll soon be getting into the budget with the large budget item for the University of Nebraska. So I think at some point in time, interim study, possibly we should be looking at the possibility of maybe some efficiencies gained by merging administration at the University of Nebraska. We have four locations: University of Nebraska-Kearney, Omaha, UNMC, and Lincoln. And each location for the university has the same hierarchy of chancellor, subchancellors, administrative staff, hugely expensive administration, but we quadruple it for one university system. So, I'm just going to throw this out. I don't want to create a conversation on it right here right now, but it's something to think about as we move into the budget process that we could save a lot of money if the university would look at consolidating its administration. Thank you, Mr. President.

FOLEY: Thank you, Senator Halloran. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. Senator Halloran, what a novel thought, the university merging, huh. Senator Wayne, you're sure getting a lot of love out of this bill. You knew that, right? So, Senator, would you yield to a question?

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FOLEY: Senator Wayne, would you yield, please?

WAYNE: Yes.

ERDMAN: So, if I understand what you're saying is you're not asking to force these people to do anything. You're asking them to have a study to understand what they can do together to make it more efficient for their school, is that correct?

WAYNE: Correct. Correct.

ERDMAN: I don't see anything wrong with doing that. I think we need to have that discussion straight and forthright to talk about what it is we do and look at the overall picture of why do we have to consolidate to do sports is because we don't have enough students. So I think this is a great discussion to have, and it will be up to the local voters what they would like to do. Would you agree?

WAYNE: Yes.

ERDMAN: OK. Senator Clements made a comment or had a question about how does consolidation happen? Just share this briefly, back in the late 70s, early 80s, I became president of our local Class 1 school. We were a one-room schoolhouse with 36 students. Couldn't find a teacher that wanted to teach in the country to be the principal, the teacher, and everything on eight grades. So we decided it would be best if we would consolidate. And first we did a contract with another district to educate our children for two years and then we consolidated. And, Senator Clements, it was a vote of the people and the people voted to consolidate; that's how that happened. So, it was local control, local decision. So I appreciate this morning, Senator Groene allowing Senator Wayne to attach this amendment for whatever reason. I think this is a discussion for another day, but I do appreciate having a discussion about what we do and analyzing why we do it. Senator Lowe made good sense when he said some people drive 20 miles already, we don't need to make them drive 40. I think, Senator Lowe, that would be up to the local voters to decide that. But I think the discussion is what we can do more efficiently is very important and distance learning is a very important tool that we can use. And so I'll be looking forward to discussion on this issue in the future. Thank you.

FOLEY: Thank you, Senator Erdman. I see no further discussion on AM1567. Senator Wayne, you are recognized to close on the amendment.

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WAYNE: Thank you. And this was-- let me be clear, I had a bill, LB1088, I brought this amendment on my bill. There was a public hearing on it, however, I am not in a position that I feel like I need to attach something to a bill that needs to be a clean bill and needs to be passed. But I wanted to raise this issue because it is an issue not just in western Nebraska. And to give you an idea of where consolidation probably can occur, because I've studied this for over six years now, is if you look at the bottom of Dundee County in Senator Hughes's district and you go all the way to Dakota County in Senator Albrecht's district and you go east, that's where this consolidation is going to occur, east of that line, diagonal line across our state. Because west of there, to Senator Lowe's point, geographically it just makes it almost impossible to occur. I know where Senator Brewer is, there is just hours between school districts, and some of them share athletics. They only practice two or three times a week or maybe on the weekend, but we need to have this bigger conversation. And don't forget, I'm not escaping Omaha's role in this. So I was a part of the first Learning Community where I served with Senator Chambers and Senator Kolowski because of the one city, one school district issue in Omaha. And to this day, I still have a hard time understanding how we can drive through one part of OPS through Westside and back to OPS. And I know historically why that was done in 1947 by this body to create a district that if you look at their covenants and property deeds at the time would not allow African Americans to move into that area. So I know why this body created a special school district. But outside of that, we need to have an overall conversation about what schools look like. How do they work? And there are going to be areas that we cannot consolidate. But we have to have that big conversation. And so, today I asked Senator Groene to take about half an hour, we went a little bit over that, but I think it's a good conversation that we need to have. I look forward to being part of this interim study. But we need to look across the entire state of how we can improve the efficiencies of our school district, not just western Nebraska, but also eastern Nebraska, and have these tough conversations. I know what it means to have your local gym when I go and visit Roth, Iowa, and the pride of them going to state in their local gym and their small gym. But the feasibility of that today in 2019 just doesn't make sense. So now they go 15 minutes away and cheer on Pocahontas, which is their area school district, and it works. The community is still engaged, everybody is still engaged, and it works. But it does take a culture shift. And I'm glad today we started that conversation. And with that, Mr. President, I would like to withdraw my motion.

FOLEY: AM1567 is withdraw. Is there any other discussion on LB675? I see none. Senator Groene, you are recognized to close on the advance of the bill.

GROENE: Thank you. Like I said, it's just a clean-up bill and it amended into it the Education Committee's working relationship with the Appropriations Committee. And I agree with Senator Wayne, it's a good topic he brought in, and the little bit of debate about it didn't hurt. But we are going to look at something about the cost in smaller districts and especially in the management end of it this summer. And I appreciate the comment about it's not just western Nebraska. Some

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time, folks, take a look at the size of Ralston and the land mass and see how well it sits next to Westside or a couple of other districts. Consolidation and cost savings can happen in some of the mid-size to larger districts also. But something we're going to look at. But please vote green on LB675 and let's relieve the stress of the Speaker as we get back on schedule. Thank you.

FOLEY: Thank you, Senator Groene. Question for the body is the advance of LB675 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 40 ayes, 0 nays on the advancement of LB675.

FOLEY: LB675 advances. Senator Walz, for what purpose do you rise?

WALZ: Point of personal privilege, please.

FOLEY: Please proceed.

WALZ: Thank you so much. Well, this is good timing, talking about education. I wanted to talk a little bit about teachers. And I, like many of you, I'm sure, had so many great memories of my teachers. I spent K-5 in a three-room country school. I'm not that old, but I did spend time in a country school. And my kindergarten class was in the basement of the school. My kindergarten teacher, her name was Mrs. Reiersen. And she was beautiful lady, kind, she just had a sense of peace about her. She taught me-- or she taught reading from the Dick, Jane, and Sally series, and don't forget Spot. And her husband, just a nice little memory, also owned the Dairy Queen store. So, I'll never forget that on Valentine's Day she would bring us Dilly Bars. In fourth grade, I had a teacher named Mrs. Mueller, who stayed with me every single day after school for probably 45 days until I had my multiplication tables memorized. In fifth grade, I had a teacher named Mrs. Jetter. She was one of my favorite story tellers. And I'll never forget the story she read to us every day after noon recess called "Where the Red Fern Grows." And it's a story about a boy and his dogs. And I'll never forget, every student had tears in their eyes by the time she was done reading that story. Another teacher, Mr. Roar, this is a time when our country school closed and we had to move into-- or we had to be bused to the city, was an awesome teacher. Moving into a larger elementary school is difficult, but he was great. He made sure that we were all-- all felt included. And he had the best art projects and he used to play Bill Cosby albums as we had our art class. The point of this is that we've all had really, really good teachers. And today is National Teacher Appreciation Day. It's a day for honoring teachers and recognizing the lasting contributions they have made in our lives. Teachers play a critical role in educating and shaping our children's lives. They are kind, patient, hard working, dedicated, and understanding professionals. We entrust our children with teachers every day, and teachers affect their lives

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every single day. So with that, I just want to recognize National Teacher Appreciation Day and I would like to remind you to thank a teacher. Thank you, Mr. President.

FOLEY: Thank you, Senator Walz. Items for the record, please.

CLERK: Mr. President, your Committee on Appropriations reports LB642 to General File with amendments attached. I have reference reports regarding certain gubernatorial appointees in referral of LR104. Two study resolutions by the Urban Affairs Committee. And an amendment to be printed by Senator Lathrop to LB519.

Senator Brandt would move to recess the body until 1:30.

FOLEY: Members, you heard the motion to recess. Those in favor say aye. Those opposed say nay. We are in recess.

RECESS

SCHEER: Good afternoon, ladies and gentlemen. Welcome to George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: I have a quorum present, Mr. President.

SCHEER: Thank you. Do you have any items for the record?

CLERK: I have nothing at this time, Mr. President.

SCHEER: (Visitors introduced.) Thank you, Mr. Clerk. We'll proceed to the first item on this afternoon's agenda.

CLERK: Mr. President, LB289 was a bill introduced by Senator Linehan. (Read title.) The bill was introduced on January 15; at that time referred to the Revenue Committee, advanced to General File. There are committee amendments pending, Mr. President.

SCHEER: Thank you, Mr. Clerk. Senator Linehan, you are welcome to open on LB289.

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LINEHAN: Thank you, Mr. President; and good afternoon, colleagues. First today, I would like to thank everybody here, and some who might not quite be here yet, special thanks to the Revenue Committee members who have works tirelessly on this bill through multiple executive sessions. I want to thank the Education Committee and the Chairman Groene for helping us work with the Department of Ed through dozens, if not hundreds, of different ideas. And finally, I want to thank the Revenue Committee Chairman, Senator Kolterman, for helping us put together a proposal that actually helped the largest school district in the state address their \$750 million shortfall in their retirement. So thank you all. Today I am introducing AM1572 to LB289. LB289 modernizes Nebraska's revenue structure moving Nebraska away from property taxes to a modern tax code. Every economist or tax group advises that fair tax policy is broad based. LB289 broadens the base and reduces public K-12 education's reliance on property tax dollars. LB289 provides property tax relief for every property owner, homeowners, commercial property owners, and agricultural producers. LB289 significantly increases state aid to public schools. Currently there are 166 school districts that receive little funding through the state aid formula. This is a matter of fairness. Is it fair, I would ask each of you to think about this, is it fair that some students in Nebraska have at least 50, some up to 66 percent of their education funding provided by the state of Nebraska, while others receive as little as 10 percent? Under LB289, every school, every school will receive at least 33 1/3 percent of their funding from the state. High-need schools: Omaha, Lincoln, Grand Island, Hastings, will all still receive equalization aid. LB289 does not change the formula needs in TEEOSA; money will still be provided for poverty, for English language learners, not the formulas did not change on the needs side. Special education, which is a concern for many school districts and for us here in this body, still remains outside of this formula. This does nothing-- LB289 does not disrupt special ed funding. AM1572 is the Revenue Committee's proposal for providing meaningful tax relief. It is also the proposal for providing meaningful state aid to schools. It is not a tax increase for new spending. It is a proposal for rebalancing the three-legged stool that is the foundation of our revenue system. I want to give an overall view but with some specific details. The proposal has three main components. The first component, which I just mentioned, is rebalancing the three-legged stool. We do this by broadening our state sales tax base and adding nearly 20 services and removing a few exemptions. We raise the state sales tax by .5 of a percent. This rate increase still keeps us competitive with our neighboring states. We increase the cigarette tax by 36 cents a pack. This keeps Nebraska competitive with every state surrounding us except Missouri. We increase the documentary stamp from \$2.25 to \$3.25 per \$1,000 of value. We repeal the personal property tax credit which generates \$14 million. This additional revenue does not go towards new spending. It goes toward providing property tax relief by providing state aid for all of Nebraska's schools, not just a third of Nebraska's schools. The second component is property tax reduction which is accomplished by maintaining a minimum of \$115 million in the Property Tax Credit Fund to continue that direct property tax relief to property taxpayers, reducing the valuation for all real property within the TEEOSA formula, or the Tax Equity in Educational Opportunities Support Act. That means residential, commercial, and industrial property drops

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from 100 percent to 90 percent of its market value and ag drops from 75 percent to 65 percent of its market value. There's actually a little wiggle room there, it's actually 62 to 65 and 86 to 90 percent 'cause you can't always be exact. This is a change from the original amendment that was the subject of the hearing that the Revenue Committee, Education Committee, and the Retirement Committee held jointly that went on for several hours and there were many concerns brought by the cities and counties. So, we have moved the valuation adjustments just inside TEEOSA. It will hold harmless cities, counties, and other local governments. The third component is a reduction in the statutory maximum rate for school districts and modifications to TEEOSA. This will generate a significant increase in state aid to K-12 education. When implemented, Nebraska would move from 47th in the nation-- that's where we are right now, 47th in the nation in state aid to public education, we would move to 20th in the nation for funding our schools. Here are a few details with regard to the school finance component. The statutory maximum tax rates for school districts is reduced from \$1.05 to 6 cents plus the school's general fund levy per \$100 of taxable value. This reduction in General Fund tax rate will have the biggest impact on school districts who are currently-- General Fund tax rate is between 95 cents and \$1.05. The proposed reduction begins with the school fiscal year 2019-20 and each school fiscal year thereafter. The current levy exclusion for special building projects will be limited to projects commenced prior to the effective date of this act. This is a very important part of this bill. I mentioned it earlier, I'm going to mention it again. Class V school districts, of which we only have one in Nebraska, it's Omaha Public Schools, will be given the authority to levy a maximum of an additional 6 cents per \$100 of taxable valuation. The additional levy is to be used to meet the required contribution, ARC, to the Class V school employees retirement system. The averaging adjustment under the formula is repealed beginning with school year 2021. Calculation of net option funding is changed. Instead of the current statewide basic funding per formula student, it will be calculated using the statewide average General Fund property taxes per formula student. The local effort rate, or LER, which we talked about this morning, will be set at 90 cents per \$100 of valuation. An allocated income tax component of the formula resources is repealed with the certification of 2019-20 TEEOSA. Foundation aid would begin for school year 2019-20. Foundation aid per student will be the greater of the state revenue contribution per student, or 25 percent of the basic funding per formula student up to a maximum of 150 percent of state revenue. So what does that mean? In 2019-20, a school will receive the greater of \$3,474.40 per student or, if their costs are higher than that, up to 150 percent of that amount which would be \$5,211.60 per student. So, every student in Nebraska will know that they have state aid backing them up, so will their parents and teachers. This total state aid with those numbers added together do not equal 33.3 percent of their formula needs, the state will guarantee that no school in Nebraska will receive less than 33-- excuse me, 33.3 percent of its formula needs from the state.

SCHEER: Senator, you are done with your 10 minutes to open on LB289. You can continue on on AM1572.

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LINEHAN: Thank you, Mr. Speaker. Equalization aid remains in place. The basic allowable growth rate for school fiscal year '19-20 and will be 2.5 percent. For fiscal year '20-21 and each year thereafter, it will be the inflation rate certified by the tax commissioner plus growth, real growth. The calculation of budget authority for school year 2019-20 is changed. The calculation will use the basic allowable growth rate for 2018-19 and '19-20 to determine the amount of budget authority. The amount of unused budget authority is reset. For school year 2019-20, unused budget authority for the prior years may not be included. For school year fiscal '20-21 and thereafter, unused budget authority may be carried forward. I know this is a lot of information to absorb. And I, again, want to thank all of you that came Thursday afternoon and your staffs and people who came here early this morning for another briefing, and I welcome questions as we start to debate on this bill. This is hard. It's a lot to absorb. It's hard lift. It's stressful. I'm getting all those same emails everybody else is getting, maybe even more. If this was going to be easy, they would have already done it. It's hard. Again, thank you all, and especially my colleagues who have spent hours on this and Senator Groene and Senator Kolterman, and we will do our best to answer any of your questions. Thank you.

SCHEER: Thank you, Senator Linehan. (Visitors introduced.) Mr. Clerk for motions.

CLERK: Mr. President. Senator Linehan, just for purposes of-- you want to withdraw AM1381, Senator. That's right. Thank you. Mr. President, I do have amendments to the committee amendments. I also have a priority motion. Senator Chambers would move to bracket the bill until June 5, 2019.

SCHEER: Senator Chambers, you're welcome to open on your bracket motion.

CHAMBERS: Thank you. Mr. President, I'm going to withdraw this motion. It's all I can do to stand here and not pick this item up and slam it on the floor. I hear you all talk so casually when you're doing things that hurt poor people. I don't care about farmers who got plenty of money. I don't care about the big businesses. I don't care about the corporations that are going to get income tax loopholes. I'm concerned about the poor. I know that Senator Linehan is just speaking for that committee. But to so casually say you're going to raise the sales tax by a half percent and that makes Nebraska competitive with other states. What do I care about other states? I live here. The poor people I see live in this state. Is it competitive for the poor people? You all don't care about the poor because you're not poor. You don't have to go to the store and count pennies to see if you can buy the bread, to buy the milk. I'm not boasting. I have stood in grocery lines and paid for the groceries of elderly people who I see with their little coin purses trying to count and see if they got enough money. Then I come down here and listen to how casual you all are. This is not going to be a love fest, it's going to be a slug fest. This committee, of which Senator Linehan is the Chair, needs the opportunity to present their best case. But when

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the case you're presenting is cruel, heartless, and unfeeling, you still can go ahead and do it. You say increase the sales tax by half a percent. What about when you increase or you put a sales tax on hair cuts? I used to be a barber. I'd see women coming in with their little children. A hair cut is not a luxury. I have seen people who are older, their pet animals are the only companions that they have and you all say, well, let's tax the veterinarian costs for pet animals. You have no sensitivity, no feeling, and you pray every day, and that's why I am so disgusted with it and all of you all. You ought to be ashamed of yourselves. You haven't done a great work. You're going to go three hours every time and you'll get 33 vote, I imagine. But I'm not going to waste my time engaging in a discussion and a debate with people who, like the national socialists, would be approached about not gassing little Jewish children. They didn't care whether they were children; they didn't care if they were old people. They were Jews. You don't care if these people are poor. Give something to the farmers. There is a rural-urban split. I have not seen a time when the farmers showed concern for any segment of population other than their own. When there is a flood of their territory, here they come and we want to bail them out. What about the poor people who live among you? They don't live among you because you don't live where poor people are, you don't see poor people, but I do. And I'm not as poor as they are, but I'm more one of them than I am of anybody in here. You all are the enemy as far as I'm concerned. And I'm going to listen to you stand up here and beat your gums and yakety-yak about who you're going-- how you're going to solve the property tax problem. That's a whole lot of hooey, and you know it. But I'm going to watch you all fight like scorpions in a bottle. And if I see it looking like you're going to get close enough to a vote, then I'm going to come up here and offer an amendment, 'cause I'm not going to stay here. I don't want to do something that would shock you all. So when the Speaker tells me I have one minute, I'm going to take a few seconds and withdraw this motion and I'm going to go downstairs and watch you all on television while you preen, while you pose, while you put on an act. You don't care about people. We cannot even get consideration of the Medicaid expansion that the public voted for. You talk about being concerned about abortion? What about the children, Senator Albrecht, who are here right now and they cannot be sure that they will have medical coverage because they are not in the womb. They're not what the Catholic Church talks about. I am concerned about the children who are here now; the old people, the poor people, the mentally ill, and the LGBTQ community, all of those who are on the margins, who are on the underside of the garment, who are the unpeople, the ones who don't count for anything. They have to feel it's a privilege just to breath this air, this contaminated air that you all exude here every day. I listened to you all this morning on that abortion bill. It was sickening. You talk all this stuff about a woman having a second chance. What about the children who are here right now? You don't care about them do you? I know you don't. And this tax bill is going to show that you don't care. But I'm going to show you what one who does care will do. I have been nice the last few days, haven't I? And you all have gotten work done, haven't you? But I haven't forgotten a promise that I made all of you all. And as Abraham Lincoln says, and I often quote him, the promise being made must be kept. I told you that old man Joseph Kennedy told his sons don't get mad, get even. And I said I would get even.

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But the day or the hour you don't know. And you won't know until I show it to you. A half percent increase in the sales tax may mean nothing to you all. To somebody else it may be the difference between being able to get a loaf of bread and not. And you would say from your position where you can go home and gorge-- difference between a loaf of bread and not, anybody can get a loaf of bread. That is what you say because you judge by you. Well, if you've got property and can pay so much property tax on it, you don't need any tax break, sell some of that property, don't be so greedy, get rid of some of it. You don't have to leave here ever and be hungry because you don't have anything to eat. But I know people who do. And all of that posturing, all of that hypocritical praying up there, and you bring the preachers here and make them co-conspirators with you every single day, and this tax bill is going to show what you are. I already know what you are. You know what they said about Jesus? He had no need that anybody speak to him of man for he knew what was in man. I watched you all long enough to know what's in you. I watched you when you manifested cowardice. I've watched you when manifested hatred. I've watched you when you manifested treachery. I take it all in. I'm like a sponge when it comes to that. And I don't forget, and I won't get mad, I'll get even. But I'll get indignant. Your Jesus took a whip and drove some animals and the religious people out of the temple. The temple, the house of God, and Jesus took a whip and drove the hypocrites out. But see, I don't have the violent streak in me that Jesus had in him. I wouldn't take my belt off to anybody. So you're lucky I don't follow your Jesus' example, aren't you? But what I'm suggesting is that you follow those fine words that he often spoke. You feed the hungry, clothe the naked, minister to the sick, be concerned about the widows and the orphans. But you all? In this Legislature, you pray every morning, you pledge allegiance to that flag, and you all get upset with me--

SCHEER: One minute.

CHAMBERS: --because I go by what you all say you believe in and show where you're hypocrites and liars. You said one minute?

SCHEER: Yes, Senator.

CHAMBERS: All right, I said I'll take a few minutes and I withdraw a few seconds and I withdraw the motion, because unlike you all, I do keep my word. Mr. President, I would like to withdraw that motion.

SCHEER: So ordered. Thank you, Senator Chambers. Mr. Clerk.

CLERK: Mr. President, the first amendment to the committee amendment, Senator Wayne, AM1606.

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SCHEER: Senator Wayne, you are recognized to open on AM1606.

WAYNE: Thank you, Mr. President. I was counting on Senator Chambers to buy a lot more time before I got to this, so at this time I will withdrawal that initial one for felons tax credit.

SCHEER: So ordered. Mr. Clerk.

CLERK: Senator Wayne would move to amend the committee amendments with AM1605.

SCHEER: Senator Wayne, you are welcome to open on AM1605.

WAYNE: And I would like to withdraw that one as well.

SCHEER: So ordered. Mr. Clerk.

CLERK: Mr. President, Senator Hughes would move to amend the committee amendments, AM1637.

SCHEER: Senator Hughes, you are welcome to open on AM1637.

HUGHES: Thank you, Mr. President; good afternoon, colleagues. I, too, was not planning on being up quite this quickly, but that is fine. What AM1637 does is it reinstates the sales tax on admissions to zoos in the state of Nebraska who are, I believe, federally credited or something; anyway, the zoos in Omaha, Lincoln, and Scottsbluff. This bill was passed in the Legislature in 2015, my first year here, and it has been something that has bothered me ever since. Why are we giving up revenue coming into the state of Nebraska? We do have phenomenal zoos in the state, there is no question about that. And the zoo in Omaha is one of the top or one of the top two zoos annually, and it draws individuals from across the nation. That is revenue that is being generated by non-Nebraska citizens. Why are we not taking that revenue? If Senator Linehan would answer a few questions, please.

SCHEER: Senator Linehan, will you please yield?

LINEHAN: Certainly.

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HUGHES: Thank you, Senator Linehan. You and I have had this conversation for the last 10 months probably. Would you give me a little bit of insight into the committee's decision not to include putting zoos sales tax back on in the LB289 package, please?

LINEHAN: Yes. If I recall right, it was a split decision. There were people who felt strongly on both sides. It did not garner five votes. We went through, in the multiple executive sessions we had, we went through each one of these exemptions and voted on them individually, and it did not garner five votes.

HUGHES: Could you give me more specifics as why-- what the discussion was, why it was not passed?

LINEHAN: Absolutely. Thank you. There is-- there was a belief-- the reason we have the Omaha zoo, and I assume this is true of Lincoln, too, I am not as familiar with Scottsbluff, is because many people, citizens of Nebraska, have contributed large sums to build that zoo to what it is today. It is on city property, but most of the buildings, all of the exhibits are provided by private dollars. So the zoo's feeling is, and they made this clear in the hearing, that the city of Omaha gives, actually I think cash contribution to the zoo, and they feel that the state's one funding that they do for the zoo is not to have them charge sales tax on entrance fees.

HUGHES: OK.

LINEHAN: They do charge-- I'm sorry.

HUGHES: So, there are-- the city of Omaha, which is clearly benefiting majority from this, they feel that the state should be kicking in some money. And I certainly appreciate that if you can do that. But my point is, they're double dipping. Not only is the state not collecting that sales tax, I mean, we're giving them money and we're foregoing income as well.

LINEHAN: I don't know if-- I'm sorry.

HUGHES: That's fine. Let's have the debate.

LINEHAN: I don't know if I would call that double dipping. And I think it's a little shortsighted-- I mean, I'm not-- this is a very tough decision. But I think that the tourism that is generated by the zoo in Omaha probably benefits all of Nebraska, not just Omaha. I mean, any taxes from whether they're eating out at restaurants or staying in hotels, that is all sales tax

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revenue that comes to the state. So, I don't think-- I don't think there is no benefit for the state of Nebraska from the zoo.

HUGHES: But we are giving up that sales tax revenue from tourists who come through the state to visit all of the zoos. I've had contact with the administrator at the Scottsbluff zoo saying why are you not taxing the people who are coming from Wyoming and Colorado to our zoo? That just doesn't make any sense. That is the problem that I have with that. I am not opposed to giving tax breaks, but the problem I have is we have given too many. And I have brought this bill a couple of different times. In fact, a year ago I had a conversation with the Governor and he was OK with it, if I could get it passed, because his philosophy was last off, first back on because the state does need revenue. And clearly the list of sales tax exemption removal that you are proposing in LB289 certainly needs to be enhanced. And I don't know what the fiscal note is, it seems like it was \$1.2 million or something like that, it wasn't a great lot. But I'm grateful to the individuals, the philanthropists in the metropolitan areas, and in Scottsbluff, who have given money to Henry Doorly, Lincoln zoo, and the Scottsbluff zoo to build those into a tourist attraction, but how much is enough? How much can we afford? That is the bottom line. We're in the position now where we need every single dollar we can find. Senator Chambers says, you know, you rich farmers, you rich farmers. There are poor farmers out there. There are farmers who are losing their farm today. There are poor people who are going to pay more in sales tax, but there are poor people who are paying property tax. We need to generate more income. When I first came to the Legislature, I had a couple of good friends of groups that wanted me to carry sales tax exemptions for their industries. And I said I'd like to help you out, you're my friend, you helped me get elected, but I'm not going to do it. The state of Nebraska cannot continue to give away the exemptions for the state's revenue, because that does ultimately fall back on property tax. It is certainly not my intent to hold up LB289, but this is a discussion I would like to have. I know several of you have talked to me about this. And I look forward to discussion, but I certainly do not intend to derail. I would like to have a good discussion, vote it up or down and move on. Thank you, Mr. President.

SCHEER: Thank you, Senator Hughes and Linehan. Senator Briese, you are recognized.

BRIESE: Thank you, Mr. President; good afternoon, colleagues. I rise in opposition to Senator Chambers motion, but I guess he's withdrawing it, so thank you for that, Senator Chambers. As far as Senator Hughes' amendment, I'm not going to talk about that now; maybe it is a discussion for later on. But some of the-- I appreciate Senator Chambers' comments there and I'm going to address some of those comments later at a different time. But I want to talk about some other things first. It really is decision time for this body. We have to decide whether we're going to stand with Nebraskans demanding and deserving property tax relief, or are we going to stand in the way? We're all going to have to decide for ourselves what we're going to do. But I am in full support of this proposal and I will tell you why. And for me it's about the policy. And this

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proposal represents good, long-term policy. And why do I say that? We have a property tax crisis in this state. We have the third highest agriculture property taxes in the country making our ag producers less competitive with our neighbors. We have the fourth highest residential property taxes in the nation adding to housing costs and forcing some our young residents out of the housing market. Property taxes are choking off economic growth across our state. It is a crisis caused by our over-reliance on property taxes to fund local government, in particular K-12 education. And this over-reliance on property taxes to fund K-12 education is borne out by U.S. Census Bureau data that shows us somewhere 46th, 47th, 48th, 49th in the country on state support in the percentage of state support of K-12 education. That same data shows our neighbors funding K-12 education at a significantly higher level at the state level. So if we're going to address the property tax crisis in this state, we must pick up a greater share of the cost of public education. And that's what this bill does; it injects additional dollars into K-12 education and it provides a formula that really should grow the percentage of education cost funded by the state. It does this by capping tax asking growth to 2.5 percent or inflation, whichever is lower. At the same time, it increases a foundation aid component at what should be based on a historical data, 4.8 percent; time will tell if that 4.8 percent revenue growth in our state bears out, but historically that's what it's been, 4.7, 4.8 percent, and we will hope it continues on at that rate. And a state support through foundation aid ramps up while at the same time a limiting tax asking growth, I believe, that is a formula that will serve to further reduce our reliance on property taxes going forward. It is a good path forward. No, this is not a tax increase. We're raising revenue to offset property taxes. This is classic revenue neutral tax reform. And if you're really serious about property tax relief, you have to ask yourself, how else are you going to do it? And I think the answer is, you aren't. There is really no other responsible way of delivering immediate and substantial property tax relief aside from accessing new revenue sources. And contrary to what some of the lobbyists out in the Rotunda are going to tell you, we are not going to choke off education in this state. You don't want to do that, I don't want to do that. And we are not doing to that LB289. We're limiting property tax asking to a reasonable rate of growth. And if survey Nebraskans and ask them if property taxes increases should be limited to inflation, I think the support for that proposal would be off the charts. And that cap, that cap can be overcome by a vote of the people if needed. And as for the budget limitations, limiting the base limitation to CPI, that's not a substantial change. I believe for '17-18 and '18-19 the base limitation was limited to 1.5 percent anyway.

SCHEER: One minute.

BRIESE: That could actually be a slight increase in that. One minute?

SCHEER: Yes, Senator.

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BRIESE: Thank you. And all the while we're increasing foundation aid. And the revenue components of this bill are reasonable. Our sales tax rate will remain near the middle of the pack. And what about the sales tax exemptions and exclusions? This sales tax base expansion represents good policy. And why is that? What we target here are almost exclusively services, and why services? Because we are becoming a service-based economy. When sales tax were first adopted across the country, we were, essentially, a goods-based economy. It's flipped now, we're a service predominant economy. And because of that shift, our sales tax base has shrunk over the decades. Taxing more services really is a needed modernization of our sales tax base. And the ideal sales tax is a one-time tax on a retail consumer transaction. And that's what we are targeting here, predominantly consumer transactions doing our best to avoid business expenses.

SCHEER: Time, Senator.

BRIESE: Thank you, Mr. President.

SCHEER: Thank you, Senator Briese. Those waiting to speak: Senator Bolz, Friesen, Kolterman and Groene. Senator Bolz, you are recognized.

BOLZ: Thank you, Mr. President. I want to start by saying I appreciate the hard work of the Revenue Committee. My first summer as a state senator, I served on the Tax Modernization Committee, and I agree that property tax relief is needed in this state. So that's the place I start. However, at the same time, I represent District 29. And District 29 is served by Lincoln Public Schools. So it is my responsibility on this floor to think about my constituency and my district and how this proposal would impact my public schools. And so I have reviewed the bill. I have talked to my public schools and I have some concerns about what the impact of this bill will be on LPS, specifically, I think that the changes in the maximum levy will result in a significant decrease in funding for Lincoln Public Schools. I'm told that that will be estimated at a loss of \$16 million from current law, or \$3 million from the current year. And then also, the other concern is that we are changing the allowances for things like special education, English as a second language, and children in poverty. And that will have a disproportionate impact on districts like mine, like Lincoln Public Schools. So because this is a complicated bill and because I know that the Revenue Committee has done a lot of heavy lifting on this, I would wonder if Senator Groene would yield to a few questions, just so that I'm clear of my understanding of the intention of AM1572.

SCHEER: Senator Groene, will you please yield?

GROENE: Yes.

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BOLZ: Thank you, Senator Groene, I appreciate that. So, it's my understanding that this bill with the amendment proposes changes to the maximum levy calculation for school districts from the current \$1.05 to a floating levy, or a changing levy, based on the local formula plus six cents, is that right?

GROENE: Yes.

BOLZ: OK, good.

GROENE: Do you want me to explain it?

BOLZ: Sure, go ahead.

GROENE: There are two components there. There is the General Fund levy which will go from a dollar to 90 cents. And then there's-- it was historically was 5 cents additional discretionary spending that will go to 6 cents. And actually because we went to five to six and we're not changing the valuations outside of the TEEOSA formula, LPS will actually pick up about \$2 million in new revenue opportunity they do not lose, they actually pick it up. When we-- and to claim-- to clarify, when you say \$16 million, they might lose the ability to raise property taxes by that amount, but the state makes up the difference, so there is no net loss.

BOLZ: OK. The information that I have from Lincoln Public Schools is different from that position, and I would be happy to--

GROENE: I would like to see it.

BOLZ: I was just going to offer that, Senator Groene. I would be happy to share the spreadsheet that they shared with me. If there is a problem within the calculation, I think that's certainly something we need to talk about. But the information that is in front of me is that the impact will be from the formula a negative 16, from current law negative 3. And then you got at this a little bit, but you were referencing how the budgets working right now have an adjusted valuation. I won't go through the formula on the mike, but really we're trying to decrease the access to valuation for growth. That is part of what we're trying to control here. Is that right? Is that a fair understanding?

GROENE: To be honest, the only way we can get property tax relief through the TEEOSA formula is to limit the property tax asking ability of the school districts and to make a promise within the legislation that the state will pay the difference. And therein lies the reason for the

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sales tax increase, we must raise revenues to offset the loss of local property tax asking from the local school districts.

SCHEER: One minute.

BOLZ: And I think that is part of what I am struggling with which is if we're trying to move from 47th to 20th in the nation in terms of investing in public education, but the larger public school district are at a loss, I am not sure how that makes sense, especially when about two-thirds of the kids in our schools live in those 19 school districts with the high needs, the lower access to valuation, and the higher population. I want to get it on the mike, just a minute, another concern, and maybe we'll have another opportunity for an exchange, but I think that the strategy of having the basic funding in the schools' cost minus the allowances that represent the cost of educating kids in poverty, children with special needs, English language learners, and a few others, that is of great concern to me because I'm afraid that in school districts serving high populations of kids fitting those categories will actually not be able to access the same amount of resources.

SCHEER: Time, Senator.

BOLZ: Thank you, Mr. President.

SCHEER: Thank you, Senator Bolz and Senator Groene. Senator Friesen, you are recognized.

FRIESEN: Thank you, Mr. President. As most of you know, I did not vote to advance this bill out of committee. I was one of those that was abstaining. I now will rise in support of LB289 and the amendments. I am disappointed in the committee's lack of ability to look at other options. I think there were others. But this does give us a path forward. But again, if you'll look at the handouts that I've put on your desks, you look at the residential property tax increases that have occurred over the last 10 years, from 2007 to 2017, and you will see they average about 13.3 percent. If you look on the next page, you will look at ag land valuations and the taxes levied over those same 10 years have gone up 149 percent. And this bill does very little to address that increase. But it does bring new money to education. It does change our path on funding schools with other revenue than property taxes. It provides property tax relief across all areas of the state. I'm just saying it doesn't roll back any of the huge increases that we saw in ag land. And that still concerns me and I will continue to work on changing-- getting some of that back. Overall, I mean, we looked at numerous things; I supported all of the different exemptions that we took. This bill needs to be funded and it needs to be fully funded. We look at the-- what it accomplishes. I think it does stop the push on property taxes down the road. But it will still be dependent on the legislatures to make sure that that happens, because we cannot tie the hands of

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future legislatures, we all know that. But again, it raises a lot of revenue; but when you look at the bill though, it raises about \$372 million in new revenue. What it does is repurpose part of the Property Tax Credit Relief Fund which diminishes the ability to lower property taxes and so I think if you do the calculations, it's probably about 9 percent reduction in property taxes across the state. When you repurpose the Property Tax Credit Relief Fund, you hurt some of the small rural schools who have benefited from that Property Tax Credit Relief Fund. My goal, it has always been to maintain that Property Tax Credit Fund at \$224 million, or find a way to roll it into a program that would help with funding schools. I'm not saying that the Property Tax Credit Relief Fund has to stay, but I have to find a method to make sure that those school districts that benefited from that tax relief would benefit in the new formula, and so far that doesn't happen. The 33.3 percent basic need funding, it does address some of those issues and it helps with that, but it doesn't provide the property tax relief that some of those ag landowners have seen increases in those areas. So overall, I mean, the committee has worked hard, we've spent a lot of time arguing over this and I will say that Senator Linehan and Senator Groene have made many changes to it over the period of time that we have worked on it. So at this point, I will support it. I know there's going to be some other concerns yet from people, but we've got to look at the overall picture and how we are changing the fundamental changes in how we fund schools. And this does do that. Now where you want to find the revenue, I know Senator Chambers is upset with the sales tax increase, but when you look at the number of exemptions we took, I think we touched pretty well every--

SCHEER: One minute.

FRIESEN: --thing that had been a-- held at a hearing. Now, over the summer, if we want to look at all the exemptions that are out there, I think there's more to be found. I do think we can find some more sales tax exemptions and look at those, staying away from business inputs, and we can modernize our tax code and maybe even lower the rate if we could look at all those exemptions. So I think there's more work to do, is finding revenue, but I do think the bill does address property tax relief across the state; it does bring \$372 million in new funding to our schools, and so that's a good start towards property tax relief. Thank you, Mr. President.

SCHEER: Thank you, Senator Friesen. Senator Kolterman, you are recognized.

KOLTERMAN: Thank you, Mr. President. Colleagues, I rise to talk about-- give a few-- four comments about the retirement provisions of the committee AM1572 to LB289. But before I do that, I wish you'd all figure out who I am. Last week I was confused as Senator Wayne; I've been confused since I got here for Senator Scheer. And now today, Senator Linehan promoted me to Chair of Revenue. I just want you to know I'm not after that job. I like what I am doing in Retirement. Having said that, though, as you know, the Retirement Committee participated in the

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April 24, 2019, hearing on this proposed package of amendments. For the past five years or so, the Retirement Committee has been working closely with OPS to address the funding needs for the Omaha School Employees Retirement System, otherwise known as OSERS. Due to the Great Recession, poor investment decisions following the recession, and failure of OPS to make all their required-- actuarially required contribution payments since 2008, the OSERS retirement plan funding level has dropped from 89 percent in 2007 to its current lowest funding level of 63 percent. And its unfunded liability has risen to over \$800 million according to the just released actuarial valuation report. In fact, we just got that report Friday. In the past several years, the committee has introduced and the Legislature has passed language that requires OPS to pay the full ARC payment in the amount noted by the actuary. Last year's ARC payment was \$18.9 million and required considerable budget cuts, including staffing and program changes for OPS. We've been working with OPS to try and help them find tools to address their funding needs without harming the educational needs of the children in the OPS system. In putting together the amendment to LB289, Senator Groene devised a method to give the OPS a resource that would be earmarked towards payment of the district's actuarially required contribution on an annual basis. Provisions specific to this language are found in Sections 18, 25, 26, and 27 of AM1572. These provisions grant a Class V school the authority to level up to 6 cents for the sole purpose of dedicating the revenue towards payment of the Class V districts' ARC payments to the retirement system. Currently, OPS is the only Class V school district and the only district with its own separate retirement system. It is estimated that 1 cent generates approximately \$2.1 million to \$2.2 on an annual basis in revenue. Under the provisions of AM1572, payments from the levy must be transmitted monthly by OPS to the OSERS retirement system. The levy authority terminates when the funded ratio of the actuarial value of the assets and the market value of the assets for the retirement plan are both equal to or greater than 80 percent in three planned consecutive years as reported by the valuation report prepared by the actuary. The Board of Education must notify the Class V retirement system board of trustees in writing on or before December 31 of each year of the amount of levy it intends-- amount of levy it intends to levy. I believe this gives OPS a resource it needs to help address the ARC payments--

SCHEER: One minute.

KOLTERMAN: --which are projected to increase each year for the next 30 years. The language as drafted as "may," so OPS is authorized to determine if it will utilize the resources, and if so, whether or not the district will levy the full 6 cents authorized by the amendment. According to the most recent draft actuary valuation report, the projected ARC for the current plan year in 2019 is under \$20 million. The final valuation report will be released some time next month which will include projected ARCs for the next five years. If you have questions, I would be glad to try and answer those. But I fully support what we're doing here and think that this could be very helpful to Omaha Public Schools as we move forward. Thank you very much.

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SCHEER: Thank you, Senator Kolterman. Those waiting in the queue: Senators Groene, Hughes, Murman, Slama. Senator Groene, you're recognized.

GROENE: Thank you, Mr. President. When I decided to come down to Lincoln, one of the main reasons was to address the over-reliance on property taxes and how in the funding of our government services in Nebraska. The burdensome property taxes are harming our agricultural economy. High property taxes are the reason why home ownership is out of reach for young, middle class families and why we keep addressing the work force housing shortage. It's not that we have a housing shortage, it's the affordability of that housing. High property taxes are driving retirees out of the state for retirement in less expensive states. High property taxes are harming Nebraska's future and needs to be addressed now. Every time we have studied this issue, we've had-- I took part in two of them since I have been here; let's say one of them, Senator Sullivan ran one, Senator Hadley ran one two years prior to that and I testified at it as a citizen. And the problem is always narrowed down to how we fund our schools and too much over reliance on property taxes. And today we have an opportunity to address that. I did not come down here to raise taxes. And I truly believe that LB289 does not raise our overall tax burden. Rather, it creates fairness in our tax policy, which for a long time has needed to be done. When I was elected, I actively sought a position on the Education Committee because I understood that's where the answer to property tax relief laid in how we fund our schools. I was asked why wouldn't you run for Revenue; why wouldn't you run for Transportation; why wouldn't you run for Agriculture? I'm a numbers guy. I ran for Chairman of the Education Committee for this moment in time. I've studied, I've analyzed, I've worked with many people on the TEEOSA formula. I believe I understand it and how it needed to be addressed. Ten senators met this interim who had previously introduced some type of TEEOSA numbers. This bill reflects that joint effort. This bill reflects the inputs of the ag community through changes. It is a well put together bill. It puts into place something that should have been a long time ago. We now limit the answer to the question, to the math problem instead of limiting only one variable which in the past we did the LER, the tax rate, and we never considered what would happen to valuations. And we also corrected this local effort, local resources pays for the school and then if you need an extra dime, the state steps in. That is why foundation aid is there; that is why the 33.3 guarantee of your needs is in this bill. The state will step forward; it levels off the j-curve, it treats all schools equally. It puts equality back into the Tax Equity and Educational Opportunity Support Act and it maintains it over time. It is unique, some of the mechanisms, but they work and they will work well. This is a time, if I'm ever going to be a state senator is when I should be one; not a parochial, looking at my district and listening to the lobby who is paid with blinders on to look at one issue. This is a time to step forward and be a state senator. What is best for the state of Nebraska? LB289 is. It fixes a lot of problems. It stabilizes funding for our schools. It creates every child equally, no matter where a family would move in to the state of Nebraska and enrolls their school, they would be assured that at least a third of their child's education would be paid with their--

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SCHEER: One minute.

GROENE: --income and sales taxes. Never before has that been done. I-- as Senator Bolz's comment about allowances, I will talk to her later, but we do not touch any of those allowances. We do not touch poverty; we do not touch limited English proficiency, LB289 does none of that. The needs of the student remain the same. None of this bill changes any of the needs: transportation, poverty, all of those; state remain the same, it's how we pay for those needs into the local school district. As to my good friend, Senator Friesen, I disagree. Every single farmer, every single taxpayer will pay less property taxes than they did before. And 20 percent, you might say we went up 300 percent over time from \$10 to \$30, but when you roll back 20 or 30 percent of the 30--

SCHEER: Time, Senator.

GROENE: --it's more than--

SCHEER: Time, Senator.

GROENE: Thank you.

SCHEER: Thank you, Senator Groene. Senator Hughes, you're recognized.

HUGHES: Thank you, Mr. President. I do want to talk a little bit about the bill itself now. The challenge we have in the state of Nebraska is funding education for all the children. We have identified that there is a flaw in the TEEOSA formula. There's no questions about that. The run up in ag valuation exposed that flaw to the detriment of my industry. And it is our hope that we fix that. Since that flaw has been identified, I think it's incumbent upon the Legislature to do the best job we can to change to make it better, because that change will come again to bite one of the other classes of real estate. We're beginning to see that in the urban areas with the jump in valuations of homes, you know, and there are a lot of people, not only in urban areas, but in rural areas, in towns and villages and cities that are complaining about their property tax. That's the one thing we need to make sure that we focus on is people across the state from every walk of life are concerned about their property tax. Is this the absolute best fix? I don't know; ask me in five years. The Governor is saying you've tried it before, it's a Band-Aid, it's not going to work. Well, doing nothing is not an option for us. We have to do something, because I think the trend line for home values in the cities is continuing to go up. We need to fix this somehow. I commend Senator Linehan, Senator Groene, all the members of the Revenue Committee, because I know they have worked very hard on this. Is it a perfect bill that I would write? No, it's

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not. There are some things in there I do not like. But the point I really want to stress is we have a property tax problem with the way we fund our schools. We have citizens of the state of Nebraska who are in K-12 education that are not funded by the state. And that is in the constitution that the state provide an education for all students. We are not meeting that obligation. It's imperative that the state pick up at least part of the tab for every single student in the state. And by doing so, we head off the problem that we have seen in agriculture that is coming to residential; whether it will come to commercial, I have no idea, that would be great if we had a boom that drove commercial prices up. But we've exposed the flaw, we need to fix it, and we need to give every child in public education in the state of Nebraska some state funds to provide for their education. Thank you, Mr. President.

SCHEER: Thank you, Senator Hughes. Senator Murman, you're recognized.

MURMAN: Good afternoon, Nebraska and all those watching this debate. Today I stand in support of LB289 and AM1572. As I traveled across my district talking to many Nebraskans, I heard over and over again about the need for property tax relief. I am probably guessing that many of you also heard the same concerns. I told the constituents of District 38 that if I was elected, I would do everything in my power to achieve substantial and comprehensive property tax relief that would provide statewide aid to all of our schools. Nebraska's property taxpayers need meaningful property tax reform and this bill delivers our best option at property tax reductions. Unlike our failed attempts in the past, this shows our state major reform and we need to take this opportunity to show our constituents that we are listening and we are doing what many of them sent us here to do. LB289 would provide significant property tax relief above and beyond that of what agriculture currently receives through the state's Property Tax Credit Fund, reducing statewide agricultural land taxes by 15 percent. I can completely understand that as a state we don't want to raise taxes, but I think I'd rather pay lower amounts for those things that-- than see what large number-- than see that large number from the county. We have to recognize LB289 as revenue neutral. These new dollars that will be collected are going right to property tax relief, not new spending. As a body, I know that we recognize the importance of local control because many of us talk about it on the floor and in our discussions. Although when many of our schools and property owners are struggling, something serious needs to change and it needs to change now. Similarly when surveyed, 51 percent of Nebraskans were supportive of new state laws that placed further restrictions on the amount local governments can increase spending in a given year. LB289 and AM1572 show the hard work and research that not only those on the committee have worked on in the past, but the effort of groups pulling together to achieve relief. By repealing these sales tax exemptions, imposing taxes on unnecessary things like cigarettes, candy, pop, and bottled water and raising the sales tax we are all broadening the base and balancing the three-legged stool. In a poll done by the Platte Institute, 47 percent of Nebraskans were supportive of the idea of exempting state and local sales taxes as long as the proceeds were used to reduce property taxes. As one of eight on the Education Committee, I had the

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opportunity to sit on the joint committee to hear the second house's opinion on LB289. All of those who watched the hearing can agree that we heard from many individuals and businesses about how they didn't want us to repeal their specific exemption. Colleagues and voters of Nebraska, this is a comprehensive plan that many pulled together to work on and many have had to make compromises. Ultimately we have to realize that we need to make compromises to achieve a better life for all Nebraskans. Thank you.

SCHEER: Thank you, Senator Murman. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President. I'll just start by reaffirming what's been said on the mike a few times over this afternoon. At the root of our property tax crisis is a failed system which simply puts far too great a burden on our local property taxpayers, which are typically our ag producers, to cover the cost of schools in rural districts. However, on LB289, I do have a few concerns. My two greatest concerns about this bill are, first, that it does little to address the property tax spikes at times in excess of over 200 percent that our ag producers have faced in the last decade. I think Senator Friesen fleshed that concern out pretty well. My second concern, which I raised at today's briefing, is the long-term viability of this bill as long-term property tax relief. I was hoping Senator Linehan would yield to a question to this end.

SCHEER: Senator Linehan, will you please yield?

LINEHAN: Certainly.

SLAMA: Thank you. So my question is pretty much identical to what I asked in this morning's briefing so it shouldn't be a surprise. So we have been offered plenty of data showing the impact of LB289 in the next couple of years. But what data do we have and what steps are being taken to ensure that three to five years down the road we are not in the exact same position with property taxes that we are in now. And I would like to yield you the rest of my time to address that question and answer it.

LINEHAN: Thank you, Senator Slama. Support of LB289 is, Senator Groene mentioned this, and I'll-- if I don't do as well as he would, I'll yield to him and let him explain. We start with this year and whatever the schools spend this year they get that plus inflation, plus real growth the next year. That's their spending limit. What he referred to when he said in the past, like in 1990 when they did this, and over the years with TEEOSA, we capped the levy. So the maximum levy was \$1.05. Well, that didn't help somebody whose property values increased 200 percent. Because if your property values increase 200 percent, your property taxes go up 200 percent and you don't have to touch the levy. So we know that didn't work. Now we're saying you get X percent, let's say you-- make it simple, if a million dollars in costs this year, so next year you get

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that million dollars plus inflation, plus real growth. So schools like Elkhorn and Lincoln, Gretna, Waverly, there's others that are growing, especially in the bedroom communities, they're going to also be able to take advantage of their growth, which is new houses, new commercial property, that will be added into what they can spend. But if you have no growth, you're going to be just at inflation. So, I don't-- I don't know a better way to control it than saying we'll keep in inside inflation. How much time do I have left, sir?

SCHEER: 1:35.

LINEHAN: So another question-- did that-- I'm sorry, Senator Slama, did that answer your question? Thank you. I want to go back to something Senator Bolz said, and Senator Groene addressed this too, but I'm going to-- because I think it's very important. It concerns me greatly that there's confusion about this. We did not change, touch, tinker with, move anything in the needs side of the formula. All allowances for poverty are exactly the way they were before LB289. There's nothing in LB289 that does anything to the formula needs side of the equation.

SCHEER: One minute.

LINEHAN: So, to repeat this, you have the foundation aid, the bottom floor, 33.3. Nobody gets less than 33.3. Then if you're in a mid-size school, like the STANCES school, Norris, York, your foundation aid per student will probably bring you above 33.3. So that is what you will get. And then if you're Lincoln or Omaha or Millard, you will get your equalization aid that you are getting now. So there is nothing that's been changed on the formula side. I think I am next in the queue, aren't I, sir?

SCHEER: Yes, you are Senator Linehan. If you would like to continue, it is an your time.

LINEHAN: Okay. Thank you. Is Senator Hughes here?

SCHEER: Are you asking Senator Hughes to yield?

LINEHAN: Yes, I am. Thank you.

SCHEER: Senator Hughes, would you please yield?

HUGHES: Absolutely.

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LINEHAN: Senator Hughes, did I hear you correctly that the Governor said he'd be OK with doing away with the sales tax exemption?

HUGHES: That was the indication that I had last year on my LB759.

LINEHAN: Thank you. That's nice to know. One thing I forgot when I stood up earlier, and this was a big oversight, and I'm sure Senator Crawford has her light on, she's going to bring this up. Also in LB289 is a change in earned income tax credit. So earned income tax credit, which I think you all know, is money that is given back-- it started-- it was a federal program that started under Reagan, it was to make up for payroll taxes and then it has been there, so it is to encourage work. You don't want people not to work and then have to pay it all in taxes so we have it for lower income people earned income tax credit. Right now in Nebraska, it's 10 percent of the federal tax credit. So anybody in Nebraska, and most people in Nebraska do file income taxes, because many of them, this is motivation to do so. In the bill, in the amendment, we have set aside-- excuse me, set aside \$9.8 million to make up for what low income people may be paying in increased sales taxes. Now, I think the increase is more than most people will pay in increased sales taxes, but that's okay. So the idea that this is a tax on the poor, and my fault for not bringing this up in my introduction, doesn't hold water. We have covered that with the earned income tax credit. Again, \$9.8 million in the bill for the earned income tax credit, moving Nebraskans from 10 percent of their federal tax credit up to 13 percent of the tax credit. I also want to remind everybody, we are not taxing food. And any of you who have been to many hearings and had to sit through many, many meetings, anything with flour in it, to include a Kit Kat bar is food and it will not be taxed under LB289. Fairness: fairness in tax policy, because if you, on your desk somewhere, I know you've got piles of paper, I passed out today an article from the Sunday Omaha World-Herald on April 21, which I don't know about you, but that seems like months ago to me, that was only a few weeks, the struggle to balance tax is far from new in Nebraska. And on the front page of this you will see a chart where we were in 1988-89 when TEEOSA was born in Nebraska, property taxes were at 49.9 percent of our overall state funding. It did drop, and then as you see, it's now back up, much higher, where income taxes and sales taxes have stayed relatively steady, property taxes have gone back up. So, again, this is an effort to balance taxes for all taxpayers to an equal part sales, income, and property taxes. And besides being fair to the taxpayers, it is fair to the students. How is it fair--

SCHEER: One minute.

LINEHAN: --in all this, I know this is-- a lot of people wonder why we would-- why I am so dedicated to this. I do not understand, maybe it's because I grew up-- I did not grow up wealthy. I didn't really think I was poor, but we did not have extra money. I don't see how it's fair that some students in Nebraska are getting very, very little state aid for their public education while other

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students-- and I don't-- I want these students to get it, are getting 60-70 percent of their education paid by the state. How is that fair? I don't think Nebraskans, if they truly understood that would think that is fair. And that is what we need to change. It needs to be fair to the taxpayers and it needs to be fair to the students in our schools. Thank you, Mr. President.

SCHEER: Thank you, Senator Linehan. Senator to La Grone, you are recognized.

La GRONE: Thank you, Mr. President. Would Senator Linehan yield to a question?

SCHEER: Senator Linehan, would you please yield?

LINEHAN: Certainly.

La GRONE: Thank you, Senator Linehan. And, obviously, we don't have a fiscal note on this due to the process, and I really appreciate the materials you put together and the briefings to kind of lay out, which answered a lot of my questions on the exemptions about possible border bleed, etcetera, so I really appreciate that work. I did have a couple of questions though on the revenue generated by the sales tax increase and how those numbers were figured. Normally that would come in a fiscal note, I'm just trying to flesh it out and better understand it. So essentially, my question is going to be, kind of, how is that calculated? But let me just point out a couple of things I hope you hit on in that so you don't have to go off the rails. Basically, number one, well first, was that based on current spending habits? Does that make sense?

LINEHAN: Are you talking about the charts I showed this morning?

La GRONE: So the total revenue that's estimated to be generated by the sales tax increase.

LINEHAN: The estimates that we used for all the charts came from the 2018 Nebraska tax expenditure report.

La GRONE: So that's based on the 2018 spending habits then. Essentially what the tax would have been with those.

LINEHAN: Right.

La GRONE: OK. So that kind of goes to my question of, there's been a lot of talk about how sales tax, a lot of folks on this floor have indicated they view it as more fair because an

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individual can control their spending. And so they have a say in how much they are taxed or not taxed based on how much they actually spend. So, my question is, and I think the answer is no based on what you just said, does that revenue forecast take into account any resulting decreases in spending that might result from sales tax increase?

LINEHAN: No, but I would also say it doesn't take into any increases in growth in cost, so I would say that balances it out. So prices go up, the sales tax would go up, so people-- I don't really understand-- it's time and place, but as you know from all our budgets that we have done all day here, with inflation and other things, costs go up.

La GRONE: Right. Yeah. I'm just trying to understand how-- obviously when you increase the tax on something, oftentimes you see less of whatever that thing is, and that goes for any tax. So I am trying to understand if at all, do you think that the increase in sales tax will affect people's spending habits and therefore result in a-- and result in that number-- sorry, I have a drill going back here.

LINEHAN: That's OK.

La GRONE: Result in that number that you have all shown out in the revenue [INAUDIBLE] from that being accurate?

LINEHAN: I don't. I think the numbers-- I mean, this is not a perfect science, right?

La GRONE: Right, absolutely.

LINEHAN: But those are the only numbers that we have available to use. So we didn't guess, I mean, these are from the tax report and any information that wasn't in the tax report we got from the Fiscal Office which does, as we all know.

La GRONE: I totally understand that. Since we don't have a fiscal note, I'm just trying to flesh out the assumptions behind that to better understand where it's at. And then I did-- so that kind of essentially answers my-- well, actually, I do have one more question. When I was looking at your charts on border bleed with where we relate in the exemptions, that totally makes sense, I don't have any questions on that, but on the sales tax increase, essentially is there anything that we have exemptions on-- excuse me, that we don't have exemptions on now that would be subject to that tax increase that, let's say, a border state does have an exemption on? Is there any products like that?

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LINEHAN: I do not know that without looking.

SCHEER: One minute.

LINEHAN: But I have on my desk here, in all this paper somewhere, a report that the Platte Institute did that compares us to every state around us. And I am glad to share that with anybody here and especially with you and I can get copies to everybody. So yes, they differ across state lines. But we tried-- when we went through each of these exemptions, painfully, one by one, we looked at what other states did. Because we were very conscious of border bleed the whole time.

La GRONE: No, and I think on the exemptions-- I think on the exemptions your chart is very informative, so I appreciate the work you did on that. My question is for, let's say there is an area where we don't have an exemption, obviously I can't think of one off the top of my head because that's like trying to prove a negative that maybe Iowa or Missouri or South Dakota or Kansas does have an exemption on that thing. If that makes sense. So, essentially my question is, is there any products where because we don't have an exemption and say another state does have an exemption that the increase in sales tax would broaden the disparity in prices? Does that make sense?

SCHEER: Time, Senators.

LINEHAN: Thank you.

SCHEER: Thank you, Senator La Grone and Linehan. Those waiting in the queue: Senator Morfeld, Gragert, Moser, and Briese. Senator Morfeld, you are recognized.

MORFELD: Thank you, Mr. President. Colleagues, I rise in opposition to LB289. In addition, I also rise in opposition to AM1637. I am sure that there is some money that we could get from zoos and other thing, but I would like to see Senator Hughes also support sales tax on many of the different things that farms use in terms of equipment and other things. I don't see that as an exemption within this as well. So I think it goes both ways. And quite frankly, in my business, I have to pay sales tax for all the things that I use like laptops and everything else and I work for a nonprofit, but we still pay sales tax for those things because it is for a business purpose. So, I don't really understand why farmers don't have to pay sales tax on their equipment as well. In addition, as Senator Bolz brought up, I have serious concerns particularly on how this would impact Lincoln Public Schools and a lot of the other equalized school districts. I've gone through, fairly extensively, the different provisions that impact public schools, and, yes, we start investing a lot more in education, but it's at a loss to the school districts that appear to be growing

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the fastest. That doesn't make much sense to me. So, we're giving school districts that are oftentimes and most the time shrinking a lot more funding, but the school districts that are growing the fastest, in Lincoln Public School's case, most recently about a thousand students a year, which is bigger than 80 percent of the school districts in the state, a thousand students a year, we're making it so that they have a loss when their needs are only growing and they're at their limit. In addition, based on page 70 to 71, Section 31, I believe of the amendment here, we don't really take into consideration the allowances that represent most of the cost of educating children in poverty, children with special needs, English language learners, and a few others. So, it essentially rewards districts for not having these types of students by not counting many of these allowances. And these are in the districts that are growing the quickest in our state. It would be one thing if we generated all of this revenue, and I'll get up and talk a little bit about that in a little bit, I have some other facts and figures about where most of this revenue is coming from that we're generating. So a lot of this revenue that we're generating is coming from Lincoln and Omaha. And, yes, it is coming from other parts of the state, but if you look in terms of spending and how much revenue is coming, a lot of it is coming from Lincoln and Omaha, and yet-- so I'm raising taxes on the people that I represent, and yet they are getting less money and less resources for their schools, for their community, that doesn't make any sense. So colleagues, for a lot of different reasons, I cannot support this legislation. But I tell you to what, if we're going to go after zoos, then let's go off sales tax exemptions for farmers. Why isn't there sales tax exemptions being eliminated for farmers in here? I don't see that. Whereas every other business in my district, or most of them anyway, they have to pay sales tax for the equipment that they use, just like I have to pay sales tax for the equipment that I use in my profession. So I can't support the zoo exemption. And I certainly can't support legislation that is going to cause \$16 million in immediate cuts--

SCHEER: One minute.

MORFELD: --in the district I represent, when a lot of the money that is being used is being taken from the district that I represent. But it's not being reinvested in an equitable way to reflect the needs, and, quite frankly, some of the fast growth that Lincoln is experiencing. I'll get up and talk a little bit more about some of the details and specific with the revenue that's coming from Lincoln, Omaha, and some of the other metro areas across the state in the disparate impact this will have in those communities. Thank you, Mr. President.

SCHEER: Thank you, Senator Morfeld. (Visitors introduced.) Returning to the queue, those waiting: Senator Gragert, Moser, Briese, and Bolz. Senator Gragert, you're recognized.

GRAGERT: Thank you, Mr. President. First of all, I too would like to thank the Revenue Committee for their hard work on this LB289. I'll continue to listen on the debate on LB289, but

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for right now I stand in support of AM1637 by Senator Hughes. This exemption cost the state \$1.8 million in lost revenues, not to mention the loss in local options, sales tax revenue for the cities of Omaha, Lincoln, and Scottsbluff. Over the weekend, it was announced that Henry Doorly Zoo in Omaha finished second in the USA Today, Ten Best Readers' Choice Awards for best zoos. In 2018, Henry Doorly Zoo and Aquarium welcomed its 50 millionth visitor since 1966. Two million guests enter the gates each year. In 2015, approximately 37 percent of the visitors to Henry Doorly Zoo were from out of state. Since this is one of Nebraska's greatest attractions, it just makes sense to collect sales tax on zoo admissions. Nebraska can't boast the oceans or the ski slopes or the big amusement parks as a way of collecting revenue from tourists. As the Legislature discusses providing much needed property tax relief, I encourage your vote to repeal the sales tax exemption on zoos and aquariums. Both the Lincoln and Omaha zoos have recently completed major renovation projects. Their success will not be hindered by collecting sales tax. I don't believe paying sales tax would deter-- would be a deterrent for visiting a zoo. I urge you to vote green on AM1637. Thank you, Mr. President.

SCHEER: Thank you, Senator Gragert. Senator Moser, you're recognized.

MOSER: Thank you, Mr. Speaker. If you take a look at the map of Nebraska that Senator Friesen handed out, it shows the percentage increase in property tax levied over the last ten years. The ag tax has increased on average about a hundred-- well, it's gone-- it's 149 percent that it's gone up, and residential has gone up 13.32 percent. So primarily, the increases have been on ag land. You divide that 13.2 by ten years, it's 1.3 percent a year. That's less than the rate of inflation probably. Whereas, ag land properties have gone up 14.9 percent on average; in my district, more than the average. And the rate of inflation is somewhere around 3 percent a year. So that illustrates the problem. And when ag was making money, commodity prices were high and things were really going well, it wasn't as painful as it has been in the last five or six years when the markets have gone down and ag income is down. It's not fair, I don't think, to charge-- to use that level of increase and apply that only to agriculture. Now, whether this bill is exactly the solution, I don't know. It makes somewhere around a 16 percent change over time in ag valuations. It raises some taxes, and I know you've all gotten e-mails from all the various sectors whose businesses are going to be affected, and so there are a lot of people who have this on their radar. So if we advance this, we want to make sure that we're being fair. And I don't want any of this to fall on the backs of the poor. I know Senator Chambers was concerned about how this affects the lower income strata and how painful he thinks it's going to be. And I know that if I could ask Senator Linehan a question, would she answer a question? It doesn't look like she's here.

SCHEER: Senator Linehan, would you please yield? Senator Linehan, would you please yield?

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MOSER: Oh, here she comes. The change in the earned income tax credit is supposed to offset some of the tax increase for the lower income earners, and could you give that data that you just gave me before when I was asking you that question?

LINEHAN: Certainly, Senator Moser, thank you very much. So, 2016 is the last year-- is the most current year we have for the earned income tax credit. So in 2016, \$30,314,004 was refunded to Nebraskans through the earned income tax credit. That included the tax credit being sent out to 124,930 returns. So obviously some of those would be single filers and some of those would be married filers.

MOSER: That's all in Nebraska, correct?

LINEHAN: That's all in Nebraska. So an average, and this is hard because it depends on how many children you have and your income and all those things-- but an average, if you take \$30 million and divide it by 125,000 returns, it comes up to \$240 per return that was sent out. We're going to increase that \$30 million by almost \$10 million. So that would take the average return up to \$320. Now, obviously, if you have children or you would have higher than that, and if you're single, probably lower than that.

SCHEER: One minute.

LINEHAN: So, it would be an increase of about \$78 per return.

MOSER: So that was an effort to help the low income earners so that this tax shift doesn't cost them a net cost, right?

LINEHAN: Correct.

MOSER: Yes. Well, there was a think tank e-mail that came out that showed that this bill would affect lower income people more than middle to upper income, and so I think if this moves forward, that you would be willing to work with us to make sure that it's at least neutral for the lower income.

LINEHAN: Certainly.

MOSER: Okay. Thank you.

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LINEHAN: Thank you.

SCHEER: Thank you, Senator Moser and Senator Linehan. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President; good afternoon again, colleagues. I want to continue where I was talking about the sales tax exemptions and move on from there. In response to Senator Morfeld's comment, you know, really the ideal sales tax is a one-time tax on a retail consumer transaction. So we really do try to avoid bringing business inputs, businesses expenses in. Some of these items we have in here, there could be an overlap, there could be some business implications there, but generally you try to avoid that. So that's why we have tried to avoid those business expenses. Although our data isn't quite complete, the sales tax exemptions and exclusions that we bring in with LB289 are generally goods and services taxed in several of our neighboring states and in many states across the country. We have data for 18 of these, and on average, the items of those 18 that we're targeting in here are taxed in over 17 other states. And most of these items are taxed in at least some of our surrounding states and almost all are taxed in Iowa, perhaps only three are not. And I submit it's reasonable for us to do the same. And if we're uneasy with this bill, we really have to ask, you know, what other options do we have and do they constitute meaningful relief and are they viable? It's been suggested we throw \$51 million into the Property Tax Credit Fund. Folks, \$51 million is about 1.2 percent of the total property taxes collected in this state and that's a drop in the bucket, period. Some expressed concern about our reliance on the sales tax. I appreciate Senator Chambers' concern and his passion and commitment for low-income individuals, but Nebraskans deserve a fair and balanced tax structure, and when we collect, depending on the figure you use, roughly 70 percent more in property taxes and sales taxes, state, local, and motor vehicle sales taxes, 50 percent more in property taxes than income taxes, we don't have a fair and balanced tax structure. For me, the reliance on sales tax is completely justified. That's because of the difference in sales and income tax collections. Couple years ago we collected roughly \$2.2 billion in state, local, and motor vehicle sales taxes, roughly \$2.5 billion in income taxes for a difference of about \$300 million. On one of the handouts here, Senator Linehan or Groene provided, the numbers have changed, but it's still a \$300 million difference, none the less. If we don't include motor vehicle sales tax, the difference might be considerably greater. So if our goal is a more balanced tax structure, it only makes sense to target additional sales tax revenue to offset property taxes and that will help equalize at least some legs of our three-legged stool. And by the way, we currently collect roughly 2.6-- probably \$1.5 billion more in property taxes than state, local, and motor vehicle sales taxes, and \$1.3 billion more in property than income tax. Injecting additional \$375 million of new revenue into property tax relief does not equalize the three-legged stool, but it's a start. Eventually the formula proposed by this bill conserved a more closely equalize the big three revenue sources. And Senator Linehan spoke to this earlier, we as a committee recognize the potential regressivity of the sales tax, and towards that end, we applied some dollars towards the earned income tax credit. Do more dollars need to go that way? Well, that's subject to discussion.

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And you look behind you, and really the Rotunda is full today. And all the folks out there, a lot of the folks out there concerned about what we're doing. But it's time for them to decide whether they want to be part of the solution or stand in the way of a solution. It's time for them to decide which side they're on. Do they support meaningful and substantial tax relief, or do they oppose it? And as they call you out or send you e-mails or send you text or send phone calls--

WAYNE: One minute.

BRIESE: --you need to ask them-- thank you, Mr. President, --if you don't like LB289, what's your plan for property tax relief that can get 33 votes? And you're probably going to get a blank stare. As far as AM1637, there is a lot to quibble about on this bill, but a lot of compromise and discussion went into this and a lot of that was fairly heated discussion, too. And if we're going to quibble about everything we don't like, we may have problems getting this thing off the ground. Do I support AM1637? I'll see. But anyway, I look at this, I think LB289 is the most viable, responsible, and effective plan we have going here. I would-- I'm going to support it. Thank you, Mr. President.

WAYNE: Thank you, Senator Briese. Senator Bolz, you're recognized.

BOLZ: Thank you, Mr. President. Someone just pointed out to me that I'm the sole survivor of the Tax Modernization Committee that I think happened in 2013. So for my colleagues to travel the state with me on tax modernization, I'm trying to keep that legacy alive and I do agree that there is challenges in terms of our property tax debate. But representing LPS, I need to go back to this conversation about how it impacts Lincoln Public Schools and other schools like mine, and it's come up a couple of times what the comments are and what we mean regarding some of the impacts on schools in districts serving high populations of kids in poverty, kids with special needs, and English language learners. What I think, as I understand this bill, I think what is fundamentally doing is changing the way that we're approaching school funding and making it more about foundation aid than equalization aid, making sure that all schools get some versus making sure that schools that have the highest needs get what they need. So I don't want to misrepresent my-- what is being proposed here. I do want to try to get a clear understanding of what's going on here. So I'm hopeful that Senator Groene and I can continue our dialogue on the mike. Would Senator Groene yield?

WAYNE: Senator Groene, will you yield to a question?

GROENE: Yes.

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BOLZ: Great, thank you. So, the way I'm understanding it is that 25 percent of the sales and income tax collections statewide go to fund foundation aid and that that foundation aid will be between \$3,475 and \$5,212 to ensure that that foundation aid comes through. Have I got it right?

GROENE: Yes.

BOLZ: OK. So that's good. And that basic funding is the school's cost minus the allowances that we've referenced previously in terms of kids in poverty and kids with special needs. Is that correct?

GROENE: Yes.

BOLZ: OK. So that's really helpful and that's some of what I'm trying to talk about here. But in addition to that, and I think you'll help me articulate this, you're providing guaranteed aid to every school district at 33.3 percent of their formulating aid. That's right too?

GROENE: Yes.

BOLZ: So we're trying to cover more schools with that basic or foundation aid, right?

GROENE: Yes. To 244 districts, from 60 students to 51,000, so the formula has to reflect different size schools.

BOLZ: Good. OK. So I think-- I see where you're going and I appreciate that we're trying to cover more schools. What I'm concerned about is schools like mine, schools that really need that equalization aid serving high populations of children living in poverty, children with special needs, English language learners, and the only aid in this proposal that is not ear marked or guaranteed is equalization aid. And that equalization aid means so much to a district like Lincoln Public Schools. I go into my school districts and I know how much pressure they have in terms of serving additional kids with special needs. More of them are surviving, more of them are mainstreamed, kids who are English language learners. Lincoln is an incredibly diverse community, partly because we are a relocation center. You know, kids in poverty, and even in my district that is reasonably affluent, we have a number of schools that have high free and reduced lunch, and so that is what I'm most concerned about. I'm also concerned, having served on the Appropriations Committee, that sometimes when we have to fit school funding into our budget, if that equalization aid is the last thing that we address, it may be the thing that gets cut in a tough budget year, which disproportionately impacts a school district like mine. So that's what I'm trying to get at in terms of talking about those concerns on the microphone. I also wanted to

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address briefly, and maybe I'll have another time on the mike, some of the issues brought up around how the sales tax are impacting urban centers or low income--

WAYNE: One minute.

BOLZ: --populations. And one of the things that I think is really important to articulate on the microphone as we're having this debate is that the calculations I've seen are that the earned income tax credit does not offset fully the half cent sales tax. So I think if we're going to continue this discussion about that fairness, we'll have to adjust the earn income tax credit further to truly counterbalance that. I think there are also other regressive sales taxes that are being proposed in this bill. The most concerning for me is the tax on automobile repair. I drive a-- I think it's a 2001 Honda Accord. The last time that I had to get my tires changed and the stabilization bars fixed it was a \$2,900 bill. That's incredibly burdensome if you add the sales tax percentage; and you think about a low income family that needs that car to get to work, needs that car to get kids to school. I think it's really hard in an urban center not to have wheels.

WAYNE: Time, Senator.

BOLZ: Thank you, Mr. President.

WAYNE: Thank you, Senator Bolz and Senator Groene. Senator Hilkemann, you're recognized.

HILKEMANN: Thank you, Mr. Chairman. First of all, I want to commend Senator Linehan for her hard work and presenting this. So far I'm still not behind LB289, but I think there are some good things about LB289 that I like. I like the fact that every student in the state of Nebraska will be getting some aid. But what I'm really concerned about is I still concerned about the Property Tax Credit Fund that's here. And Senator Linehan, I know you and I have had a little conversation off the mike, long-term, if we were to do LB289, do you think we could get rid of the Property Tax Credit Relief Fund? I wonder if Senator Linehan would yield to a question?

WAYNE: Senator Linehan, will you yield to a question?

LINEHAN: Yes, Mr. President, I shall yield.

HILKEMANN: Yes, go ahead.

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LINEHAN: Yes, long-term, I think the Property Tax Credit Fund could go away. When we get to a point where LB289 provides enough funding fairly across the state that the schools are not as dependent on property tax funding, yes, hopefully sometime in the future it could go away. But it won't be immediately because it takes a while to get the revenue to the point where it could go away.

HILKEMANN: Thank you, Senator Linehan. As a member of the Appropriations Committee for the last five years, that's one of those-- it's one of those line items that comes along and keeps getting bigger and it's such a huge part of our budget and it keeps us from doing anything imaginative and anything other that we have. And I remember when this Property Tax Relief Fund came up that there was excess money in the Legislature, and I'm wondering if Senator Lathrop would yield to a question.

WAYNE: Senator Lathrop, will you yield to a question?

LATHROP: Yes, I will.

HILKEMANN: Senator, you and I've had a little conversation about this. You were present in this body when the property tax relief fund was established. Am I correct?

LATHROP: That's true.

HILKEMANN: Can you tell me a little bit-- can you give us a little bit of a history for those-- you and Senator Chambers would have been the only ones here that-- why did that set up?

LATHROP: Actually it was kind of interesting because during the Great Recession we got rid of an awful lot of aid to the cities and the counties and we took away jail reimbursement and we took away, to balance our budget, we took away almost everything that we provided to political subdivisions. And you talk to the counties and they can give you a long list. But I remember specifically jail reimbursement went out the door. Well, then people necessarily started talking about property tax relief, so instead of going back and compensating the counties for the jail reimbursement and that sort of thing, we developed the Property Tax Relief Fund. By the way, I was not on Revenue Committee. But when they did that, there was a discussion between the Chair, Ray Janssen, great guy, and Tom White, who was a member of the committee and also a friend, about whether it should apply to just residents or commercial or noncommercial or what its application should be, and they settled on across the board relief for anybody that's paying property tax. So it's now going to Ted Turner and it's going to Target and it's going to out-of-state

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corporations that happen to own real estate in the state of Nebraska. Does that answer your question?

HILKEMANN: It does. Thank you, Senator Lathrop. That's exactly why I'm concerned about continuing the property tax credit--

WAYNE: One minute.

HILKEMANN: --is how much of that money does not stay in the state of Nebraska and how much it is starting to-- it keeps growing, it's going to be more and more of our budget process down the line. So any bill here that continues to rely upon the Property Tax Relief Fund is going to be very-- I'm going to be very hard to support that. But thank you very much for your hard work. I'm sure I'm about out of time, I'll come back. I've got several other comments I want to make about this bill. Thank you.

WAYNE: Thank you, Senator Hilkemann, Senator Linehan, and Senator Lathrop. Senator Brandt, you are recognized.

BRANDT: Thank you, Mr. President. I would like to thank Chairwoman Linehan and the Revenue Committee for bringing this bill forward. I support LB289 because it aims to reverse the shifting of property taxes on our homes, businesses, and ag land to finance K-12 school districts. The bottom line is LB289 reduces school taxes in Legislative District 32, 14 to 32 percent. A district where school taxes on ag land have increased from 67 percent in the Meridian School District to a whopping 252 percent increase in the Crete district over the last 12 years. How do we achieve a modest property tax reduction? By eliminating a number of sales tax exemptions. From 2007 to 2015, the Legislature approved \$700 million in sales tax exemptions and tax credits. All you need to do is look to the back of this Chamber beyond the glass to view the lobbyists protecting these interests and proclaiming this bill dead on arrival. It is proposed to increase overall sales taxes in the state one half cent for a modest increase for the first time since 2002. Compare that to the 252 percent increase in ag land in the Crete district. Sales taxes allow for a broader tax base and let more people carry the load of financing our K-12 schools. For those on the lower end of the income spectrum, the earned income tax credit has been increased to reimburse back sales taxes paid while preserving the sales tax exemption on groceries. What is the effect on middle class Nebraskans? It is estimated that an average family will pay an additional \$121 a year under LB289. LB289 caps school budget growth to prevent runaway future growth. By providing foundation aid, our school districts will be able to plan and know what state aid will be for the upcoming year. Senator Morfeld, farming is a business and business inputs are exempt from sales tax. But rest assured, we farmers pay personal property tax on every capital asset we purchase, every tractor, combine, and every other piece of farm equipment at a

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rate roughly equal to sales tax. Do not be fooled, colleagues, this is not so difficult a task that it cannot be figured out. Embrace the challenge. I support LB289 and AM1572 and urge your green vote also. With that I would yield the rest of my time to Senator Linehan.

WAYNE: Senator Linehan, you are yielded 2:15.

LINEHAN: Thank you, Senator Brandt. I find it-- I don't know if the right word is disheartening or disappointing, but when we have-- we have schools in Nebraska, because of equalization aid, which we're not touching, equalization of formula needs haven't changed at all, that those schools who get 66 to 50 percent of their funding through the state would see something wrong with schools getting a third of their funding from the state. They're-- still the schools are in the category where my grandkids go, to Grand Island Public Schools, great school system, great superintendent, great teachers, they love it. And they have a lot of low income families and they have a lot of English language learners, so Grand Island gets, I think it's about 64 percent of their funding from the state. That benefits my grandkids.

WAYNE: One minute.

LINEHAN: But I don't understand if my grandkids moved to, I don't know, would say Elgin, it's been a point of discussion many times in the Revenue Committee, they wouldn't get any funding from the state. Now how is it fair that if my grandkids live in Grand Island, we see fit to pick up 66 percent of their funding. But if they move to Elgin, we may cover 5 percent of their funding? Now, do I think those schools are going to have the same assets, the same programs, the same AP classes, the same opportunities for drama and for speech and college courses? I don't think so. This, again, it's about tax fairness, but the crux of this--

WAYNE: Time, Senator.

LINEHAN: Thank you.

WAYNE: Thank you, Senator Brandt, Senator Linehan. Mr. Clerk.

CLERK: Thank you, Mr. President. Very quickly, new resolution: Senator Cavanaugh has a study resolution (re:LR113); it will be laid over. Senator Wayne, amendments to LB289 to be printed; and Senator Quick to LB424. Thank you. That's all that I have.

WAYNE: Thank you, Mr. Clerk. Senator Friesen, you're recognized.

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FRIESEN: Thank you, Mr. President. I'm kind of going to continue on here and talk a little bit so that when anybody is listening I want the record to be very clear on what we're doing here. So in 2018, we collected roughly \$1.79 billion in property taxes total. What we're doing is injecting \$372 million of new money into helping reduce school spending-- or school reliance on property taxes. So I want everyone at home to know; I want all the ag property owners to know that overall in your property tax collection, we're reducing property taxes around 9 percent. Now, your funding portion of schools should drop anywhere from 20 to 30, 40 percent maybe, depending on where you are. But when you look at the big picture of your bill, I just want you to know, don't expect a huge cut in your total property tax bill. We are changing how we're funding schools, which is your largest component of property taxes collected. So when we look at Nebraska and what we're reliant on in funding our schools and on property taxes, we are-- the number one industry in the state is still ag. And agriculture, right now, has gone through some pretty rough times and it doesn't look like it's over yet. We have seen incomes drop precipitously from our hay days and years when we had \$7 corn, now we are below the cost of production and we are struggling. When you look at all our costs, they've all increased during those times of prosperity and those costs did not come down. And our return on our investment right now is going backwards and we're going to see-- you know, we've seen more bankruptcy filings. We're trying to compete with states who charge \$8 in property taxes and we're at \$100. And if you would have been able to sit in on testimony when a gentleman from Ceresco talked about how he was forced to leave the state because of property taxes. He paid roughly \$50,000 in property taxes in Nebraska and he picked up his farming equipment and he moved to Missouri and now he pays \$1,500 on more acres of land and better farm ground. We drove him out of the state. He didn't want to leave. He was a fourth, fifth generation farmer. But taxes are what drove him out. When we had a gentleman from up, I think, Valentine area; he was an attorney and he handled bankruptcy claims in multiple states. He said, the bankruptcy increases are higher in Nebraska than they are in any of the surrounding states and it's all because of the property tax bill. You don't see that in the other states because the property tax levies were not that high. When I look at, again, at the number one industry, we're supposed to be competing on a national and international scale with our exports, and we're being taxed to death before we can even put a seed in the ground. We see that there are low-levy districts out there that their school levy is probably, could be in that 40 to 45 cents, but that doesn't mean the ag property owner's taxes still could have gone up 150 percent. They're just a very ag rich district, ag land rich and there is not much valuation in the cities. In those small towns, the valuations have actually dropped over the past ten years, so all of the increase--

WAYNE: One minute.

FRIESEN: --all of the state aid that that school may have lost in those ten years, all of the increase in costs were put on the backs of agriculture, none of it was put on the backs of those residential communities. And again, I will say we're doing nothing special now to help reduce

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that reliance on that agricultural producer. We are lowering everyone's tax burden, not just for ag land, it's for everyone. So I want people to understand. I want the people back home to know exactly what we're talking about. And I want them to be clear that this is a fundamental change in how we fund education. There is a path forward here and we have to rely on different revenues than property taxes to fund our schools. But that does not mean we're going to see a huge drop in those property tax levels. Thank you, Mr. President.

WAYNE: Thank you, Senator Friesen. Senator Groene.

GROENE: Thank you, Mr. President. Senator Friesen made some good points. The old line was a billion dollars is what was needed to straighten out property tax increases due to valuations. This is a good start. And it has struggled to raise \$382 million the first year over and above what we've raised before as a state to offset property taxes by that third. Goal is to start with a third and to reverse the trends over time of the shift to the property taxes. Doesn't take long to grow, doesn't take long for the state to increase their revenues by growth to achieve a downward trend on the reliance property taxes. But we are taking a huge step backwards by giving immediate property tax relief, not the false promise that it won't increase as much as it did in the past. There is going to be appreciable difference in what you pay in property taxes if you own a home or if you own a farm. That's what this bill will do. As to taking funding away from schools, we are not doing that. The needs calculation is the same as prior it was. We are taking taxing authority away from them, and therefore, give property tax relief. Quite frankly, the school districts that are complaining do quite well. LPS has by far the highest payroll, the highest teacher payroll, well over in the \$80,000, nobody is even close. They do quite well. The 19 districts that receive the average in adjustment are those 19 districts with over 3,000 students. They have economy of size. And we said we did not change the needs side; we did not. The average in adjustment that we are removing was a bad decision by this body, quite frankly, at this moment in time, years ago, when in seeking the 33 votes, a deal was made. We give a bonus to the bigger school districts unrelated to their needs, where all the other districts survive on their needs, all of a sudden on the back end a bonus was given to 19 districts, or a greater amount earlier. If there was a correction needed for efficiencies of size, that correction has been made since that reaction. If you look at those 19 districts that are above-- well, there is actually 23 districts that are above 2,000 students, the difference between the spending of the top one from 51,000 to the lowest of 3,298 students is only \$406. That's fair. It relates to the economy of size. But that average in adjustment was negotiated for every school district with 900 students and above. Adam Central is the lowest, of 902 students. Some of the other ones are McCook, they have a cost per student of \$1,305; and then Omaha, where is it, Omaha is \$8,600. They take that average of all those districts and then they take the average times 90 percent and if a school district has a spending per student less than that, they get 90 percent of that difference. It's uncalled for. On one hand we talk about consolidation making schools more efficient, and when we do have efficient-run

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schools because of the economy of size, then we complain that they need more money. We can't have it both ways. No one will be harmed into the future, the funding will--

WAYNE: One minute.

GROENE: --will not increase as fast with the average in adjustment, but fairness will be put back into the formula. That extra penny from 5 to 6 cents offsets most of those districts' loss of the average in adjustment. But the fairness is all those other 221 districts, or whatever it is, 23 districts, will now also have the opportunity for that extra penny to address their funding mechanisms instead of just 19 districts be given a gift because of a bad bargain in this moment of time when TEEOSA was changed 20 years ago. It needs to go away for fairness issues. That money needs to be distributed between 244 districts, not 19, that \$26 million. Thank you.

WAYNE: Thank you, Senator Groene. Senator McCollister, you're recognized.

McCOLLISTER: Thank you, Mr. President; good morning or afternoon, colleagues. I'd like to join the chorus of senators commending Senator Groene and Senator Linehan; they've worked hard for this bill. And although I may not be entirely pleased by it, we need to congratulate them on what they have done so far. You'll note in the committee statement that I abstained from this vote. Why did I do that? I think we're not quite there yet. We haven't quite developed the plan that we need to develop to really generate taxing and the school financing plan that we need to move forward. I think we all recognize the bill is in two parts. First off, there is a taxing part of the bill where we raise the sales tax by half a percent and eliminate about 30 exemptions and that's what finances the school, the school plan. And the school plan is what I have a little bit of problem with. I question its sustainability. I think a lot of us question that sustainability. And maybe later in the discussion, Senator Groene and Senator Linehan can give us some information about why that is sustainable. Secondly, many of the school districts, particularly the biggest school districts, complain about the caps that are in the plan as unnecessary because we already have caps in the plan. Now, if they're insufficient, I'd like to know why they are insufficient. And thirdly, I think the plan that we've developed isn't the best plan. There is some alternative plans that are more sustainable, easier to understand, and are scalable. So I think from that standpoint, I think we need to move forward, and between General and Select, assuming it goes that far, we need to develop something a little better. Judging by the number of senators in the queue, we'll go the three hours today; we will, in fact, go the three hours. And then we'll be developing vote cards to see if this moves forward or not. And I intend to support moving forward, but if the bill doesn't change between General and Select or between the next period of debate, I won't be supporting it any further. I wonder if Senator Groene would answer a couple of questions?

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WAYNE: Senator Groene, will you yield to some questions?

GROENE: Yes.

McCOLLISTER: Thank you, Senator Groene. School spending has averaged 3.5 percent growth over the last ten years, according to the LFO. Why are we going to restrict it further? That goes to the question of the caps. Why do we want to hurt public schools?

GROENE: The one cap they talk about is-- I should tell the story I've always told-- is-- I was told by a administrator once they don't want to use property tax authority, lose the max property tax authority because they can take a taxpayer against a courthouse and hold him up by his neck and say, you have to pay your property taxes. But they can't rely on the state to fund their share of it. In order to give property tax relief, we have to limit the ability of the local school districts growth and property tax asking. School districts have no idea that valuations were going to increase like they did, but yet they were able to maximize that; and to their credit, they had no choice because the state-- the formula made local property taxes the first resource. We are changing that.

McCOLLISTER: Thank you. Are there valid reasons a school district would need to exceed its limit? For example, a flood, some other natural emergency, CIR settlements, things like that that would limit their budget situation with a cap?

WAYNE: One minute.

GROENE: We haven't addressed any of the exceptions to the max levy. We've left those alone. If you had a lawsuit, the school district did or if they had a settlement buyout of an employee, they can still do that. We didn't touch that. And they always have that ability. We didn't change that they can have a tax override, like your district did, Westside did, or Millard did. They can still do that. This body can adjust the growth rates on the cap of the CPI because that's still-- they can do it annually. We just did it with LB675 earlier today. If you look at the average over the last 20 years, what the increase did of the allowable growth rate was actually less on average than what the CPI is.

McCOLLISTER: Thank you.

GROENE: Because it maxed it at 2.5 percent, but this body kept changing it.

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McCOLLISTER: One more question, Senator Groene; it's a real important question to me coming from Westside High School and that's option funding. Can you explain--

WAYNE: Time, Senator. Time, Senator.

McCOLLISTER: Thank you.

WAYNE: Thank you, Senator McCollister and Senator Groene. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. acting President. Again, I would like to thank Senator Linehan and Senator Groene for bringing this bill forward. And I rise again in strong support of LB289 and AM1572 and also even AM1637. Nebraska's property taxpayers need meaningful property tax reform and this bill delivers our best option at property tax reductions. Unlike other failed attempts in the past, this shows our state major reform and we need to take this opportunity to show our constituents that we are listening and we are doing what they have sent us here to do. LB289 fundamentally changes how schools are funded to help break the cycle of reliance on property taxes for funding education. Right now, we are very reliant on property taxes in our state and our three-legged stool is far from being balanced. Our state is 11th in the nation when looking at property tax collections as a percent of state and local collections. This proposal would help better balance our state's tax structure by increasing the sales tax contribution and reducing property taxes. Colleagues, you saw the example from different parts of the state this morning and the LB289 briefing provided by Senator Linehan and Senator Groene. With the full allocation of Property Tax Credit Relief Fund, LB289 is going to save our constituents money. When fully implemented, LB289 is estimated to reduce statewide property taxes by \$500 million per year compared to taxes levied in 2019. When looking specifically at ag land, LB289 is estimated to reduce statewide property taxes by 15 percent. As a body, we recognize the importance of local control. Although in many of our schools and property owners are struggling, something serious needs to change and it needs to change now. LB289 resets school districts budgeting authority, but it allows them to access unused budgeting authority after the reset by eliminating 2 percent of General Fund disbursements limitation. This will discourage the thinking to inflate budgeted expenses. This will help slow growth of local property taxes as a school's funding source. This package is a great chance to provide the relief that our state so greatly needs. Colleagues, we have all received the e-mails and heard the message that this is a horrible tax increase. On the surface, yes, this bill does raise sales taxes by half a cent, it repeals certain sales tax exemption and increases the tax on unnecessary things like cigarettes, candy, pop, and bottled water. Although we have to look at this from a bird's eye view, ultimately realizing that this is a revenue neutral proposal because the new dollars are going to tax relief, not new spending. Looking at the future, this is our chance to decide how to fix property tax

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relief. If we don't pass anything this session, we already know that there's a petition effort. Just like with Medicaid expansion, we are tasked with the will of the people. Therefore, I truly believe that we already know that our constituents-- what our constituents need-- or that our constituents need and deserve property tax relief. LB289 is a comprehensive proposal that will provide reliable property tax relief while fairly funding our schools. LB289 is our chance to support our state--

WAYNE: One minute.

MURMAN: --as a whole. Thank you, Mr. acting President.

WAYNE: You have 50 seconds left. I said 1:00.

MURMAN: I give the rest of my time to Senator Linehan if she would like.

WAYNE: Senator Linehan, you are yielded :42.

LINEHAN: Quickly. OK, just one thing that's come up; I want to talk about poverty, because there's some feeling that that's only in urban areas. So Grand Island, 70 percent poverty; Axtell, 23 percent; Minatare, which is in between Scottsbluff and Gering, 88 percent poverty; Southern School District 1, 59 percent poverty; Johnson County, where I was born and raised, 53 percent poverty. The state average is 46 percent, and that's what Lincoln Public Schools is. Now, you have exceptions: you have Gretna at 9 percent. I think Elkhorn the last time I checked was 2 percent.

WAYNE: Time, Senator. Thank you, Senator Linehan and Senator Murman. Senator Kolowski, you are recognized.

KOLOWSKI: Thank you, Mr. Chairman. I yield this time to Senator Morfeld. Thank you.

WAYNE: Senator Morfeld, you are yielded 4:55.

MORFELD: Thank you, Mr. President. Colleagues, I definitely do believe that there is poverty in rural Nebraska, which is why I worked for the last two, now three years to make sure that we have Medicaid expansion because that would impact rural Nebraska even more positively, in my opinion, than it does in urban Nebraska because of hospitals and then also the lack of access to care. So if we want to talk about how we care about rural poverty, then you better put your

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money where your mouth is. OK? Because we're not doing anything about it. We're not doing anything about it and this bill definitely doesn't do anything about it. So let's not even go there. Second, I want to go through some facts and some figures here. Particularly about where sales tax comes from, and then I'll start talking about income tax, and in particular, where income tax comes from farm operations and then its share of overall income tax revenue that comes to the state. But I'll get to that in just a little bit. First off, just looking at sales tax revenue, these are numbers from 2018. In Douglas County they brought in, not including-- this is non-motor vehicle sales tax, about \$552 million in 2018; Lancaster County was about \$218 million; Sarpy County was \$107 million, give or take. When I see here the state total of sales tax that came in was \$1.7 billion total, minus some non-Nebraskans, so you're then looking at \$1.3 billion. And in Douglas, Sarpy, and Lancaster County alone it was \$879 million of revenue came in from sales tax, one way or another. That's about, I believe, 50 percent. So 50 percent of our sales tax revenue is coming from those three counties. So not only is sales tax a regressive tax, one of my big concerns is it's a regressive tax that we are redistributing to a bunch of counties in a bunch of areas that are disproportionately paying less, but yet then we're taking away resources from the schools in the counties that are going to be paying in more. That doesn't make very much sense to me. And I can start talking about the Property Tax Credit Fund. I mean, that has frustrated me since day one that I have been down here. It's basically about half a billion dollars that we give every biennium that nobody knows about. I remember talking to a few farmers that came up to me, after I was part of a joint committee, and they complained to me about not doing enough about property tax relief. And I asked them, and I couldn't remember the line that's on your tax statement a long time ago, I can't remember which line it is now, I said, so how much are you receiving from the Property Tax Relief Fund? And they're like, we're don't receive any property tax relief. I go no, how much are you receiving from-- it took me about an hour or two, and back and forth, e-mails, things like that, to convince these people to actually look at their property tax statement and get back to me. They didn't even know that they were getting money from the Property Tax Relief Fund or that we have one. Which is why I've advocated ever since that joint committee, I believe it's joint Revenue and Education Committee, my first or second year, that if we're giving half a billion dollars away and nobody knows about it because it's line seven or whatever on your property tax statement, then why in god's name are we continuing that program. And then I said, well, we should at least issue a check, issue a check so people have to go down to the bank--

SCHEER: One minute.

MORFELD: --and know they're getting property tax relief. Then people said, well listen, I mean, gosh, that will cost a few million dollars. Well, what's a few million when you're giving away half a billion and nobody knows about it. Colleagues, if we're going to start giving away property tax relief and we're going to start taxing other parts of the state to disproportionately provide relief to other parts of the state, then I want it to at least be fair and equitable. If we raise taxes on

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the folks in Lincoln, then I want them to see a net gain in terms of government services and revenue. And in this, we see a net loss, particularly when it comes to our public schools and public education. In a little bit, on my next time to speak, I'm going to start talking about some of the income tax numbers, and we can also talk a little bit about some of the numbers involving the sales tax and some of the exemptions.

SCHEER: Time, Senator.

MORFELD: Thank you, Mr. President.

SCHEER: Thank you Senator Morfeld. Those waiting to speak: Senator Linehan, Morfeld, Dorn, Chambers. Senator Linehan, you are recognized.

LINEHAN: Thank you, Mr. President. This property tax relief is not just for farmers. That's been abundantly clear from the very beginning. I think there are probably people in Lincoln who think their property taxes are a concern. I actually know there are, I have family here. Property taxes are a concern to Lincoln property owners, homeowners, commercial business, apartment owners. I certainly know people in Elkhorn and Waterloo and Valley, which is considered part of the metro area, are concerned about their property taxes. This isn't about taking money from one group of people in the east and sending it all west. I'm sure that Omaha, Lincoln, and Sarpy County do generate the largest amount of sales tax revenue, it's where most of the people live. And even the people that don't live there come to shop there. I think all of us that are-- spend any time in Lincoln know football Saturdays, state basketball tournaments, a lot of revenue from all over the state comes to Lincoln. All the sales tax collected in Lincoln is definitely not paid by just people who live in Lincoln, no more than all the sales tax paid in Omaha is paid by just people who live in Omaha. I don't-- and there's no public schools aren't losing any money here. Every school is going to get more aid. There's no-- we haven't touched the formula. There's no-- and my point on the poverty is that it is across the state, we have schools with above average poverty that are getting no equalization aid, none. Back to Senator McCollister on the option funding, there is still option funding. But here is the situation, if we give every student basic foundation aid of \$3,474.40, wherever that child goes, that money follows that child. Now, if that child is from another school district, let's say opting in from OPS to Westside, they will still get the remaining option funding. So I don't-- this bill certainly-- Westside is an unequalized school district. They get no equalization aid. Their funding, state funding is almost all option funding. It's about 33 percent of their children. So I'm confused as to why that is better when those children don't live in the district than getting money for each student that actually lives in their district. I think-- I'm almost certain, because I used to live in the Westside school district, that there are property taxpayers in the Westside school district that think their property taxes-- they would be happy with property tax relief. So again, this is not about-- we worked really hard on

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the Revenue Committee with the Education Committee, with Retirement Committee not to make this west versus east. And the ag people have agreed that we can't do this if it's just for ag. So it is for every property owner in the state, including those in Bellevue and in Lincoln and in Omaha and in Elkhorn. It is not-- and in Grand Island and in Hastings and in Scottsbluff and in North Platte and in Gering, it is not--

SCHEER: One minute.

LINEHAN: --just for the ag. And to say so misrepresents what we're doing here. Thank you, Mr. President.

SCHEER: Thank you, Senator Linehan. Senator Morfeld, you are recognized.

MORFELD: Thank you, Mr. President. It is true that LPS gets more in state aid. But what we do is we take away their ability to levy the resources necessary to make the district whole. That's not just going to happen with LPS, it's going to happen with a bunch of others. I can walk it through right here, based on the model that is in LB289 with AM1572. So what they model is the amount of state aid that they get. What they don't model is the impact that it has on their property tax or levy, even with the additional 6 cents that they allow for. With the additional 6 cents that they allow for, based on the formula, and based on how they look back to last year's valuation, you come out minus \$16 million. What does that mean for, not just for LPS, but a bunch of other school districts. Let's walk through that. Well, teacher contracts have already been solidified for the next year as of April 15, I believe. What's going to happen is they're going to start cutting non-certified staff. So what does that mean? It means paras, it means ELL folks, it means technology and other types of building and infrastructure in a district that is actually growing. That's just the first year. The next year they're going to come back and then they're going to start cutting teachers that are certificated because they're going to be \$16 million in the hole in a district that is rapidly growing, and that's just Lincoln Public Schools. I can only imagine what is going to happen in OPS; I don't have the models for that. Colleagues, this is more than just about taking money and redistributing it through the state aid formula, there's other impacts here. There's impacts on schools' ability to levy resources, and there's serious impacts. We've looked at the models from the state aid formulation, but I don't think that we have successfully or thoughtfully looked through the models on the impact on the levies. Colleagues, the bottom line is that we are picking and choosing winners and losers. I thought for a long time that we should get rid of all the exemptions and start from zero. Now, there's a bunch of people behind me in the lobby that wouldn't like that at all. And maybe that's not politically palpable and I know it's been tried before, I think the last time was Governor Heineman, and there was a very late night hearing for that one, too. But in my opinion, this is not the right approach. Districts that are rapidly growing should not be punished and we should not be redistributing aid to then

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districts that are not growing. Should they have more state aid? I agree. But I think that we need to at least allow everyone to be whole at the end of it. And yes, are some people in Lancaster County, including myself, probably going to see a little bit of property tax relief? Sure, but at what expense? How many teachers are we going to have to lay off? How many other programs are we eventually going to have to cut because we can't fund our obligations now as a state. I find it ironic that Senator Murman talks about going to the ballot. We go to the ballot for things all the time and apparently the Governor doesn't have to do anything about it and nobody in this body will do anything about it either. So, so much for respecting the will of the people and the second house and all that nonsense that most of us spew on the floor. When the will of the second house isn't respected, nobody says anything. Silence.

SCHEER: One minute.

MORFELD: So we'll keep talking about that, we'll keep talking about this. But the bottom line is, yes, the districts receive more state aid. But at the same time, you're cutting off their other leg by making it so that they don't have the same amount or the expected amount of resources that they would have under the current system through the property tax levy. There's real consequences for that and you can't ignore that. You can, but it's not reality. Reality is that there will be millions of dollars cut in many of these districts. Thank you, Mr. President.

SCHEER: Thank you, Senator Morfeld. Those waiting to speak: Senator Dorn, Chambers, Bolz, Briese, and others. Senator Dorn, you are recognized.

DORN: Thank you, Mr. Speaker. I am standing up here, I guess, the first time to talk this afternoon and appreciate very, very much the opportunity that we've had out here on the floor from Senator Chambers to Senator Groene, Senator Lou Ann Linehan, and Senator Morfeld, everybody's conversation, it's been interesting to listen to. It's been interesting to hear the different thoughts and different perspectives of so-called property tax relief from we don't need any to we're giving too much to the school aid formula needs adjusting to what Senator Morfeld just talked about, that dollar and a nickel, we're really strangling them. Well, I got a solution for that one, let's get rid of the dollar and nickel and let them charge as much as they want and then we would be back here next year again talking about more property tax relief. So, I mean, we're trying to do things here, I think, as a legislature, we're trying to come up with a proposal, we're trying to come up with some thoughts and ideas about how to maybe address the issue that, as I campaigned, and as I have been in office this first year, the majority of property tax e-mails I have gotten haven't been from farmers, they have been from acreage owners, city house owners, and some farmers. This has been very interesting to listen to. And I don't know, I start hearing some voices raising, maybe it's just the speaker system is working better in here this afternoon, but I enjoy the conversation very much and I'm thankful that we're having this on the floor. One

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thing I want to talk about, Senator Morfeld, about three times ago talked about farmers not having sales tax on machinery. That is correct. We don't pay sales tax on machinery. We do, however, pay personal property tax. We pay that on a seven-year sliding scale that starts out, I believe, roughly at 2 percent a year and then goes on down. We would be better off paying the sales tax, it would be cheaper in the long run. And then that personal property tax in this bill that is proposed, we have gotten a \$10,000 credit over the years, we're eliminating that from machinery and \$14 million is going back in this bill, if I remember the numbers quite accurately or whatever. So that's some that's coming away. When I talked to people during my campaign and I talked to farmers and they said we have to have property tax relief, I said be careful what you wish for, you may end up paying more than what you are this way by the exemptions and all these other things going away. We need to make sure we do meaningful property tax relief. We do need to make sure that we have that discussion and that we get things done in an adequate way. And one last comment I have to make yet, I really want to thank the Revenue Committee and any other committee that worked on this. I'm so thankful that we did get something out to the floor. Everybody on that committee has put in so, so much time and I don't-- we need to thank all eight members of that committee, Chairman Linehan, Groene, everybody else, I really, really thank them for their time. And I'll yield the rest of my time to Senator Friesen.

SCHEER: Senator Friesen, 1:35.

FRIESEN: Thank you, Mr. President. And thank you Senator Dorn. So I want to just talk a little bit about the sales tax collections, and Senator Morfeld brought that up. You got to remember that our-- you might say our tax policy in the past 50 years in the state has created what we call regional shopping centers. So, when you look at sales tax collections in the state and you look at the number of dollars collected everywhere, you would never guess probably that Madison County collects the most sales tax per capita in the state. We have created this policy of-- we've built regional shopping centers and so we go shopping there. And Lincoln recently had basically said that 30 percent of their revenue from sales tax comes from outside the city limits. That's us coming to shop here. So, sales tax collections-- people spend so and so much and that's what it is. We all buy things, we all have to buy the necessities. When you look at total tax collections per capita in the state, the number one county in the state in per capita tax collections of property taxes, federal income tax, state income, and sales tax is McPherson County at \$10,453 per capita. Next would be-- there are different levels, but Hamilton County where I live, \$8,888 per capita. Lancaster County is \$6,931 per capita.

SCHEER: Time, Senator.

FRIESEN: Thank you, Mr. President.

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SCHEER: Thank you, Senator Dorn and Senator Friesen. Senator Chambers, you are recognized.

CHAMBERS: Thank you, Mr. President. Members of the Legislature, when I left here, I said prior to leaving that it's more or less get even time. So I was watching and listening to what was going on up here. But I was also having amendments drafted by the Bill Drafters so they would be correctly drafted. There are senators speaking on this bill which does not happen on other bills. People are interested in this bill. I'm interested in other bills. Not the bills themselves, but as vehicles for my purposes. There have been certain mosquitoes whose bite, because of what they infuse with that bite, will cause malaria. Well, you could look at some of the amendments that might be offered as that. Or you could just ignore them and leave and let me take the time that I want then come back. But I'm going to be offering amendments and I'm looking at a copy of an editorial that appeared, or a column anyway, in the World-Herald, May 6, among other things it said: 20 days is all the time Nebraska Legislature has left to decide yea or nay on key issues facing the state: taxes, school funding, the state budget, and much more. There will be sharp debate over honest differences and dishonest differences. I added that. But lawmakers need to put the priority on making the best use of their limited time. One way to do that is give me what I want or you're going to see me take some time. The last few days we haven't had things that meant that much to me because I knew what was down the road. This is one of them. Friday, you want to go into your consent calendar. Well, each bill gets, I believe, 15 minutes total, but it's guaranteed a vote. So I can talk 15 minutes on each bill, but I won't have that opportunity because the introducer is going to take some of that time away from me. I think there's still some of you who are not convinced that I can stay on this floor and talk all of the time away. So I have to demonstrate it, especially to the new senators, they haven't been through that yet. And I'm older now, Senator Hansen B., than I was last year. In fact, I set a record today, because today I'm older than I have ever been in my life, but it's not the end of my life yet; I hate to disappoint some of you all. But I do have some amendments that I'm going to present. I suppose that after three hours, this bill will get the treatment that all bills get. But when it comes back, I'll be here waiting and watching. I had expressed my indignation earlier, not that it's going to change any of you all's minds. You have your reasons for what you're going to do. But you do have to have at least 30 votes because the Governor is in play, I didn't say at play, in play. And there are people on this floor who are going to follow the Governor. He and I are looking with the same opinion on some of the things in this bill.

SCHEER: One minute.

CHAMBERS: So if he vetoes this bill, I definitely will not be a vote to override the Governor. I encourage him to veto this bill. It's not good. There is a rural-urban split. If I'm correct in what I heard, Senator Hughes's amendment up there attacks two of the biggest cities in the state. That's city, that's urban, he's from the rural areas. How can that not be a rural-urban split? But if

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somebody's cow has to be harmed, he's going to make sure it's a city cow and the city person is going to make sure it's a country cow. But in either case, somebody's cow is going to be gored. And I'm enjoying what I'm watching and what I'm listening to. It's much ado about nothing. Because in the final crunch, I think I may have the last cackle. Thank you, Mr. President.

SCHEER: Thank you, Senator Chambers. Senator Bolz, you're recognized, and this is your third time on this amendment.

BOLZ: Thank you, Mr. President. I just wanted to rise and say a couple of positive things after articulating some of my concerns about LPS. I do think that it is good progress that we are thinking about property tax relief through K-12 education funding. I think that is a positive change in direction from previous years. I also think that there are a couple of ways forward, having the positive opportunity to sit in the tri-committee hearing, one of the things that struck me was the testimony of Dave Welch who is from Milford and he talked about the three-lever plan that some schools have talked about, including lowering ag values within the TEEOSA formula, lowering the local effort rate, and providing 15 percent of basic funding, and then all school districts and taxpayers would benefit. I raise that because I think we have turned a corner in terms of thinking about property tax relief through the K-12 education funding formula and I do think people are coming to the table with positive ideas. I also think the allocated income tax could be a part of the solution. So, I don't rise to presume that I understand all of the in's and out's and all of the things that the Revenue Committee needs to balance, but I do rise to say I think that addressing property tax relief through the K-12 funding formula is a really positive thing. And I do rise to highlight that there have been positive strategies that I could get behind addressed in spite of my concerns that I think are legitimate and significant regarding LB289. Thank you, Mr. President.

SCHEER: Thank you, Senator Bolz. Senator Briese, you are recognized and this is your third time on this amendment.

BRIESE: Thank you, Mr. President; and good afternoon again, colleagues. Property Tax Credit Fund not getting much love today, so I thought I would rise to talk about it a little bit and defend it. Property Tax Credit Fund is fair, effective, and easy to understand. It's been delivering property tax relief to Nebraskans for over a decade now. And I think it's good policy. And it was mentioned earlier, some of it goes out of state? And does some of it go out of state? Well, of course it does. But any tax relief you provide whether it's sales tax relief, income tax relief, property tax relief, it's going to ultimately benefit some out-of-staters. Last year, I asked my local assessor what percent might go out of state. She indicated that 4 percent of the tax returns she mails out go out of state. Well, I'd imagine more than 4 percent of the Property Tax Credit Fund goes out of state. But nobody knows how much. We're only left to speculate on that. And again,

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we also have to remember that sales tax is paid by non-residents and I believe that Open Sky estimates that 20 percent of sales tax is paid by non-residents. So, really, you could make the argument it's possible that property tax relief funded by sales tax could be a net revenue gain for our state. On the issue of property taxes, you know, the train is leaving the station. And Nebraskans who have been clamoring for relief are telling us we need to get on something here and they're getting tired of waiting on us. I had one constituent tell me; Tom, if you're not going to get anything done on property taxes, we're going to find somebody that can. And there's a lot of folks out there that feel that way, and I don't blame them one bit. And it's time we deliver, and if we're not going to get on this plan, what is the plan? What is the alternative? Or should we just give up and tell Nebraskans that we're incapable of delivering the property tax relief they need, property tax relief they deserve. Should we tell them to take matters into their own hands with the ballot proposal? No, we were elected to lead on tough issues like this. And this really is an opportunity for us to show Nebraskans we can work together, come to a compromise for the good of all Nebraska. I'm going to support this bill and I would urge your support also. Thank you, Mr. President.

SCHEER: Thank you, Senator Briese. Senator Hilkemann, you're recognized.

HILKEMANN: Thank you very much, Mr. Speaker. Senator Briese, interesting that you would talk about the Property Tax Relief Fund because that's what I'm going to talk about again. And I appreciated Senator Lathrop giving us that brief history of it. I remember, sort of, when the discussion was, took some interest in it. I kind of remember saying when they were talking, they had this excess amount of money and they were wondering what they were going to do with it. I said, well, give it back to the people and that's what they ended up doing, but they did it through, not a direct manner of giving it back to people. You know, some people talk about this is a tax shift. Well, we've already shifted taxes with the Property Tax Relief Fund. They had been-- we had generated more income from our income, our corporate, and our sales tax, that we had an excess amount of money that was available and that money was then used to set up the property tax-- it was dedicated to property tax relief. And unfortunately, my concern is just it's becoming-- it's so controlling of our overall budget process at this point. When I was a freshman senator, there was a bill that was introduced to take \$62,000-- or \$62.5 million and add it to the Property Tax Relief Fund and then we were going to do the same thing the following year. And I thought, well, this is great. We had about \$700 million in the rainy day fund at that point. I thought that would be good. So we did. I voted for that. It came through this body. No one complained about that. But I guess, and I've talked to other senators and realized that we're going to keep on-- this is just going to become the line item now. And now it's the line item, whether we have the money available to pay for it or not, it is a line item that comes across. And three years ago, when we had-- when we were-- had to go-- in the Appropriations Committee when we had to cut everybody by 3 percent, I actually mentioned, I said, you know, I think we should take that Property Tax Relief Fund and cut it by 3 percent. I said, at least it would be symbolic at least

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because we've cut university, we've cut all these-- we've cut Medicaid, we've cut all these different-- well, let's take some from it. You would have thought I-- it was like what are you thinking? How can you possibly take away some of that property tax relief? So anyway, I think that-- when I've attended some of these events with NCSL and I recently went to one for fiscal officers in Chicago, and I tell them, you know, what did other states do when they have these taxes? And the one thing you learn is that every state is unique. They have unique sources of revenue. They-- and they've established-- so it's sort of the thing, when you have seen one state, you have seen one state, it's not that you can do a lot of these different things together. And I'm appreciative that this year we have had-- this has been an interesting bill to discuss. I have appreciated today's debate, but I think we have a ways to go.

SCHEER: One minute.

HILKEMANN: And I'll just end by saying one of my favorite movies of all time is the Agony and the Ecstasy, it was a story of Michelangelo painting the Sistine Chapel. He was so frustrated with it he couldn't-- he was at odds with the king on it. One day he was at a saloon and someone said the wine is sour and the saloon man came and he breaks the barrel up and they rush to get the wine, and the wine maker said, if the wine is sour, you throw it out. And the next scene, we see Michelangelo peeling off all of-- he had started the Sistine Chapel, to start over again. We need to have a wonderful-- or a better program, I agree with that. But maybe we need to start-- not-- and this plan, Senator Linehan, had more components than I have had in my five years before and I appreciate it.

SCHEER: Time, Senator.

HILKEMANN: Thank you, Mr. Speaker.

SCHEER: Thank you, Senator Hilkemann. Senator Groene, you're recognized and this is your third time on the amendment.

GROENE: Thank you. Let's get back to the purpose of this. It's property tax relief. And how do we do economic development? The area of our state that is harmed the most is really in a recession, could be called a depression, is rural Nebraska. It fits all the parameters: depopulation, main streets being boarded up. And how do we do economic development? We're going to do 720. We infuse tax dollars into an industry, into an area to create economic activity. What better way to inject-- I think it's \$241 million, or the first year, of the \$398 or \$400--some goes to ag land property taxes. What better way to revitalize rural Nebraska than to inject \$241 million into the locally economy-- main streets through the payroll at the school. What better way to increase economic development than to put \$241 million into the local property taxpayers' pocket that

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they can spend on main street. That is what this bill is meant to do. We can talk about fairness, but the other angle here is economic activity and money infused into the rural economy. As to Lincoln and property tax, they lose, Senator Morfeld? They do not. I figured it up, the taxpayers-- let's talk about the majority of people out there, the taxpayers of Lincoln, who-- the school is theirs. The school don't own the taxpayer, it's the other way around. Lincoln residents will receive \$32 million more property tax relief than they presently receive from their share of the Property Tax Credit Fund. That's adjusting it from \$224 million to \$115 million; \$32 million to homeowners of Lincoln. The young family looking to buy a home, their escrow account on the mortgage will go down 50-80 bucks. And to a young family times 12, that might make the difference, can they afford the house or not. We have to reverse the trends of the "burdensomeness" of property taxes on everybody. The young family trying to buy a home, the farmer trying to infuse-- to do business on the local main street, the grocery store in a small town, the grocery store in Lincoln. And how do we do it? We lower property taxes, we raise taxes from those areas of individuals discretionary spending. And by the way, I haven't said it, Senator Hughes, thanks for bringing this amendment, we fought it when they passed it, only a couple rich guys in Omaha pushed it. They give a lot of money and they have a lot of influence, as you can see. But we're talking about tourists coming to town and we should be taxing that tourist from Illinois, from Missouri, from Minnesota. Let's tax it. When you buy a membership to a zoo, you have discretionary money to spend. You have a lot of discretionary money if that's on your list of what you buy every year. That should be taxed. It's entertainment. I'd rather have the zoos like Senator-- animals in the zoo running where they belong instead of locked in a pen. I don't go to zoos. But anyway, I live in nature in western Nebraska. But we are doing multiple things here for the state of Nebraska. This fits into LB720. This is rural Nebraska's economic--

SCHEER: One minute.

GROENE: --incentive; LB720 when it comes to the floor is going to be urban Nebraska, because that's where the large companies exist. One dollar, which I learned in my first economic class, the old theory was \$1 spent on main street adds up to \$5 spent on main street as it goes through one business to the other. We do not tax groceries. If the staples of life are not taxed in this bill, it is discretionary. I can change my own oil if I want to. Nobody can work on a car anymore because they're a computer. But there's a lot of reasons why this bill works. This bill works, it funds our schools, it gives clarity to the school districts, to the local people, where the funding is going to come from instead of a guessing game every year whatever in August 20--

SCHEER: Time, Senator.

GROENE: Thank you.

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SCHEER: Thank you, Senator Groene. (Visitors introduced.) Returning to the queue, Senator Hilgers, you're recognized. Senator Hilgers, you are recognized if you are in close proximity. Not seeing him, Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. I'm going to continue a little bit with what I call the property tax problem in rural Nebraska. When you look at the property tax collections per capita and you look at McPherson County and just-- that's the number one highest, there's \$7,764 per capita, and then you go down: Arthur, Wheeler, Loup, Hayes, Thomas, Blaine, Banner, Gosper, you can go 78 more counties before you hit the Nebraska average of \$2,156. And so then after that, you see the counties of Thurston, Platte, Buffalo, Box Butte, Sarpy, Adams, Madison, Douglas, Dodge, Red Willow, Hall, Lancaster, Scotts Bluff, Dawes, and Dakota that are below average in property taxes collected per capita. So, you can see the huge disparity in what they're funding their schools. And everyone says schools are a local issue. But I will talk that in our constitution it says it is our responsibility for the free instruction of our kids. It's only seems to be a responsibility in about 65 of our school districts, because about 170 of them receive very little or no state aid. So I'll use Central City as an example, it's in Merrick County. Ag land there has increased 195 percent. This is their taxes that they are required to pay is 195 percent increase. That's on their total tax collections, I'm not just talking about schools. With this bill, the estimate that I have here, they're going to receive about 28 percent reduction in their school portion of their property taxes. Again, this isn't targeted towards ag, it isn't targeted toward rural areas, it does very little for the increase that has happened to ag. This is, across the board, property tax reduction. That's one of the flaws I find in it, but it is still better than nothing, it is starting to change how we fund-- mentally fund our K-12 system. It's just hard for me to go back to my constituents in Central City, and they've had 195 percent increase and they're trying to compete, they're trying to make it, and I'm going to offer them a pretty meager tax relief. That's difficult for me. Thank you, Mr. President. With that, I'll yield the rest of my time to Senator Linehan.

SCHEER: Senator Linehan, 2:20.

LINEHAN: Thank you, Mr. President. I'm going to address some of the things that were talked about. Somebody brought up the three-lever plan that David Welch had brought before the committee a couple of times; I think Open Sky had something to do with it. I know I have looked at it, and it deals with, if I remember right, and somebody, I think, said this, maybe it was Senator Bolz, drop ag to 50 percent, move the LER down to 80 percent, and 15 percent foundation aid. So I was wondering, Senator Bolz, would you yield to a question?

SCHEER: Senator Bolz would you please yield?

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BOLZ: Sure.

LINEHAN: So, we had a conversation a little bit earlier, then I got called to the mike for a question, so just to finish that, if you don't mind. So, this year, the Appropriations Committee changed the LER in its side or did they request that the LER be changed?

BOLZ: Not to split hairs, but yes, I think the request from the Appropriations Committee was partnership with the Education Committee to try to adjust the funding formula to better meet our budget needs.

LINEHAN: So when we raise-- so the LER is just a function of the TEEOSA formula, is that right?

BOLZ: That's how I understand it.

SCHEER: One minute.

LINEHAN: So when we raise the LER from \$1 to \$1.2, what happens?

BOLZ: When you raise the LER from the \$1 to the \$1.2, the local effort from the local community is more. The local community has to do more.

LINEHAN: So would that be another way of saying when we raise that LER, we raise property taxes?

BOLZ: I think the proposal that was put forward by David Welch was a good faith effort to say that the three levers in combination could be a part of the solution to the property tax (INAUDIBLE).

LINEHAN: But isn't the LER the thing that we change almost every year?

BOLZ: We have changed the LER multiple times during my time in the body.

LINEHAN: OK, thank you, Senator Bolz.

BOLZ: Sure.

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LINEHAN: So, I have grave concerns that we would pass a bill here that uses the LER as our promise for property tax relief. The LER is the one thing that goes up and down, mostly up, when we don't have the funding.

SCHEER: Time, Senator.

LINEHAN: Thank you.

SCHEER: Thank you, Senator Friesen, Linehan, and Bolz. Senator Murman, you're recognized.

MURMAN: Once again, I rise in support of LB289, AM1572, and also AM1637. Our goal as the Legislature should be to pass a comprehensive plan that provides fair funding for all our schools, while giving substantial property tax relief. Many of our schools in the rural districts don't receive anywhere near the amount of funding that the urban schools do. I do not want to make this a rural-urban issue, but my constituents are upset that their money is going to the urban areas and not helping to fund rural communities. When looking at some of the state receipts for school funding, we have to recognize it truly is unfair how we are currently providing state funds to our schools. Bridgeport Public Schools in Senator Erdman's district only receives 10 percent of their funding from the state, while Omaha Public Schools receives over half of their funding from the state. When looking specifically at the data from the schools in District 38, state aid under LB289 would increase. I looked at current state aid funding for 2019 and 2020 and compared it to the projected funding with LB289 for the same year. And when I looked at the projected funding for 2021 under LB289, the state aid increases more. This bill is not only going to help the schools in District 38, but it's going to help school districts across the state. Currently, there are 27 counties in Nebraska that have just one district. Consolidation in our rural communities is not always a viable option. We would have students sitting on a bus for multiple hours a day just to travel to and from school. There are 162 districts that receive no equalization aid. I go back to what I said about fairness and the apparent divide between the amount of funding for rural and urban schools. I am hearing from many people in urban areas that their property taxes are going up as well. LB289 eliminates the fluctuations of the evaluations. By ensuring the state covers 33.3 percent of the school district's funding needs, this proposal insulates property owners from property tax increases resulting from spikes in valuation. LB289 works to limit the growth in school spending. Over time, this bill will balance the ratio between state and local funding of education. LB289 provides reliable relief for our constituents. It creates a reliable base for state aid funding and gives long-term stable property tax relief. Thank you, Mr. President.

SCHEER: Thank you, Senator Murman. Colleagues, we have met the allotted time for the first portion of this bill. Mr. Clerk.

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CLERK: Mr. President, items: LB86A is reported to Select File; Enrollment and Review reports LB657, LB657A as correctly engrossed; communication from the Speaker-- I'm sorry, from the Executive Board regarding the designation of LB298 as a major proposal. Amendments: Senator Chambers to LB289; Senator Hughes offers a new resolution (re:LR114), it's a study resolution; that will be referred to the Executive Board. Senator Hunt would like to withdraw her name as cointroducer from LB720.

And Senator Matt Hansen would move to adjourn the body until Wednesday, May 8, at 9:00 a.m.

SCHEER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. We are adjourned.