

MICHAEL ECKLEY: Good morning. Let us pray together. The ancient prophet Isaiah states: The spirit of the Lord shall rest upon him, a spirit of wisdom and of understanding, a spirit of counsel and of strength, a spirit of knowledge, and a fear of the Lord. Almighty God, as always, we gather in your presence. Guide us so that our gathering may also be in your holy name and that we are attentive to your holy will. We ask your blessing to be upon this assembly, whose members have been given a sacred trust from those who have elected them and sent them here as their representatives. Grant them this day the gifts Isaiah spoke of as they debate the best way forward for the people of Nebraska. Grant them wisdom to know your holy will for your people. Grant them understanding of one another, especially when ideas and policies differ from their own. Grant them counsel to know what must be done. And grant them strength to stand firm for the good and do what must be done for that good. Grant them knowledge and your insight to the issues before them. Grant them fear of the Lord, a reverence for all that is yours, so that what is enacted in law here may reflect your justice. Finally, Lord, send your blessing and grace upon all gathered here as they begin the work of this day. We ask this in your holy name. Amen.

KELLY: I recognize Senator Hughes for the Pledge of Allegiance.

HUGHES: Please join me for the pledge. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

KELLY: Thank you. I call to order the forty-third day of the One Hundred Eighth Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: There's a quorum present, Mr. President.

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections for the Journal this morning, sir.

KELLY: Are there any messages, reports, or announcements?

CLERK: Single item, Mr. President: Senator Brewer, amendment to be printed to LB1037. That's all I have this morning.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate March 14, 2024

Rough Draft

KELLY: Thank you. Senator Fredrickson would like to recognize the physician of the day, Dr. Steve Williams of Omaha. Please stand and be recognized by your Nebraska Legislature. Senator Slama would like to recognize some guests in the north balcony from Leadership Nebraska City, Neb-- and Nemaha County Leadership. Please stand and be recognized by your Nebraska Legislature. Mr. Clerk, please proceed to the first item on the agenda.

CLERK: Mr. President, the agenda: General File, LB1413. When the Legislature left the bill, pending was a motion to indefinitely postpone pursuant to Rule 6, Section 3(f) from Senator Machaela Cavanaugh.

KELLY: Senator Clements, you're recognized for a one-minute refresh.

CLEMENTS: Thank you, Mr. President. LB1413 is the Governor's mid-biennium funds transfer bill for the Cash Reserve and other cash funds. The Appropriations Committee advanced LB14 [SIC] to General File with committee amendment AM2698-- that we will get to later-- on a 9-0 vote. And the-- I want to again thank the Appropriations Committee and the Fiscal Office for their hard work on this bill we've started in January. I'm glad to bring it to the floor. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Returning to the queue. Senator DeBoer, you are recognized to speak.

DeBOER: Thank you, Mr. President. Good morning, colleagues. I wasn't able to speak yesterday afternoon as much as I wanted to. This is the actual cans-- cash transfers bill. And so this is the one where-- I will again just draw our attention to the Universal Service Fund, the Nebraska Universal Service Fund, and the fact that we are taking the interest going forward-- if that's what this body decides, that's what this body decides, but I want to think through it and talk through it as we're thinking about it. The-- my understanding is the original recommendation was to take some of the-- potentially the principle from the NUSF. I will note that that is not something we can do. Something, colleagues, the Supreme Court has decided is that if something is a fee, we cannot use it for general funds. And only if it is a tax can we use it for general funds. So that case has been decided. If we use the interest, that is not going to change it from being a fee into a tax. But if we were to ever use any of the principle of the NUSF fund, that would make it into a tax, not a fee. There's a lot of reasons that we should be concerned about doing that.

And so taking the Universal Service Fund and making it into a tax would be problematic. So I thank the Appropriations Committee for not doing that. And I think the Appropriations Committee for not trying to take any back interest, which I think would get us into murky legal areas. However, they are taking the interest going forward into perpetuity, and this is my concern. While right now some of what we're using the NUSF for is building out in those areas where we cannot make a-- no, no business can make a business case for going out there, the astronomical cost of putting fiber out in areas where there aren't a lot of houses is something that really makes folks not want to invest in doing that, particularly because the take rate or the number of folks that they are going to have in those areas may not be enough to actually get them to be able to build out. So at this point, we're using the Universal Service Fund in part for that. But in the long run, what the Universal Service Fund is probably going to have to do is support all of this fiber that we're putting out. Whether we're putting it out through the BEAD program, whether we're putting it out through the Bridge-- the Broadband Bridge Act, which-- say that five times fast-- whatever way we're doing it, right now we're building out at a very rapid pace. The head of the broadband office, the Nebraska Broadband Office, has said to our committee that we will be built out by '29. I hope he's right. I cannot imagine we can get built out that quickly, but we'll at least be a lot further along, which means we're going to have a lot of fiber out in the ground in very rural areas that needs to be maintained. So the Universal Service Fund has traditionally been used to maintain high-cost areas, and that's something that it's going to continue to have to do. And it's going to need to do it much, much more when we get this much, much larger area of fiber in the ground or on the poles. And maintaining that is going to be expensive, and it's something that we're going to have to do going forward in order to keep internet out to all of our folks. So I will--

KELLY: One minute.

DeBOER: --cautious-- caution us all to think very carefully about whether or not what we want to do is in any way diminish a fund that we're going to need to build up because we're going to need those funds in the future. Again, I will thank the Appropriations Committee for not taking any of the principle and for understanding that we need to keep that particular fund robust. But I will say that it's something that concerns me and I hope that we can at least discuss that as we're going forward this morning. Thank you, Mr. President.

KELLY: Thank you, Senator DeBoer. Senator Blood, you are recognized to speak.

BLOOD: Thank you, Mr. President. Fellow sena-- senators, friends all. What I have to say is going to ring a bell. Right now, I do stand in support of the IPP motion because I think we have some issues that we need to discuss within these transfers, and one of them specifically is in reference to the bill we talked about earlier, which is Senator Riepe's bill, which is state unemployment trust fund bill, where they want to shorten the duration of unemployment and then specifically also transfer \$60 million to the General Fund for property tax relief. So no denying everybody wants property tax relief. That's not the question. Here's the question that I need you to consider. First of all, I was at an event on Friday night and I had a lot of angry business owners coming up to me and saying, why are we paying special taxes for this fund if somebody's going to use it for a piggy bank? We have a lot of employees who don't own property. Should they be unemployed and the state right now-- which is fiscally sound-- were to run out of money, what happens then? Well, what's going to happen then is what's happened in other states. As we discussed on Senator Riepe's bill, the states that shortened the duration of unemployment benefits ended up creating a secondary issue, and that issue was that their coffers, when it came to their trust funds, became depleted. And when those funds became depleted, then they had to go to the federal government to get a loan. I know that everybody is looking at these funds as being surpluses, but anybody that's ever been in government knows that budgets ebb and flow. To believe that they-- all of these funds are going to stay full and that nothing's ever going to happen to them is probably not very sound judgment. We cannot take money from this fund. You're going to have people stand and talk-- maybe and maybe not because some people just want to get this done and vote on it-- talk about how people take advantage of the unemployment that they receive in Nebraska. But if you look at how much people make on unemployment, it is not a living wage. You know for a fact that, during the pandemic, we gave out tens of millions of dollars to the Russian mafia. I didn't even see you guys up in arms about that. I brought it to everybody's attention. We had a public hearing on it. I don't see us getting any of that money back. But we're willing to take money from it. So I find that really confusing. We're, we're willing to let bad guys take our money-- because the cybersecurity at our state is not awesome-- and we're willing to allow people to use it as a piggy bank when they can't figure out how to properly lower property taxes. Want to know how to lower property taxes? You do a strategic

plan. You plan for the future. You have metrics. You measure what you treasure. You have goals that you meet. We don't do that in Nebraska. I have never seen that done in the last 20 years. But what we do is the Property Tax Relief Fund, where we make you ask for your money back. That's not property tax relief. That's actually kind of a handout, which, of course, Nebraskans deserve because they're paying too much in property taxes. But we're never really solving the problem. We want to cap things. We want to be a nanny state and take over political subdivisions and tell them what they can and can't do with their funds-- which, by the way, we can do because we're a Dillon's Rule state--

KELLY: One minute.

BLOOD: --but then that takes away the voices of the people at the local level. But I guess we're OK with that as long as we have property tax relief. Friends, you can wave your flag and say you gave property tax relief, but until you come up with something sustainable and long term and there is an actual plan, we will never have true property tax relief. We will never have a plan. We will only keep being a piggy bank and have that fund that people need to ask for their money back. Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. And good morning, colleagues. I am glad that we have the opportunity to reconvene and continue our debate and deliberations in regards to the budgetary package before us to make mid-biennium budget adjustments. And we spent a, a great deal of time on the previous bill-- which is, generally speaking, the mainline budget bill-- and talking about related components in this measure, LB1413, which represents a lot of the more complex and controversial aspects of the budget proposal in regards to sweeps and cash transfers and kind of what that means and why for the overall vision in terms of the budget and the related revenue package. So I, I want to make sure to reaffirm-- and I, I know that most people who have been involved in the discussions have a lot of clarity in terms of understanding where we are with budgetary negotiations, but I-- it does sound like perhaps maybe some colleagues are confused. This is not a filibuster to filibuster. That is not what's happening at all. This is not a return to last year. That is not what's happening at all. Anybody who's grumbling about that needs to talk to the stakeholders that are actively and in good faith negotiing-- negotiating serious issues

related to tourism, related to Special Olympics, related to behavioral health, related to developmental disabilities funding, related to job training, related to water issues. The, the list goes on and on and on. And indeed, those negotiations do take time. That is pattern and practice with how we have always done things and should do things. So if anybody watching at home or in the lobby or on this floor is confused about what's happening, this has nothing to do with the veto override. This is no sort of signal in regards to a return to filibustering, as was the practice last year. This is serious debate that is also allowing for negotiations to continue off the mic, which is important, to bring people together to try and foster consensus on really important issues impacting our state and our districts. And it takes a little bit of time to do that. And it may be boring or it may seem messy, but it's actually helping us with each minute that we spend on the budget bills get closer in those negotiations. It is also a task that is next to impossible to complete in Q&A on the mic. That's why individual senators are taking time to lift up issues that are important to them in their district, to signal that that is critical from the nego-- negotiations perspective. But I, I do want to just preface today's debate in that regard. There is no shift in tone. There is no shift in strategy. This is what a budget debate can and should look like, actually, in the Nebraska Legislature. And once the Appropriations Committee does its hard work to put together a package to advance to the full legislative floor, it, it no longer is the committee's. It becomes our own. And people have signaled that there are serious issues with some of the big sweeps in this budget--

KELLY: One minute.

CONRAD: Thank you, Mr. President-- a lack of investment in certain areas that are priorities for our state, what that means for the overall bottom line, what that means for the corresponding and correlated tax packages that will soon be working their way through the Legislature. So let me be clear. And if you need to be to more-- me to be more clear, I'm happy to visit with anybody off the mic, as I know other negotiators are as well. This isn't filibuster for filibuster's sake. This is a critical budget debate. Each conversation, each moment is moving us closer in terms of understanding the text and-- technical and substantive issues. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I rise in support of the IPP motion and still don't necessarily know where I'm at on LB1413. Probably a no right now mainly because multiple reasons, as I stated yesterday, that we have 20-plus cash transfers, and some of them I think we're right to have conversations about when you think about the inequity of funding to rural workforce housing and middle income housing. I think we need to address that issue and at least come to some type of compromise on that particular issue. There's \$25 million. Let's just split it in half and call it a day. There still would be inequity, but I don't think we could completely solve that this year, considering it's only \$25 million. And I do believe rural and middle deserve some funding. I just believe that both should be funded equally and not one getting \$20 million and the other getting \$5 million. Just something I disagree with. Also, there's issues around these transfers of these unemployment funds. I don't know why we're taking that much money from the fund, so I would hopefully like a better understanding of that. But also thinking about the other bill that is trying to decrease the amount of weeks people can claim unemployment benefits. Com-- and when you combine those two, it's very alarming that we're cutting the time somebody could get unemployment benefits and we're also taking money from the fund. I don't know if that's right. I don't think it's right. I know there's a lot of people with a lot of questions around that because there, there are industries and individuals that work in the trades partic-- for example, that rely on that, especially when the seasons change and there is no work available. They need to be able to access unemployment benefits. So hopefully somebody will get on the mic eventually and explain why are we taking \$70 million from that fund for property tax relief. Well, I think it's-- it might be actually \$60 million for property tax relief, I believe, and another \$10 million is going to something else. But just in general, we're trying to decrease this year-- there's bills to decrease the amount of time somebody can claim unemployment benefits. And we're taking a chunk out of the unemployment fund. I believe taxpayers deserve an adequate explanation of why that's occurring. So hopefully today, as we take time, we'll get some answers on that but also some answers around, are we going to equita-- equitably fund rural workforce housing and middle income housing? But overall, I think our, our budget is our moral document. It specifies the priorities that we have as a state and what we deem as important issues. I think property tax issues are important--

KELLY: One minute.

McKINNEY: --but-- important across the state, but I think it's something that we have to have a contextual conversation about, and that does not mean that we should just be looking to raid funds to do it because also we're potentially going to have some issues around 2027, 2028. And I'm just concerned about where are we going to get the money if there's an economic downturn, revenue projections aren't what they're supposed to be-- all of those things if we're raiding cash funds. So just something to think about because some people won't be here, but we'll be here and we'll have to deal with that issue, so let's at least talk about it now. Thank you.

KELLY: Thank you, Senator McKinney. Senator Armendariz, you're next and recognized to speak.

ARMENDARIZ: Thank you, Mr. President. Thank you again for your time today. I want to reinforce that I was-- I ran on and I was elected to watch over the taxpayers of this state, and I will continue to do that on the Appropriations Committee. I will be a fiscal hawk over their tax dollars. The sweeps of these accounts, I want to-- I want to ask a question of anybody that works in the private sector or-- if you don't, pretend you do work in the private sector-- and your boss gives you \$200 to go buy an office chair for your own use. You go, and the office chair ends up costing \$170. What do you do with the extra \$30? Do you give it back to your organization or do you go spend it on office supplies because you think you need some office supplies? Or, they gave you \$200, you might as well spend it for your department's use although it was allocated for an office chair. When agencies come to the Appropriations Committee, they ask specifically for what they need the money for. We allocate them that money. It is not intended to be used as a cash slush fund for them. If it is not being used-- and we do look back year over year how much is being used and how much is accumulating? It is fair to the taxpayer to give them that money back, which we are attempting to do here. The number one issue in the state are ta-- is taxes. We owe it to the taxpayer to give them their money back, not keep it and try to find another way to use it within that department or within that program. That isn't what it was asked to be used for. Some will say that, that that money has been allocated. There is a difference between money that is allocated and money that is under contract. Anybody that works in the private sector knows that they are allowed a budget, and they try to use it by the end of the year or they'll lose it. So they'll allocate it. It isn't necessarily under contract. And they'll carry it over. And oftentimes if they don't have it under contract by the end of the year, they will, they will lose it. So this is a signal to say, if you have been allocated

money, you may not hold that money for years with the intent to contract it. Here's what's been happening when they come back to the com-- to the committee: well, we got the money-- say \$70 million-- to build a water treatment facility. And now, three years later, it costs \$110 million. We're going to need more money. We need to contract that money the minute we get it. If there are issues in contracting it in a timely manner, then those issues need to be fixed. We don't just come back and ask for more money. We also need to look at programs that are or are not working. A perfect example is the summer free lunch program that was asked for at the beginning. It was a very contentious issue. Great program, great intent. There were other programs in place. Some of them I, I used myself as a child that were good programs that got us out of our community and brought us exposure to things we needed to get exposure to. Now, if those programs are being underutilized and we'd rather replace them with this new program, that is fine. We need to go back at the programs that are being underutilized. Arguably, under 20% utilization in programs, why are we keeping them? If we're paying any administrative fees to them, we need to shut them down. We need to spend the money on the new program that we think is better, but we also need to do a look back on the programs that are not working, and we need to do that--

KELLY: One minute.

ARMENDARIZ: Thank you, Mr. President-- we need to do that throughout every program and every agency, which we're attempting to do with the audit that is going on now, and we need to let that work. Now, schools are obviously a huge issue-- also taxpayer funded. Next time on the mic, I'll talk about the schools and how that is putting too much pressure on the taxpayers of this state and what needs to change in that as well. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. Well, I rise today in support of LB1413. And just want to add a little color to some of what's been talked about. I think I made it clear on the mic before that I am concerned about one of the transfers. But I can tell you that the transfer out of the state unemployment fund is not one that I have a concern about, and I'll tell you why. We talked about this earlier, and, and-- maybe I should first just say that I appreciate Senator Armendariz's comments. I think she's spot on in terms of what the Appropriations Committee is trying to get done. Many of you know

Senator Clements. He and I are both bankers. I can tell you that, Senator Clements, you'll have a-- you'll be hard-pressed to find someone more conservative and more fiscally responsible. And I can tell you that, when he delivers this information and this plan, that it is fiscally sound. I know there's a lot of talk about, well, gee, what are we gonna do about reserves? We have almost \$1 billion in re-- in cash reserves after all of this gets done. I-- he's also laid out the fact that we're going to see these funds come down from the General Fund, going to get down to the point to where we get the end of '27 after the state income tax cuts fully are implemented to the 3.99% upper rate, that then we will start seeing those revenues go back up. That's been baked in the cake. And we have \$1 bill-- roughly \$1 billion in reserves. So we're not running out of funds. If we get a recession, we have reserves. That's been taken care of. These cash fund transfers are simply that. It's really what Senator Armendariz has laid out. I can also tell you that there were a number of other cash funds that were originally targeted, and then they learned as for-- as they continued to dig into it, that these were funds that were earmarked for specific needs, that those agencies had held those dollars either because of the pandemic or the need to hire staff and couldn't hire staff and now were moving to do so. So those funds were left alone. So what they've tried to target is those funds that don't need to be there and are truly excess. Let me be abundantly clear on what's happening with the state unemployment fund. That is not a fund that's mandated by the feds. There's a federal state-- there's a federal unemployment fund that's funded by employees in the state-- by employers and employees in the state. That's about \$550 million. That's more than ample to take us through a recession and have enough dollars. There's about \$78 million in the state fund, which has continued to build every year both in terms of what's being paid in in particular. There's also earnings on it, and then those earnings are transferred out to pay for job training. And it goes into that cash fund. So the fact of the matter is is that not only do we not need the funds that are currently in that state unemployment fund, we don't need that fund. It's not a mandated fund. It was established probably a decade or so ago to backstop the federal side when we had low reserves on the federal side. That is not the case today. But it is going to take statutory changes to eliminate that, and that's what I intend to do because I think, as Senator Armendariz laid out, not only do we need to return tax dollars--

KELLY: One minute.

JACOBSON: --and be frugal of the tax dollars that are coming into the state, but we need to stop collecting taxes that are not needed. Every employee in this state and every employer in this state are paying into SUTA, state unemployment tax. They don't need to be doing that. That's a fund we don't need. And by the way, \$60 million of that \$70 million transfer was what was coming out at the Governor's request. The other \$10 million is going into the General Fund and being earmarked back for job training. So that's already allocated in the General Fund. So I think it's important people understand we're not raiding the fund. This is a fund that doesn't need to be there. And frankly, not only does it not need to be there, it needs to be shut down and we need to quit funding it. And that's something we need to do next year. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Senator Fredrickson, you're next in the queue.

FREDRICKSON: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. I am happy to be here again today, having participating and learning from my colleagues during this debate. You know, I think one of the cool things about the diversity of topics that we debate in here is that you sort of get to learn from all of our colleagues in their different areas of expertise. And so I know I was chatting with Senator Armendariz yesterday. I have been appreciating learning more from her about her expertise in this area. And, you know, listening to Senator Jacobson, as someone who's worked in the banking industry about unemployment funds. It's, it's always, I think, nice to sort of learn from each other. And our personal experiences and our backgrounds, I think, helped make us make better policy. So this is been something I've been really enjoying being a part of. I also want to-- I want to reiterate what Senator Conrad was saying earlier, which is that, you know, what's happening today while we're getting on the mic, while we're discussing this, while we're getting into the weeds here, this is not-- you know, there's been some rumblings that-- the-- that everything's being filibustered all of a sudden. This is not a filibuster in, in, in any way, shape, or form. What's actually happening, as Senator Conrad said earlier, is that there are negotiations that are going on. Legislators are having conversation. And from what I'm understanding is that we're getting closer and closer to what we're actually going to be putting forward from, from this Chamber. And so for folks at home, you know, this is something that you, you learn when you get into the Legislature and if you observe the Legislature kind of what the budget process looks like. So we're actually in the second year of the biennium. So we

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passed our two-year budget last year. This is a adjustment to the budget that we're debating this year. And earlier in the session, the Governor's Office puts out a proposal of a, a, a proposed budget from the executive branch. And then what's happening now is that the Appropriations Committee here in the Legislature puts out to the legislative body their suggested tweaks to the budget, so to speak. And so that's what we're talking about here. We're considering what the executive branch's goals are. We're considering what they're, they're hoping to do with the state's budget. But we're also taking into consideration the legislative branch here, and that's the conversation that's happening now. So there's-- we're kind of in this final process here. A lot of conversations are happening. We're looking at the different goals, both at the executive branch but also of the legislative branch. And, and, and, frankly, of-- you know, as we-- as legislators in here, we represent our constituents. So we are most mindful of what are the goals of Nebraskans and our constituents. And that's what we're trying to prioritize and ensure that those things are not left out when we, when we talk about the, the budget itself. And I'm, I'm confident we're going to come to an understanding and an agreement moving forward. Yesterday, I spoke a little bit about the unemployment fund. And Senator Jacobson was making some comments on this, and I think that's a really-- I think he made a really astute observation that a lot of folks-- I think we can kind of underscore-- is that our state unemployment fund, that is not mandated. That was originally established as, as, as, as he described, as a backstop-- almost like an insurance policy, so what happens if on the federal level we run out of unemployment dollars. This-- the state fund was, was really an insurance policy to ensure that if Nebraskans were in a situation where they were in need of unemployment funds, that the state was able to continue to provide those. So Nebraska historically has been a very fiscally responsible state. I think that's something we can all be really proud of. And that's something that, clearly, with the numbers we're seeing from our state employment fund-- which is a bit inflated at this time-- there's-- that, that's kind of what's leading to all this discussion. I think that some concerns I have about the sweep of that fund are, are, are, are a couple of things. One is that this is a fund that businesses have paid into-- so large businesses, small businesses. Employees have also paid into those as well. So I understand that there are larger goals when it comes to property tax relief. I think that's a admirable goal. It's an important goal that we need to address. But I also think that when we consider what the funds were originally intended to and what they were intended for, we have to be mindful of that. Whether that's giving

that money back to the business community, whether that's giving money back to the employees who have paid into that fund, but also considering what are the business community's priorities for this year? And if we are in fact going to sweep that fund, is there something we can invest in that's in line with their priorities?

KELLY: One minute.

FREDRICKSON: Thank you, Mr. President. I understand that there's \$10 million of that fund going into job training. That, I think, certainly is in line with the business community's goals. They are certainly interested in job training. You think about workforce development. I'm going to continue to harp on this: child care, child care, child care. I think we need to invest in our child care workforce, our child care providers. You know, this is an opportunity where we are seeing a, a large number of funds that is actually been listed by the business community as one of their number one priorities for this year. And so when we consider where we're using these funds, that's something that we as a Legislature really need to keep in mind with that. I will continue to listen to the debate. And appreciate the conversation that's happening here. Thank you, Mr. President.

KELLY: Thank you, Senator Fredrickson. Mr. Clerk for items.

CLERK: Thank you, Mr. President. Your committee on Banking, chaired by Senator Slama, reports LB446 to General File with committee amendments. Additionally, a series of motions from Senator Machaela Cavanaugh to LB937. Those will be printed in the Journal. And notice that the Revenue Committee will be holding an Executive Session in room 2022 at 10:00 a.m. Revenue Committee, Executive Session, 2022, at 10:00. It's all I have this time, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Blood, you're recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all. I still stand in support of the IPP motion because I still am hoping that there are some of you that are listening to the words that I am saying. Federal law says that all money withdrawn from the unemployment fund of the state shall be used solely in the payment of unemployment compensation. Again, federal law says all money withdrawn from the unemployment fund of the state shall be used solely in the payment of unemployment compensation, not for tax relief. Everybody's looking down, so I know how you're going to vote already on this. But

what I don't see is I don't see us adjusting the employer tax rates. If we're so thrilled that we have a surplus that we think we need to move on because we don't need that money, why did we take the money in the first place? And you should know too that fewer than half of the people that are unemployed actually receive any help because they're not looking for jobs. But what I always remember is that the Federal Reserves-- and I can't remember who said it, so I can't quote the person-- but it was somebody at the Federal Reserve, and they once said that unemployment rises like a rocket, but it falls like a feather. And what they're talking about is like when we're in recession. So when recession starts, companies look for ways to manage slowing down the demand for goods and services. And they need to cut corners and they need to save money to get through the recession. So the next move is to lay off the workers or fire the workers. And so that means fewer funds are going into the unemployment fund, fewer-- less money, and more people are going to be utilizing it. This reminds me of the silver tsunami that everybody talked about, right? Oh my gosh, there's going to be a silver tsunami in 20 years. And we better do something about it because what's going to happen is fewer people are going to be paying into unemployment-- I mean in, into Social Security and more people will be using it. And what did we do for 20 years? Absolutely nothing. And now they want to take that away from you or take it away as you know it. And they want you to wait until you're after 70 to use it after paying into it for four, five, six decades. This is the same kind of thing. I don't understand why we think it's OK to create messes for future Legislatures. Why is that OK? So unemployment usually peaks long after the recession-- we saw that especially with COVID-- and it's over when the economic contraction hits bottom and it starts to rebound. But long-term recession does other things. It, it damages public health and our economy when it comes to the long-time production potential. And again, we saw that for a while with the pandemic. And yes, there are stabilizers that kick in and help us out. I understand that, from the federal government. But I was listening to Senator Armendariz and I actually disagree with some of what she said. I don't think you can compare taking fees, tax money that the federal government says that we can only use for unemployment and compare that with a office chair, that the money was spent for something else. That's not one of these cases. And again, taking money from funds to balance a budget or front-loading a budget tells me that there's not a long-term plan for this budget, and we have done that for as long as I've been in this body. And we can stand up on the mic today and we can justify it, but it's not a good way--

KELLY: One minute.

BLOOD: --to deal with taxpayer dollars. I know that we always talk about taxes and that we're going to be good overseers of tax dollars, and I think we've done a very good job of it. A really good example is the first two years we were in the body, my class, because we passed so much good legislation with zero fiscal notes. And we were able to get the state of Nebraska out of a very big hole. But I don't understand this money grabbing when we can't figure out creative ways to act-- actually take care of property taxes. Why can't we find a long-term solution? Why are we always doing short-term solutions? And why do we always wave our flag and say how awesome we are that we lowered property taxes when that's not what's actually happening in our communities? Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Lowe, you're recognized to speak.

LOWE: Thank you, Lieutenant Governor. I stand in support of LB1413 and opposed to LB1247. I think the Appropriations Committee did a pretty good job even though I'm worried about the trans-- the, the funds that go to tourism. I hope that we're able to still fund that. But the other day, Tuesday evening was an evening that three senators got to partake in-- Senator Holdcroft, Senator Ibach, and myself. We went to DUI court graduation for Lancaster County. And there were seven individuals there that were going to graduate that evening. They also had an individual who had graduated, I believe, in the first class. And he came to speak. And he, he spoke pretty well about how it changed not only his life but his family's life. Then there were-- they showed a series of videos of each one of the graduates. And they showed the families and the friends of, of these seven individuals on how this process has changed their lives for the better. They, they have to be tested twice a day-- once in the morning and once in the evening. They have to maintain a job, and they can't get into any trouble. It's a, it's a success story even though there were only seven of them this year. But that's seven who were not spending the nights in jail and were able to go back to work and pay taxes. That's a good thing. I mean, it, it truly changed their lives. The DUI court is specifically designed to supervise eligible participants who have been charged with a felony, third or fourth offense DUI, or third offense-- fourth offense refusal of chemical test. And I spoke to one of the individuals afterwards and spoke with an-- another officer of the court, and he said that one of the individuals rode his bike to work every day and across Lincoln because he's not originally from

Nebraska. But he was here, and that's where he had to serve this, this court. And he did that all through January of this year. Anybody remember what the weather was like in January? And he rode his bike and he was-- showed up for every test. And he made it. That's, that's incredible. This is a success story, and I think we need to be doing more of this across the state. And I commend Lancaster County and the Supreme Court for offering something like this. I'd like to yield the rest of my time to Senator Halloran.

KELLY: Thank you, Senator Lowe. Senator Halloran, you have 1 minute, 45 seconds.

HALLORAN: Well, thank you, Senator Lowe. I appreciate that courtesy to, to yield me all that time. And to be brief, I'm going to yield my time back to the Chair.

KELLY: Thank you, Senator Halloran. Senator Dorn, you're recognized to speak.

DORN: Thank you, Mr. Lieutenant Governor. Thank you for some of the conversation. Thank you for Senator Armendariz getting up and basically explaining some of the philosophy or some of the thoughts behind the dollars that are sitting out there. And some of the discussion that-- quite frankly, we had some frank discussion in Appropriations. I really appreciate that. Thank Senator Jacobson, for making some of the comments he made about some of his stuff, and everybody else. Yesterday, when I was listening, somebody talked on the mic and talked about, I call it, our long-term-- not planning our long-term revenue and our long-term appropriations, what they might look like. And Senator Walz did pass this out. This is-- comes from the legislative fiscal staff. They-- it's the 2023 Nebraska Long-Term Budget Planning Report. Every four years, they need to put this out. I believe everybody got this on their desk. I hope people are taking the time to look at this. This has some different things in it. We-- not different things. We, we talked last year-- or, Senator Linehan talked about this report has a methodology to it that there are certain percentages that are longer term plugged in and there are certain percentages I-- in our revenue increase. Also certain percentages in our appropriations, how we would have those going forward. It shows that, for a certain period of years here, we're going to have a 4% revenue growth and then a 4.5% and it-- averages in the 4% and how they used that for different years and what our fiscal-- what our fiscal financial-- the General Fund financial status looks like. And I think everybody should really look at that because it goes through the

years '38-39 using that methodology where they are those-- 4%, 4.5% growth, a 2.5% roughly-- it explains that later on in this, this book-- 2.5% growth somewhat in appropriations. I want people to understand that this isn't just a methodology pulled out of the-- out of the-- numbers pulled out of the air. These are numbers that have been historic numbers as far as revenue. The appropriations now, they have lowered those because the last few years, the budget, when Governor Ricketts was here and now Governor Pilleen, we've been down in that 2% to 3% growth in appropriations. But it shows some things that-- in the General Fund status that, I call it, above-- excess shortfall above the minimum reserve. When you go out there in the year 2030 and 2031, we're not excess above the minimum reserve. We're \$0.6 billion under it or whatever. So there are some very interesting charts, some very interesting data in here. On page 5 was-- I think people also need to be aware of-- it gives some projections of what our property tax credit fund's is going to look like, what that's going to grow over the years. Also that we're going to put \$250 million a year into the Education Future Fund way into the future. Then on the next page, it shows a little bit and explains a little bit about the growth and the different programs. And these are more compared to what we've had the last few years as versus the historic 40-year growth. But it gives a lot of information and a lot of data. And as we talk about the budget this year and as we talk about the budget in future years, this shows some of the data of what could be expected under normal circumstances. Now, it also says that these are guidelines. These are not exact data. But I also wanted people know on page 8, our-- I call it our Cash Reserve Fund, that continues to grow. We're at \$858 million here--

KELLY: One minute.

DORN: --at the start of the year. Thank you. It grows to \$1.03 billion and stuff. But I think the last page, page 2, read the conclu-- the last page of the program-- read the conclusion because I think it says: The broad range of policy changes that have recently been enacted make this even more of a challenging exercise of coming up with these numbers and one which is an average. For revenue expenditures, they may vary in the future, very different from what has historically been in the past. But I hope people take time to look at this and, and look at some of that data and some of that information. It was very interesting to see these-- is-- these-- this is the kind of information that we need as we do long-range planning here for the Legislature. And we don't always do good long-range

planning, but it's some of the data that we need to look at so that we can make some of those decisions. Thank you.

KELLY: Thank you, Senator Dorn. Senator Bosn has some guests in the north balcony: fourth graders from Lincoln Christian in Lincoln. Please stand and be recognized by your Nebraska Legislature. Senator Armendariz, you're recognized to speak.

ARMENDARIZ: Thank you, Mr. President. I know there's a lot of conversation around the state unemployment tax, insurance tax, so I'd like to address that. Senator Blood is correct in that that is different than the analogy I used earlier in the office chair and reallocating the leftover money to something else that a particular person-- or, in this case, agency or program think they need without prior approval for reallocating those funds. This fund is different. It's collected by business owners-- from, from business owners to put in this fund. This fund has been collecting money, being unused for a long period of time now and has grown to a significant amount. I am, I am somewhat shocked that previous Legislatures, previous Appropriations Committees did not catch this before. I'm glad now we are shining light on it, and several people in this body have told the lobby that would like to keep it or redistribute it back to the business owners that they will bring bills-- and I hope they do-- to eliminate this. This is an optional collection from the state. It has been stated that the federal funds we get are more than enough money even in a downturn. I would propose that we stop collecting it from these business owners-- and maybe just a modest amount just in case we overflow the federal or the federal doesn't reimburse us at the level that we need. But we, we really need to look at this. So I'm glad that we are looking at all of these funds and shining light on it right now because people are paying attention. I would encourage every legislator to take one of these agencies, one of these programs and help them figure out how to more efficiently spend or use their money because there are a lot of issues with being able to capture the funds to spend them. And there's also ways that we can reduce the collection of either the fees or the taxes that we're collecting from the taxpayers. So we as legislators should go into those agencies, into those programs to figure out how to more efficiently have them run. I'm glad we're going through this exercise and shining a light on it. It needs to be addressed instead of ignored. And as I said, it would bring up schools. Also a big tax collection and arguably the one that we're talking about this year, property taxes. In my area, I have-- I legislate over-- our largest school district as well as one that is taxed-- arguably, one of the highest property taxes in the state--

just under, I believe, Gretna now, who also is extremely highly taxed. Oftentimes, people pick places to live because of the schools. And when you have extremely large school district that is underperforming-- and there is no argument that it is underperforming. It is in severe need of restructure, bringing up the performance of that school district that serves over 50,000 students. And people are fleeing the area because the student-- the school is not functioning properly. When they flee to places like Bennington-- that is also in my district-- the Bennington School District is bu-- bursting at the seams, and they're asking the-- their taxpayers to pay even more, to build more and more and more schools. What is happening to the schools that are being fled? Well, we're told that they need to still function at 100% well-- as well. We are not growing the state by that much.

KELLY: One minute.

ARMENDARIZ: Thank you, Mr. President. We need to find a solution. This is spending-- we are spending way too many of our taxpayers' dollars on things that are not working. And we as legislators need to go into every single program to get them working. It is an injustice to the kids that are coming out of these school districts at very low reading and math proficiency levels. Where are those kids going to find employment if they can't read and do math? It is injustice to those kids. And oftentimes, we think way too much about the adults that are involved in the school district more than the kids. These districts are formed because of the children of this state, and they should be running optimally. Our taxpayers deserve that. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. Good morning. So as I sit and listen to the debate and I think about why we're doing this, I have concluded that this is just to take time. So in that regard, I want to speak about an amendment that was just dropped on LB1412 on Select File. It's an amendment to change an appropriation that we, the Appropriations Committee, made to Game and Parks to restore a lake at Fort Robinson. And so Game and Parks wants to change that designation from enhancing the lake to removal of the dam and draining the lake and restoring Soldier Creek. So now that we're speaking about lakes-- generally, lakes have fish in them. And I was wondering if Senator Wayne would yield a question.

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KELLY: Senator Wayne, would you yield to a question?

WAYNE: Yes.

ERDMAN: Senator Wayne, you and I have had several comments and, and conversations about fishing, is that correct?

WAYNE: Yes. I am the fish whisperer.

ERDMAN: And, and it's also true that we, you and I and several others, are going to go fishing this summer, is that correct?

WAYNE: Correct. We're going to go fishing and we're going to catch some large ones, except from-- probably Mr. Baker. I heard he doesn't really catch a lot of fishes.

ERDMAN: You, you were sharing with me when we first discussed fishing that you had a special ability. Can you share with us what that ability is?

WAYNE: Yes. So I'm a fish whisperer, and-- so normally, I don't use live bait. I usually-- I, I just-- I like my own topwater lures or whatever. But lately, I've been able to just put my hand in the water and make some calls and the fish just come running to me. So I have been designated as the fish whisperer. I can just stand on the shore and-- it's-- just let them-- like, like spirit fingers. You just kind of let it go and you kind of say some words and they just-- they run up. It's amazing. It worked out at Fort Robinson. I caught some, some trout out there.

ERDMAN: Yeah, I seen that. So do you have to be in a boat to do that?

WAYNE: No, no. We-- I can-- it's better from the boat. You get larger fish. Like, your whole, your whole hand will go in their mouth. But when you're on the shore, they just kind of grab the fingers when you do this fish whispering.

ERDMAN: So would it be appropriate if you and I were on the same vessel on the lake that you could show me how to do that and bring them into the boat?

WAYNE: You used the word "vessel," so I get a little nervous because I don't know where we're going. But if we're in a boat, I can show you how to do it. It's, it's real, it's real easy. It's just some magic words.

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WAYNE: All right. Good. Well, I appreciate it. Thank you for answering that question. So I have a bit of time left. I would yield that to Senator Machaela Cavanaugh. Thank you.

KELLY: Senator Cavanaugh, you have 2 minutes, 20 seconds.

M. CAVANAUGH: Thank you, Mr. President. Thank you, Senator Erdman. I think people are like, why are you yielding time to Senator Cavanaugh? I would like to pull my IPP motion. Thank you.

KELLY: Without objection, so ordered. Mr. Clerk for an item.

CLERK: Mr. President: LB1413, General File, introduced by Speaker Arch at the request of the Governor. It's a bill for an act relating to funds; transfers and provides for the transfer of funds; creates a fund; changes the use and distribution of funds; harmonizes provisions; repeals the original section; declares an emergency. Bill was read for the first time on January 18 of this year and referred to the Appropriations Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Senator Clements, you're welcome to open on the committee amendment.

CLEMENTS: Thank you, Mr. President. I was-- I'm a little surprised that I'm getting to do this so soon, but fortunately I had my notes handy. AM2698, the committee amendment, is a white copy amendment which contains the Appropriation Committee's recommendations after reviewing the Governor's proposals in the bill as shown in his January Gold Book. The Governor proposed to transfer a number of cash funds to the General Fund for a total of \$273.8 million, as shown on page 11 of the Gold Book. These transfers are in coordination with the Governor's property tax package-- is what my understanding is. The committee amendment-- shown on page 19 in the Green-- Shamrock Green Book-- includes just \$244.8 million of those cash fund transfers, a \$29 million net decrease. The-- as the committee reviewed those-- and there's been a lot of discussion about those transfers-- we did find some that we felt were not appropriate. The LB1413 committee statement also describes these transfers. 11 of the Governor's proposed transfers were not adopted into AM2698 for that \$29 million decrease. Three are reduced by a combined total of \$6 million. I'll highlight some of the main changes. The securities cash fund transfer has increased by \$4 million, while the banking and finance fund transfer has lowered by \$4 million, allowing for wage increases in the

Department of Banking to address frequent turnover of bank examiners. The state unemployment fund transfer was increased by \$10 million to \$70 million since this fund has not been used at all for the last five years, still leaving over \$12 million in the fund. No transfers are included from the Game and Parks habitat and game funds. These funds are restricted by federal matching grant regulations. So they were not taking it all, just-- we've had a lot of conversation and emails regarding transfers out of this game fund and habitat fund, and we listened to those and we talked to the director of Game and Parks, and he agreed that it would hurt ability to get federal matching grants. So that was eliminated. The transfer of interest from Public Service Commission Universal Service Fund of \$13.25 million was not included. Only the excess future interest of about \$2 million is transferred in fiscal year 2025. The transfer of universal service interest of \$1.275 million in fiscal year '24 and 1.445 in fiscal year '25 for the 211 Relay Information System is still included. The AM2698 also transfers \$5 million from the state visitor promotion lodging tax fund, leaving \$1.6 million in the fund. This provides \$5 million in general funds for the Governor's state marketing campaign proposal. The committee reviewed the \$100 million JEDI cash fund, which is the eastern Nebraska flooding and lake project fund from the STARWARS project. A transfer of \$50 million is made to the Department of Transportation for roads projects. And \$28 million returns to the State Cash Reserve Fund. This leaves \$23 million for natural resource flood grants to Saunders and Colfax Counties and earmarks up to \$6 million for a lake I-80 feasibility study. There are some additional bills in AM2698 that were not in LB1412, as follows. These are listed on the-- in the table on page 4 and are listed in the committee statement. LB975 from Senator Ibach provides no new funds but expends the use of shovel-ready funds to multifunctional community facilities. LB1233 from Senator Wayne provides no new funds. It creates the museum construction fund for Game and Parks for a Standing Bear Museum, in consultation with the Ponca Tribe. It gives \$15.750 million of interest from the Perkins Canal fund. LB1245 from Senator McDonnell provides no new funds. It allows up to 20% of the lead service line fund to be used for training facilities and labor costs. LB1333 from Senator Vargas provides no new funds. It increases the maximum allowable grants from existing funds under the Business Innovation Act to \$150,000 for phase one and \$300,000 for phase two projects. It allows a project to qualify more often as well. LB1352 from Senator DeBoer requires that only the Nebraska Auditor of Public Accounts shall do the statewide single audit for federal funds. It is important that an independent audit be performed to make sure the federal funds

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are being spent properly. LB1407 from Senator Sanders provides no new funds. It changes a name to the military and installation support fund and allows for its use off the base and allows for public matching funds, which were not allowed previously. AM2698 to LB1413 also deals with the Cash Reserve Fund. Page 6 of the Shamrock Green Book shows the transfers in and out of the Cash Reserve over the biennium. Most of those transfers were from the 2023 biennial budget. I've previously described the new items. The ending balance of \$904 million in the Cash Reserve is up from \$891.6 million in the Governor's proposal. Again, the forecasting board met in February 29, increasing our budget projection by \$50 million. This results in an estimated transfer of \$39 million into the Cash Reserve at fiscal end-- year end 2025. This will put the reserve at 16.6% of annual expenses, which is our target funding level. Those are the highlights of AM2698. I encourage the body to review the committee statement for more details, and the Green Book has more details on each of those items. Thank you, Mr. President. I ask for your green vote on AM2698.

KELLY: Thank you, Senator Clements. Senator Dover would like to recognize guests in the north balcony: 48 fourth graders from Jefferson Elementary in Norfolk. Please stand and be recognized by your Nebraska Legislature. Mr. Clerk for amendments.

CLERK: Mr. President, Senator Machaela Cavanaugh would move to amend the committee amendments with FA254.

KELLY: Senator Machaela Cavanaugh, you're recognized to open.

M. CAVANAUGH: Thank you, Mr. President. I need to look at which one this is. Sorry. I wasn't expecting to come up so quickly. This is a substantive amendment, however. I, I know that. But I did submit a few substantive changes. Mr. Clerk, what was the AM number? It's not on the board yet.

CLERK: Senator Cavanaugh, FA254: Strikes line 25, page 48, AM2698, and replace with "on June 30, 2025."

M. CAVANAUGH: Thank you. OK. So this is the amendment to strike the language for the Universal Service Fund to be permanent. So it doesn't strike taking the money from the Universal Service Fund. It just strikes the language that makes it a permanent annual transfer because it's the budget and we cannot obligate funds in the future through the budget. We have to do that through statutory change. So you're going to see this in most of my amendments. We can talk on them or we can go

through them quickly. I think I have quite a few. So they're all going to be in a similar vein. I encourage everyone to vote green for my amendment. And while I have you, I did share-- and if you haven't gotten one yet, I will, I will come by and give you a, a pin from the president of the Irish Senate, Mark Daly, who many of you know. And so I wanted to share with you the note that was sent with it about the pin. So the-- this is Thomas Meagher, Irish patriot, U.S. Army General, and Governor of Montana in 1848. The white in the center signifies lasting truth between orange and green. I trust that, beneath its folds, the hands of the Irish Catholic and the Irish Protestant may be clasped in generous and heroic brotherhood. And it is this foundation that makes the pins-- is-- mission is promoting pride in and respect for the Irish flag and its true meaning for peace, recognizing and celebrating the new and more inclusive Ireland. So as we are all mostly wearing green today in recognition of our relationship with Ireland and Irish heritage, I thought I would just share that with you all. And again, FA254 strikes the permanent transfer of funds out of the Universal Service Fund excess fund. It does not strike the transfer this year. It just strikes the future transfers, as we should put those in statute, not do that through the budget. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Clements, you're recognized to speak. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I'm just having a discussion about the topic I wanted to bring up. The-- there's been discussion about the state unemployment tax question and its-- yeah-- its tra-- the transfer fund. From the Governor's Office, I received a copy of an email. Director John Albin emailed the federal Department of Labor and gave them a, a heads-up talking about the-- this LB1413 transfer. And Mr. Albin said to him: Notwithstanding the somewhat misleading title, the State Unemployment Trust Fund as a state cash fund does not contain any contributions or funds that are a part of Nebraska's state account in the federal Unemployment Trust Fund or Section 904 of the Social Security Act. Department of Labor-- Nebraska Department of Labor has a long-standing cost-sharing agreement with the U.S. Department of Labor recognizing the State Unemployment Trust Fund as a state fund. The cost-sharing plan is included in Nebraska's U.S. Department of Labor approved cost allocation plan. That was the highlights of what he sent to the federal Department of Labor. A man ma-- Mr. Hudson from the dol.gov replied to him: We have reviewed the follow-up response regarding LB1413. We accept the explanation that the transfer of 6-- from the-- well, \$60 million at that time-- from

the State Unemployment Insurance Trust Fund to the General Fund does not raise a conformity issue with the withdrawal standard since the funds in that account come from the portion of the combined unemployment insurance tax rate that is a state-funded account separate from the portion of the combined tax rate that is experienced, rated, and subject to the withdrawal standard. The state separately accounts for these funds and has a cost allocation plan in place. Therefore, we agree there is no conformity issue with that part of the bill. And so that was a email betw-- let's see. This is February 1. That was the date on this, that the Nebraska Department of Labor made sure with federal U.S. Department of Labor that this provision in LB1413 was not going to cause a problem. And from the Depart-- the U.S. Department of Labor, they're saying they don't have an issue with this transfer. The committee did change the transfer from \$60 million to \$70 million because no funds have been, been used out of it for a long time. And it still leaves \$20-- I think it was \$22 million remaining balance in that fund. And it results in-- if you look at the financial status we've been looking at with \$68 million in the out-years available, if you subtract \$70 million from this transfer, you'll make this \$68 million in 20-- year 2027 a negative \$2 million, which in effect would eliminate any money to the floor for A bills. That's my opinion. But that, that's the number that we've been using for what's available for A bills, was the out-year balance. And so I support maintaining the unemployment trust fund transfer--

KELLY: One minute.

CLEMENTS: --as approved by the Department-- Nebraska Department of Labor. The director in his-- in the hearing did not object to it. And the-- now the federal Department of Labor has also told him they're not-- it's not a violation of their other provisions. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Jacobson, you're recognized to speak.

JACOBSON: Well, thank you, Mr. President. I think Senator Clements stole my thunder in terms of getting, once again, clear on why this state unemployment insurance fund can indeed be used for what is intended by the Appropriations Committee. I remain in full support of that. I've got an amendment coming up again on tourism, and I'm going to maybe make a couple points now with regard to my amendment that will be coming up on this bill with regard to the \$5 million being targeted to move out of their fund to DED. My understanding is that

money would go to DED to be used for recruiting businesses and retaining businesses in the state of Nebraska. But the tourism fund is funded by occupation taxes by hotels and motels across the state, along with Airbnbs. This money is then divided and goes to your local counties to do their local programs and to the state tourism board, who uses that for statewide tourism to attract tourists to Nebraska. So when you look at programs like Nebraskaland Days in North Platte, when you look at bringing people to Kearney, to Lincoln, to Omaha, to events in this state, those dollars are earmarked for tourism and it's paid for by the motels who collect this occupation tax because those tourists are coming here. The two programs are completely unrelated, and we should not be taking tourism dollars to fund business recruitment with dollars that are coming from a fund that results from tourism-- tourists coming to the state and staying in hotels and motels. So that's why I'm adamantly opposed to that transfer occurring. And I've got an amendment coming up on this bill that would, that would stop that transfer. Beyond that, I'm fine with what the Appropriations Committee has brought. I think it's been well-thought-out. I think they've been surgical in terms of how they've taken money from certain funds and left it in others. So that would be my concern, Mr. President. I also just wanted to take a moment to tell everyone too that Senator Conrad got up earlier and made a comment about-- that we're not filibustering. There's not a filibuster going on here. This is a big deal when we start talking about budget bill, cash transfer bill, and a bill yet to come up, which would be the bill dealing with any other claims. These are important bills that need to be discussed, need to be debated. So this has been thoughtful debate. And I will tell you that I think everyone here is genuine in their interest in terms of having robust debate about big dollars that impact our state. And so I compliment Senator Conrad for noting that and be-- playing a role in that and Senator Cavanaugh and what she's done in terms of that. And obviously, I really appreciate Senator Clements, who knows the numbers inside and out. Any time I've got a question on the, on those numbers, I go to Senator Clements. And if he doesn't have it, he's going to get it for me. And he knows where it's at. So I do feel very good about where we are at this point in the session. I feel very good about what's been brought by the Appropriations Committee. If not but for this one \$5 million transfer, I'm on board. So with that, thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Senator Aguilar, you're recognized to speak.

AGUILAR: Thank you, Mr. President. I rise in support as well as-- LB1413. And wholeheartedly agree with what Se-- Senator Jacobson just expressed. Our tourism departments and their marketing departments go out of their way to get vehicles off the interstate and into our smaller communities, where they bring their dollars. And the payback on that is more than twofold. We get money-- we-- money back coming into our hotels and stuff. When that comes back, a portion of that goes back to the state as well. So I adamantly support what he was saying and, and arguing for. And I hope that money stays where it's at. Thank you, Mr. President.

KELLY: Thank you, Senator Aguilar. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Well, this is my first time talking today. And I've kind of been staying out of it. And I know a lot of folks been saying this is-- we're having an actual conversation, not a filibuster. And so I wanted to push in because when you see a floor amendment, sometimes when it has "M. Cavanaugh" next to it, folks kind of tune out. And the conversation has been about a few other issues folks have with this bill, but there was nobody else in the queue. And I just wanted-- we've-- a couple of times this year, we've had votes where people weren't quite dialed in and they said, oh, I would have voted differently if I had maybe caught what you guys were talking about. So I just wanted to raise the flag to everybody and say, this is a serious amendment, a serious conversation. This amendment would strike-- got a little bit quieter in here-- this amendment would strike the forward-going language out of the white copy amendment. So what the Appropriations Committee did in this ame-- this amendment, the Governor asked to take money out of the Universal Services Fund and then asked to take money going fu-- into the future as well. And the Appropriations Committee-- and my understanding is, if you look in the Gold Book on page 55, said no to a large transfer out of it, which I give them credit for, but did say we're going to transfer \$2 million in FY 2025, and then we're going to transfer that same amount going forward. And so what the other Senator Cavanaugh is saying here is you can still do that transfer in 2025 of \$2 million. But going forward, we should make that determination every year in the cash transfers in the budget. So it just strikes that going-forward language and still keeps the current transfer and says, if this fund continues to have a high balance-- as we maybe expect that it will-- we can do that on a year-by-year basis and make that determination. So what she's saying is we shouldn't make in the budget a permanent transfer, ongoing transfers of, of money. We should make

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the transfer this one time. And then if we want to make it again, do it at that time. So this is a serious conversation. Few folks have now punched in, and I hope we maybe focus the conversation on that before we get to a vote so people know what we're voting on. But this is not going to change the, the funding for this year in this budget. It might change years down the road. But we could, of course, make the same transfer when we decide to make it. So I would encourage your green vote on FA254. But like I said, I had a-- I did have an opportunity to talk to Senator Clements about this, and I appreciate the work they did do to change the, the ask in this. But I do think we should make that determination on a yearly basis going forward and not just make it forever now. So I, I support FA254. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Fredrickson would like to recognize guests under the north balcony. They are JoAnne Nickerson, Cory Reed, Kelly [SIC] Sass, Lendy Kesler, Nick Sass, Audrey Kessler, and Ashley DuBosh [SIC]. Please stand and be recognized. Senator Brandt, you're recognized to speak.

BRANDT: Thank you, Mr. President. And I'd like to thank Senator Cavanaugh, who has served on Transportation Committee for six years. And she is a very good watchdog on what's going on. The floor amendment is a very good floor amendment. This affects the Nebraska Universal Service Fund. What the Nebraska Universal Service Fund is funded by surcharges on cell phones, and it is used to build out in rural areas. It is a great program. And I'm going to be a little cute here-- it's probably the one program where urban people contribute more money to help the rurals, as opposed to most of the programs that go the other way in here. What AM2698 would do is it would sweep the interest from the account going forward-- now, there's \$11.2 million. They will get that regardless of the floor amendment. But there's \$2 million every year. What FA254 says, this is one and done. From here on out, the \$2 million stays in the Nebraska Universal Service Fund, which is used to build out to rural infrastructure to get more of our kids and people out there in rural Nebraska connected to robust broadband. So thank you, Senator Cavanaugh. I think-- I would hope the Transportation Committee is all on board with this. This is really a good catch. The floor amendment is very simple. And basically it says, yes, they can sweep the \$11.2 million that's already in the account, but they can't touch the \$2 million a year going forward. Thank you.

KELLY: Thank you, Senator Brandt. Senator Bostelman, you're recognized to speak.

BOSTELMAN: Thank you, Mr. President. Good morning, Nebraska. Good morning, colleagues. I do want to echo the support for FA254 for Senator Machaela Cavanaugh. The USF funds are very, very important to the upkeep, maintenance of, of our facilities, the broadband facilities, the fiber that, that's being built out into the future. We have a lot of needs that are going to be met here with the build-outs through the programs that we have. Then we need to have the funding available then to maintain continued support for those facilities that are being built-- those systems are being built out there. This is perhaps part of what was being done before as a, a message to the Public Service Commission that we need to expend those funds. Those funds that exist, they need to be utilized to the best we can to support those networks that are out there that need to be supported. We do this for a year-- PSC, pay attention-- because this body can take those funds into the future. But I think the one year and then end it after this year for that interest is very important. With that, I do support and would ask for your green for FA254 and then AM2-- AM2698 and the underlying bill. Thank you, Mr. President.

KELLY: Thank you, Senator Bostelman. Seeing no one else in the queue. Senator Cavanaugh, you're recognized to close on the floor amendment.

M. CAVANAUGH: Thank you, Mr. President. And thank you to my fellow committee members on Transportation and Telecommunications, Senator Bostelman and Senator Brandt, for your support of this amendment. Again, FA254 strikes the language of making the cash transfer permanent. We should not obligate future Legislatures through the budget. We-- if we want to make this permanent, we need to do that through the normal legislative process. This doesn't mean that next year we can't come back and say we're going to do this cash transfer. We can do this cash transfer every year if, if the body so chooses. But this removes the permanency. It does not stop us from the cash transfer this year. So please, colleagues, vote green for FA254. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Members, the question is the adoption of FA254. All those in favor vote aye; all those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 13 ayes, 4 nays to place the house under call, Mr. President.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Wishart, Kauth, McKinney, Slama, Bostar, please return to the Chamber and record your presence. The house is under call. Senators Wishart and McKinney and Slama, please return to the Chamber and record your presence. The house is under call. We're lacking Senator Slama. Senator Cavanaugh, may we proceed?

M. CAVANAUGH: Yes.

KELLY: Thank you. Senator, the vote was open. Will you accept call-ins?

M. CAVANAUGH: Yes.

KELLY: Thank you. Mr. Clerk. We're now accepting call-ins.

CLERK: Senator Clements voting no. Senator Linehan voting yes. Senator McKinney voting yes. Senator Conrad voting yes. Senator Slama voting yes. Senator Moser voting yes. Senator Ballard voting yes. Senator von Gillern voting yes. Senator Hansen voting yes. Senator Halloran voting yes. Senator McDonnell voting no. Senator Dorn voting no. Senator Lippincott voting no. Senator Kauth voting no. Senator Bostar voting yes. Senator Dover voting no. Senator Wishart voting no. Senator Ibach voting no. Senator Vargas voting no. Senator Bosn voting no. Senator DeKay voting no.

KELLY: Record, Mr. Clerk.

CLERK: Vote is 30 ayes, 12 nays, Mr. President, on adoption of the amendment.

KELLY: The amendment is adopted. I raise the call. Mr. Clerk.

CLERK: Mr. President, Senator Conrad would move to amend the committee amendments with FA285.

KELLY: Senator Conrad, you're recognized to open.

CONRAD: Thank you, Mr. President. Good morning, colleagues. I'm pleased to bring ford-- forward FA285. This amendment was brought forward in consultation and cooperation with Nebraska business leaders from the State Chamber of Commerce, the Lincoln Chamber of Commerce,

the Omaha Chamber of Commerce, and the Nebraska Federation of Independent Businesses. They first flagged this at the committee level and are asking the body to revisit this-- issues as we make the budget our own through this deliberative process. I also want to note that in addition to the strong support and advocacy from the business community, this is one of those issues and one of those moments where you find an incredible diversity of interests and voices come together to support the same goal. And the business leaders, both big and sma-- representing both large and small businesses, are joined by the leading voices in the Nebraska labor movement as well, people like Sue Martin representing me-- working men and women in unions all across Nebraska. So this-- as you all well know, frequently unions and business interests can be at odds in the political arena for a variety of different purposes. But when those di-- divergent interests coalesce around a common issue and a common goal, that's when I think it is very interesting and very powerful and very important that we pay attention to that. And this is why these various groups are coming together to ask us to revisit and to strike the components in the cash transfer aspects of the budget before us in LB1413 that have, I believe, impermissibly swept millions of dollars from our State Unemployment Insurance Trust Fund. And let me be clear again: it is a trust fund. This is not a garden-variety cash fund where sometimes you see fungibility or movement of different revenues for different purposes. This, by its legislative history and the, the, the plain language of the statute which authorizes such, ensures that the funds paid into this by employers are solely to be held in trust. They are to be held in trust for the payment of unemployment insurance benefits, period. Look no further than Nebraska Revised Statute 48-622.01, which gives a great overview of how-- what this program is and how it works. So we'll have plenty of opportunities to go deeper into the debate about what the program is and how it's meant to work. But I, I can tell you this: this is a critical component of our safety net program to guard against periods of recession or economic turndown. The reason that this fund has a high balance is, is, is because that's by design, colleagues. It specifically was crafted by an incredibly diverse set of senators back in the early '90s with support of business and labor to say we're basically going to create a trust fund, a rainy day fund for those downturn periods so that we don't have runs on our unemployment benefits otherwise. And then additionally, some of the interest in funds from that trust fund will also be devoted and earmarked and utilized for job training-- which, again, is one of those areas where we find a coalescence of consensus amongst business groups and labor groups. Additionally, we started to

talk about it a little bit yesterday. The funds that are available and-- in for job training and that would have fidelity to the statutory authority for this fund are not going out to the business community for job training as they have been requested. So there are perhaps some high balances in components of this fund, but that's by design and because the job training dollars aren't going out as requested and as intended. I have had an opportunity to talk with a lot of you on the floor about this issue, and I think that there is a, a great deal of concern about authorizing this sweep from a trust fund that was paid into by employers to support our unemployment insurance fund and job training as a secondary policy goal. This-- the small businesses that I have talked to who are involved in this debate, the larger businesses I have talked to who are involved in this debate are very frustrated that this is even being presented at this point in time. These funds were paid in for a specific purpose. They are statutorily held in trust. And words have meaning, colleagues. They are held in trust for unemployment purposes and job training purposes. It is wrong, perhaps from a legal perspective but definitely from a policy and political perspective, to somehow erase that legislative history, erase that statutory language, and sweep these funds for whatever intended purposes that are being put forward. We can and we should have a debate about how to fund key aspects in our budget, how to ensure any tax packages are fiscally sustainable, but we cannot and we should not balance our budget on the backs of not only those who can least afford it-- as we've talked about with developmental disabilities funding, public assistance funding, and other matters-- but we also shouldn't raid funds that were specifically paid in over a period of time for unemployment purposes and for job training purposes. These are trust funds that should not be raided for any other purpose. I'm asking you to support the floor amendment so that we can sure-- that we can ensure fidelity to this program as it was intended. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Armendariz has guests in both balconies: students, teachers, and parents of fourth graders, Heritage Elementary in Bennington. Please stand and be recognized by your Nebraska Legislature. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I stand in-- opposed to FA285. --Appropriations Committee unanimously voted to do this transfer in June. We in committee heard from the-- Director Albin of the Department of-- Nebraska Department of Labor, who assured us that it was a proper transfer-- excuse me. Just a little bit ago, I, I read

from an, from an email. Director Albin sent a email to the federal U.S. Department of Labor and-- telling them-- talking about in-- whether there was an issue with LB1413-- and this transfer at that time was at \$60 million-- and he said the state unemployment fund-- trust fund is a state cash fund. It does not can-- contain any contribution or funds that are part of a Nebraska state account in the federal unemployment trust fund. The, the state keeps the federal separate-- they separately keep federal unemployment trust fund, which I agree should not be-- cannot be properly transferred for this purpose. Nebraska has a separate state unemployment trust fund. The reply he received from a Mr. Hudson at U.S. Department of Labor said: We have reviewed the follow-up response regarding LB1413. We accept the explanation that the transfer from the state unemployment trust fund to the General Fund does not raise a conformity issue with the redaw-- re-- withdrawal standard. Since the funds in that cannot come from the portion of the combined unemployment tax rate, there's a state-funded account separate from the portion that is in the federal account. Therefore, we agree there is no issue with that part of the bill. And so the director of Labor, in his testimony, agreed with this transfer being proper. And the U.S. Department of Labor said they have no issue with it. They're not objecting because they do keep separate accounts from the federal money and the state money. Also, the-- if you look at-- if you look at the Gold Book from the Governor's proposal, it will show you that there has been \$0 transferred out of this fund in the last five years. And this \$70 million transfer still leaves \$22 million in this State Unemployment Insurance Trust Fund. And the-- let's see here. Just excuse me a minute. Trying to-- the, the current balance is \$76.6 million, and this will-- ex-- this will-- excuse me. It's not going to leave \$22 million. It's going to leave \$12, \$12 million, but it receives about \$2 or \$3 million a year additional but in fiscal year '20, '21, '22, and '23. There has been no transfers out in '24 and '25. They're not expected to spend any of the money. And so we're leaving money in the fund. And this is a proper transfer. I ask for your red vote. I oppose LFA-- FA285. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. Thank you also to Senator Clements. He thoroughly explained the situation here. Let me just say this is not a trust fund. It's a cash fund. And-- so we put the designation trust fund, and so then that means it's something other than that. It's actually a cash fund. And the reason-- and maybe if you missed

it-- the reason that it's such a large balance, we never spend anything out of it. And I was called out yesterday to speak about this with a group, and I told them that I was in favor of the transfer but I would also be in favor of eliminating the tax, or at least put a moratorium on until it's needed. And so we have businesses make a contribution to this fund that has never been used in years, and the fund continues to grow. And it would make sense that somehow we get this money back to those who have contributed. And so by reducing some of our other needs for tax dollars, we can make a difference in the budget. And so that's what the transfer was for. We had a lengthy discussion. We had a lengthy discussion about all these transfers in Appropriations. We didn't do this without a lot of discussion and concern and getting information from the department to make sure that we were sufficient in our funding. And you heard Senator Clements describe what's left. And if you haven't taken any of mo-- any money out of this fund for a significant period of time, I would think \$12 million is a good enough cushion. So I will be voting against FA285, but I would be in favor of a bill or an amendment that would eliminate the tax until it is needed. And so the sky is not falling. The world is not going to come to an end. And your potholes will still get fixed. So vote against FA285. Thank you.

KELLY: Thank you, Senator Erdman. Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. Thank you, Senator Erdman. You, you encapsulated many of my own thoughts. However, I do-- I, I think we have a little bit of order of operations disagreement in that sweeping the account before we change the-- but-- the tax or eliminate the tax I think is the wrong order to get this in. I do stand in support of FA285. And I do-- as I'm reading the statute, it says very clearly that this is a trust fund that is established for this sole purpose. I'm not against sweeping general funds. I'm not against sweeping cash funds. I think if there are departments that are not utilizing the funds that are sitting in their accounts and there's a better way for us to utilize those, then absolutely we should do that. But I think this is a bit of an exception. And maybe I'm taking that a little bit personally because as a, as an employer, I paid into this fund for 30 years. And-- so it-- we knew that we paid into that fund. It was for a very specific purpose and, and a reason. And to do something different with those funds I think is, is at least getting close to an edge that we don't want to get close to. I've got the statute in front of me here. And, and paragraph 3 says: If and when the state unemployment insurance tax ceases to exist as determined by

the Governor. So the Governor has the right, in my understanding-- and I'm not an attorney-- the Governor in my reading of this has the authority to eliminate the tax. So it says: When it ceases to exist, as determined by the Governor, all money then in state Unemployment Insurance Trust Fund less accrued interest shall immediately-- shall be immediately transferred to the credit of the state's account in the unemployment trust fund. Any provisions-- provision of this law in the state relating to deposit-- blah, blah, blah-- not to the contrary withstanding. So the Governor has the authority to eliminate this tax, and I, and I think if that-- certainly, there's enough money in that account to-- and has not been touched for some time, I-- again, I agree completely with the logic behind that, but to sweep it out and-- without taking into account the elimination of the tax I think is getting things a little bit in the wrong order. So philosophically, I'm fine with it. I, I'm not fine with the, the way that we're proposing to do it today. With that, thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Senator DeBoer, you're recognized to speak. And waives. Senator Armendariz, you're recognized to speak.

ARMENDARIZ: Thank you, Mr. President. I want to iterate again. I appreciate everybody paying attention to this particular cash fund. What I would propose is that we stay the course, do what the Appropriations Committee has recommended. Quite frankly, previous legislators should have noticed it. Previous Appropriations Committees should have noticed this and eliminated this fee or tax being charged to these businesses long ago. It was not done, and we need to stop doing it now. I am glad many legislators have offered to carry that or make sure that it is eliminated going in the future. You got a couple of decisions to make: put it back in the unemployment trust fund, as Senator von Gillern has stated, redistribute it to businesses-- which I think logistically is extremely difficult. What we have proposed: that it goes back to all the taxpayers, along with many other overflows of taxes that have been paid. That will hit those business owners as well. I will not be voting for FA285. And I want to challenge every legislator that will be here next session to find where there is more waste in programs, in agencies, and bring bills to eliminate it. Yeah, bring bills that you want to spend money, but that should also align with a bill that you have proposed to eliminate wasteful spending as well. It-- there is plenty of it to be found within every agency and every program. Programs that aren't working as intended should be looked at and removed. If you want a new program, find out which one wasn't working to your satisfaction and remove it.

Stop spending money on it. It will take years and years for us to pay attention to this. And I, I would challenge every legislator from-- going forward to ta-- to bring bills every single session that eliminate wasteful spending that the tax dollars are going to. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Seeing no one else in the queue. Senator Conrad, you're recognized to close.

CONRAD: Thank you, Mr. President. Again, good morning, colleagues. I appreciate everybody who had a chance to share their perspective in regards to this serious and substantive amendment before you. And I want to address a few of the perspectives that were shared. Of course, each person is entitled to their own opinion and, and has a right to express themselves as they see fit. But let me be clear about a couple of things. Just because some senators call this a cash fund does not make it a cash fund, and that is not my opinion. Nebraska Revised Statutes 48-622.01 state: The State Unemployment Insurance Trust Fund. That delineates the creation, use, investment, and operations of this particular fund. This is not a garden-variety cash fund, period. This is a trust fund that employers have negotiated payments into for two specific purposes: for unemployment purposes and for job training purposes. Period. Period. That is existing law. And whether or not there are related yet extraneous issues related to whether or not this fund balance is too high-- even though that is by design-- as to whether or not the fee should be adjusted-- number one, the Governor already has the authority to do so in current law-- those matters are not before you in the budget or in the floor amendment because we cannot change statutory law in perpetuity through a budget bill. And Appropriations Committee members know that, and other members need to understand that as well. So if there is an effort to make modifications to the program itself in terms of its structure or operations, that's great. I welcome that debate. We should give relief to businesses if that is appropriate, if we do not need to collect funds for these purposes. Sorry. My friend, Senator Wayne, was just sending me a, a little note here. And I, I think we can accomplish this through interim studies. I think we can accomplish this through potential legislation next year. But what the business community and the employer community are asking the Legislature to do is to not make this rash sweep now and to allow for those thoughtful conversations to happen because there is no policy behind grabbing \$70 million for this fund. It is a raid for a raid's purpose. It is a big ticket item that helps to prop up the budget for other purposes, and that is not what a trust fund is for. And if people want to move forward at this juncture

with that move, they just need to be honest about it because the law is the law. This is a trust fund. The legislative history is clear. Go back and pull it. Go back and read it. This was a carefully constructed program amongst employers and employees in concert with a diverse set of state leaders that has served our state well for over 30 years. And previous Legislatures had the wisdom and thoughtfulness to not use this as a piggy bank for their own purposes whenever they saw fit. And I applaud the business groups and the employee groups--

KELLY: One minute.

CONRAD: --who have stepped forward to fight against this misguided effort. And I will tell you, regardless of how this vote goes today, this is going to continue to be a part of the negotiations that happen from General to Select File. Friends, making this sweep, in addition to the other sweeps that are baked into LB1413, is divorced from economic reality. In this specific instance, it raises legal issues, policy issues, practical issues. And the other extraneous matters related to law change are not before you in a budget bill, and the senators on Appropriations know that. And to say otherwise is misleading. We can and we should have those conversations. This isn't wasteful government spending. This is not meant to be an employer surcharge for property tax relief.

KELLY: That's your time, Senator.

CONRAD: Thank you, Mr. President. I urge your favorable consideration of the amendment.

KELLY: Thank you, Senator Conrad. Members, the question is the adoption of FA285. All those in favor vote aye; all those opposed vote nay. There's been a request to place the house under call. The question is, shall the house be placed under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 21 ayes, 4 nays to place the house under call, Mr. President.

KELLY: The house is under call. Senators, please return to your place and record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Brewer, please return to the Chamber and record your presence. The house is under call. All unexcused members are present.

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The vote was underway. Senator Conrad. Senator Conrad, would you accept call-in votes? Now accepting call-in votes. Mr. Clerk.

CLERK: Senator Fredrickson voting yes. Senator Brewer voting yes. Senator DeBoer voting yes. Senator Kauth voting no. Senator Sanders voting yes. Senator Vargas voting no. Senator Hughes voting no. Senator Walz voting yes. Senator Bosn voting yes. Senator Ballard voting yes. Senator Bostar voting yes. Senator DeKay voting no. Senator Riepe not voting.

KELLY: Record, Mr. Clerk.

CLERK: Vote is 20 ayes, 20 nays, Mr. President, on adoption of the amendment.

KELLY: The amendment fails. I raise the call. Mr. Clerk.

CLERK: Mr. President, Senator Jacobson would move to amend with FA286.

KELLY: Mr. Clerk for a motion.

CLERK: Apologies, Mr. President. A priority motion: Senator Riepe would move to reconsider the vote just taken on FA285.

KELLY: Senator Riepe, you're recognized to open.

RIEPE: Thank you, Mr. President. I've asked for the reconsideration given the fact as my role as Chairman of the Health-- of the Business and Labor Committee. And I feel that this is an inappropriate confiscation of the trust fund that is intended and legally established in statute to stand on its own and that it, it cannot legally be transferred. And I know that goes in opposition to what Senator Clements, I think, reported that the executive branch had stated. I do think that the money that is in that trust fund, I think we need to have a-- either a holiday for the people that are paying that tax or we need to make sure that that money goes towards training and workforce development, which is, of course, we have a great need for. That's what I have. And I would-- any time that I have, I'd like to offer that time to Senator Conrad, please.

KELLY: Senator Riepe, she is not in the Chamber presently. Senator Conrad. Senator Conrad, you were yielded 8 minutes and 25 seconds.

CONRAD: Thank you so much, Mr. President. And thank you to my friend, Senator Riepe. There's nothing like being given the gift of time. So I

will do my, my best to utilize it. And I want to thank Senator Riepe for switching his vote to ensure that he could file the motion to reconsider, which, of course, you all understand the procedural aspects and there are rules in that regard. So with-- I mean, we did have a, a little bit of debate about this over the last couple of days. I think some folks were a bit caught off guard by how quickly the debate went on the specific floor amendment related to this issue. And I know that we have some members who are very passionate about this, as am I and Senator Riepe and others who had to be off the floor for medical purposes and family purposes. So actually, I think when you look at the vote of our membership on the floor amendment, you can see that the Legislature is very, very closely divided on this. There's most likely a majority that supports maintaining fidelity to these funds for specific purposes and that is not supportive of the generalized sweep that the Governor and the Appropriations Committee has put before us. That is why that policy proposal is meeting such fierce opposition from unlikely allies: large business, small business, employer groups, unions, progressives and conservatives coming together and saying it is wrong to raid this trust fund. These taxes and fees were paid by employers for specific purposes: to support the unemployment fund and to support job training. It is wrong to sweep them and push-- use this as a slush fund for property tax purposes or any other purpose. These funds are not going back to the employers that paid them over years and years and years to build up this fund. There-- the proposal before you is a diversion of these funds that raises significant legal, policy, political, and practical problems. I, I think that we will hear more voices on this reconsideration motion. I know other members who are deeply invested in this issue are making plans to return to the body. And regardless of what happens with this vote, I think it is clear from the initial vote that this has to be a significant point of discussion, negotiation, and deliberation from General to Select File because it is not a cash fund that can or should be swept for other various and sundry purposes. This cash fund is for employment and for job training. If the balance is too high, the Governor has the authority to make adjustments. If other members want to bring forward statutory changes in future years, they can and should do that. I would be happy to join that effort. We cannot make statutory changes to the program itself in the budget bill, period. So those issues are not before you this session or on the board today. Additionally, I have had some members say, well, during the pandemic, we didn't see a run on these funds, and that was a recession. You're absolutely right. And let me tell you why. Even a quick glance at recent history will show you why:

because the federal government developed specific pandemic-related unemployment insurance programs so that wouldn't happen at the state level. That's why that didn't happen. So to say that we haven't drawn down these high balances in recent years even during economic rocky times like COVID misunderstands what happened in response to COVID at both the federal and state levels. This program fund has built up over years in consultation and cooperation with business groups for specific purposes. These are not surcharges or taxes on employers for other purposes. This is for unemployment and job training, period. That's what it's for. You can say it's a cash fund. You can say it built up too high. That's fine. You're entitled to your opinion. But the facts are the facts and the law is the law. And that is why business groups, labor groups, a diverse set of senators is coming together and saying no. The reason you're seeing pushback is not grounded in policy. It is because it blows a \$70 hole in their budget plan, which shouldn't have been there in the first place. We are at a time of economic prosperity. We are not at a time of recession. We shouldn't be raiding cash funds willy-nilly. And that's exactly what the Governor and the Appropriations Committee has done. They're embarrassed about it. They can't defend it. And that is what is before you today. So I am asking you to right the wrong in regards to what happened to the unemployment trust fund. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Good morning, colleagues. I do rise today in favor of Senator Riepe's motion to reconsider as well as Senator Conrad's floor amendment to the underlying LB1413. I actually-- I really appreciate Senator Riepe's opportunity to have more of a discussion on this. I had intended to speak on this and continue this conversation but unfortunately had a number of other meetings and things and Exec Sessions going on this morning, so I didn't have a chance to speak. So I, I do appreciate the opportunity to talk about this. Senator Conrad is exactly right. This is not a partisan issue. This is not an issue of trying to just waste time. This is a legitimate amendment based on, I think, a number of really well-thought-out points that have been raised both in this body and by people who this directly affects. This is a really unique situation where you have, again, allies from all across the spectrum agreeing that the use of this cash fund is to be its underlying intended use and not to have it raided just to go into the general funds. You have members of labor, you have members from the Chamber, you have members from the State Chamber, Local Chamber, you have people all across the

proverbial political spectrum talking about how this is an improper use of this fund. And regardless of whether or not you like the idea of sweeping cash funds or not, I think that we need to continue to focus on the legality of utilizing this fund for what this cash transfer seeks to do. As Senator Conrad had indicated and as I had talked about a little bit yesterday as well, what we are talking about with the State Unemployment Insurance Trust Fund is a different kind of account, essentially, or a different kind of fund than any other cash fund. If you go online to the Nebraska State's own glossary, own definitions, there is a section on statespending.nebraska.gov that talks about fund types. And under the fund types, it has a glossary that delineates General Fund, cash fund, construction fund, federal fund, revolving funds, distributive funds, and then finally trust funds. By virtue of the fact that a trust fund is inherently separate and apart from a cash fund should give us pause when we are talking about taking that money and transferring it elsewhere. There are different levels of, I guess, fiduciary, fiduciary duty that you essentially owe by virtue of what kind of fund it's in. Nebraska Revised Statute 48-622.01 says: There is hereby created in the state treasury a special fund to be known as the State Unemployment Insurance Trust Fund. Even in that line, the language of the statute tells us this needs to be treated differently than any other cash fund. This is not simply a separate account that we've placed a bunch of money in that we can tap into later if we want to. It's a special fund-- and that right there is language that we do not see in most establishments of other funds-- and it is a trust fund. On the Nebraska definitions on that glossary, they define trust funds very simply saying It's used to account for assets held in a trustee capacity. Many of us here know that when accounts are held in a trustee capacity-- again, there's a different fiduciary duty that you have for those assets. You can't just take those assets and move them around because you want to. You can't just take those assets and spend them how you see fit. This account was created with a specific purpose and with a very clearly outlined intent of what these funds are to be used for. We can have a totally separate discussion of whether or not we should continue to tax businesses and take that money and put it into this insurance trust fund, the Unemployment Insurance Trust Fund. We can talk about whether or not that is an appropriate charge or fee that we're placing on our small businesses and our, and our people around the state, but that's a different conversation. Just because there's a lot of money sitting in a can-- in an account that you want to use--

KELLY: One minute.

DUNGAN: Thank you, Mr. President-- that is not the conversation that we need to be having today. The conversation we're having today is whether or not this is (a) a proper use of this money and (b) whether or not it's actually even a legal transfer of the fund. And so I do think that-- I, I, I hope my colleagues are listening-- and I do think we're having a genuine conversation about this. I think the vote up there was very interesting. Clearly, this is an issue that I think people feel divided on. But I'm, I'm hopeful that, thanks to Senator Riepe's motion to reconsider, people will listen, people will consider the votes, and, and maybe talk to a few folks on both sides of this issue so we can continue having this debate. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Senator Hansen, you're recognized to speak.

HANSEN: Thank you, Mr. President. This is a difficult vote for me because (a) I'm a-- been a business owner since 2007 of multiple businesses and I've paid a considerable amount of money into this fund. For all intents and purposes, it was intended to be used for unemployment. Whether we run into a catastrophic situation where we may have to draw down significant funds, like another pandemic, where the federal funds may not be there or some other circumstance or situation the state runs into where we have to pay out a bunch of unemployment or like a recession. Now, is there a lot of money in that fund? Yes, there is. Is it my fault or other business owners' fault in the state of Nebraska that it got that large? No. I think it's our job maybe-- and what I think would be a better solution is, possibly next year or even on Select File, bringing a change to this where the money has the ability to go back to the business owners who have paid into this over the years by lowering the rates. From my understanding-- and I think Senator von Gillern mentioned this earlier-- the Governor right now has the ability to eliminate the tax either permanently or even temporarily as the funds get drawn down over time. I think that's a much better approach. Or we could legislatively force the department to lower the rate if it's in excess to a certain amount. So we can put some guardrails on this. So if it gets to a certain amount, if it gets too large, we can then legislate and say, hey, look. Now you're forced to lower the rates to business owners as it gets-- now you're forced to draw down those funds. It's not a choice that the administration can make. It's now by mandate. So we're looking after the business owners in the state of Nebraska who employ a lot of people who paid into this over the years. And we're being considerate of their

financial constraints as well, especially in these times. I just feel like that would be a better approach. I can see where everybody else is at. I'm not opposed, and I'm-- and I even have a hard time saying anything about what the, the Appropriations Committee has done because they do a, a, a great job and they put a lot of time and effort into looking through every fund and seeing where we can help the taxpayers in Nebraska put together a great budget, which I think they have, and I commend them for it. This is just one of the portions of the budget that I might just disagree with because I'd like to-- instead that money going to the General Fund to be used for a myriad of purposes, I'd rather see it go back to the people who paid into it over the years. So I will be voting yes on the floor amendment by Senator Conrad. Thank you, Mr. President.

KELLY: Thank you, Senator Hansen. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I stand in opposition to FA285 and oppose the motion to reconsider. The-- I've been doing some more research on the state unemployment-- what's called a trust fund, but it's a cash fund. Director of the Fiscal Office, Director Patent, is an attorney and has given her opinion that this-- the word "trust fund" is not in the trust fund terminology. It's really a cash fund. It just-- and we have other cash funds that have the word "trust fund" in their name, but we transfer money out of those as well from time to time. And-- so there was one other question about transfers being taken after the end of this fiscal year-- budget year. Appropriations don't go, go any further than-- the end of this year would be June 30 of 2025, but transfers do. They are allowed beyond the budget year. And if you look at the securities fund, we're-- there is an automatic about \$22 million, I think, that comes in automatically. And we just added \$15 million to that transfer this year, but \$22 million of it was an automatic already. So-- let's see. In checking with the Fiscal Office, this state unemployment fund that was established in 1994 has never been used in 30 years. And it's just keeps building up money and building up money. And this is going to be a proper use for it. And I want to tell you that what has been used for workforce-- which, people are wanting this to be used for workforce-- we have in the budget this year from the Department of Labor a request for \$20 million of general funds for workforce development, which we put in the budget. We could have just transferred \$20 million from this unemployment fund and, and not allowed the General Fund. But this transfer into the General Fund from the unemployment fund is, in effect, funding \$20 million of workforce development. Last year in the budget, we transferred \$20

million more dollars from the General Fund-- no, excuse me-- from the Cash Reserve, which really-- it comes-- gets General Fund dollars-- to DED for the InternNE Nebraska program. InterNE Nebraska is a workforce development program. That's another \$20 million that's-- really came from general funds. Didn't come out of the unemployment fund. But those are just two items that the Fiscal Office right off the top of their head said \$40 million last year and this year are already being used for workforce. And this \$70 million transfer, \$40 million of it is really is-- it's going back in-- it's going into the General Fund and is-- \$40 million of it is repla-- I guess substituting for the general funds that we have approved in the past. So this fund has never been used. It is legal. We have a written email from the U.S. Department of Labor that it's-- they have no problem--

KELLY: One minute.

CLEMENTS: --with this transfer. The director of Department of Labor approved of this in his testimony. And so it's a fund that's never been used. That's fine with me if you want to get rid of it. But we, we have spent general funds-- at least \$40 million we can name right now-- that this is going to fund those \$40 million. And I continue to oppose FA285. And I oppose the reconsider motion. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Armendariz, you're recognized to speak.

ARMENDARIZ: Thank you, Mr. President. I stand opposed to FA285 and continue to iterate that we need to do something with this fund. FA285 proposes we leave it-- where it is at. The director came to Appropriations, said it is not needed. He has no programs to spend that money on. We need to eliminate this fund. And if there, there needs to be a bill next year to finalize the elimination of collection from businesses for this fund, I more than welcome that. I also understand Senator Hansen, Senator von Gillern's concerns that this should go back to the businesses that paid into it for 30 years and has never been used. While I think that that logistically is extremely difficult, especially with staff shortages, I would assume that I would be asked to fund more FTEs should that happen. The only proposal of where this money should go has been presented by the Appropriations Committee to distribute it back to the General Fund, which is to all the taxpayers of this state. If there are better places to put this fund, which it does need to go to, I would welcome an amendment of where that should go. If it needs to go back to the business owners,

please present it. Staying status quo is not an option, at least in my mind, sitting from the Appropriations viewpoint. This is an issue that should have been taken care of years ago that never was, and we're addressing it now. The fund needs to be liquidated back to the taxpayers. If somebody wants to propose to liquidate it back to the business owners-- although it may be more costly. I'm not saying I would be opposed to that. FA285 doesn't do that. It, it is a proposal to stay status quo. I can't support that. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Senator Dover, you're recognized to speak.

DOVER: Thank you, Mr. President. I just would like to thank Senator Clements-- or, Chairman Clements for his comment and also Senator Armendariz for her wise words. And I'd just like to point out that, typically, a lot of times, the companies run on a regular fiscal year. And so-- excuse me. And so if you're running a regular fiscal year, at the end of the year, everything closes out and nothing is really carried over. Everything's moved over to equity accounts and those kind of things, owner's equity, et cetera. But that's not the case with, with ours. And if you actually look at page 5, the money flows through and it continues to flow through [INAUDIBLE] beginning balances, et cetera. But I just want to point out that the \$70 million is actually figured in on line 10(a) general funds transfers in new. And it's-- the total is \$198,016,542. But if, if-- I'm urging everyone to vote no on FA285 because if you vote yes on that, there will not be money to the floor. And in fact, if you look at page 5 and you look to the far right on, on fiscal year 2026-27, you see a number that says \$68,565,750. That number actually becomes a negative. Can I repeat that, please? That's a negative if this FA would pass. So I encourage you to vote no on FA285. I yield the rest of my time to the Chair. Thank you.

KELLY: Thank you, Senator Dover. Senator Moser, you're recognized to speak.

MOSER: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. So the unemployment fund is a collection of money paid in by employers, a percentage of part of their payroll that they pay their employees. And it's set aside in case you have to lay someone off. The person you lay off can get unemployment and it's paid from-- well, it's deducted from your reserve. I don't-- I, I-- the way it sounds, it has been paid from the federal tru-- trust fund. But we pay state unemployment tax and federal unemployment tax as employers.

So part of this balance-- not very much of it because my business is very small. I only have a few employees. But, you know, \$5,000 of that \$63 million is money that's in my reserve. I just think, fundamentally, it was taxed from the citizens for a purpose. They were told that this was what it was for. And then to come along and sweep it out and spend it on something else is wrong. The problem with using this to balance property taxes is we spend too much money. We can't spend the amounts of money that we are spending now and have the revenue that we have now and fund anything to reduce property taxes. We've pushed a lot of expenses onto the counties in the schools and the-- other political subdivisions over the years. And they've used property tax to pay their bills. And, you know, I, I think raiding this fund is, is a mistake. And, and besides that, if we take the money and we aren't careful how we credit it back to offset property tax, it may just get spent and property taxes go up. We've got several property tax funds that are supposed to help, but my taxes keep going up. The valuations go up faster and the spending goes up faster. It's not a good solution. We need to get to the bottom of our spending, get to the bottom of our taxation, and get ourselves on a trajectory that's sustainable over time. You can only raid these funds every so often. You can't-- what are you going to raid next year? You raid this one now-- you know, who, who's up to be raided next year? It's not a sustainable solution. I would vote you-- I would encourage you to vote for the reconsideration. And I'd encourage you to vote for the amendment. Thank you.

KELLY: Thank you, Senator Moser. Senator Blood, you're recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all. I stand in support of the reconsideration. And I got to say, I love all these things that have been echoed back to me that I've been saying for two days. Long-term planning. We can't keep sweeping funds and make it sustainable. I disagree that it's OK to front-load. And it's kind of awesome listening to debate and listening to people start repeating things that we know to be true. But with that, I would ask that Senator Clements yield to question.

KELLY: Senator Clements, would you yield to a question?

CLEMENTS: Yes.

BLOOD: Thank you, Senator Clements. And I'm sorry I didn't get to come and talk to you first. I just got back in from talking to a student.

Senator Clements, I keep going through the budget and I'm not seeing it. Can you tell me where in the executive branch they've reduced their spending or the percentage-- amount of money that they took out to help with property taxes? What was the reduction?

CLEMENTS: You mean the, the Governor's budget--

BLOOD: Mm-hmm.

CLEMENTS: --itself? It's-- he's held it flat with no increase last year and this year.

BLOOD: OK. So no funds to contribute to property tax relief for anything that he has?

CLEMENTS: He has a military fund that was from COVID money. I think it was \$13 million-- it, it was at least that-- that was returned to the General Fund.

BLOOD: OK. I appreciate that clarification because I looked really hard and I couldn't find anything, so that is actually quite helpful. Thank you, Senator. We need to vote green on this reconsideration. I think it's curious that now the Chambers don't want that money to go anywhere. But when they had the bill that was meant to be the platform for doing this, they testified in favor of that bill. So I hope that they think about those things before they come and testify in front of Business and Labor in the future. And I know that that's their job and that's what they are paid to do, and I don't fault them for that. But it's unfortunate. I understand that we are upsetting the apple cart. And I respect the fact that Appropriations is sticking together. Good for you for being a unified front. But not everybody feels that way. And I go back again to last Friday when every single small business owner at an event that I was at was angry and insulted that this was being done and felt that if things like this were necessary, they should be talking to the business community. And now we hear through Senator Conrad that the business community has indeed stepped up against this. I don't work for special interest. I don't work for party. I work for my constituents. And my constituents do not want this money to go anywhere that they paid into, regardless of your explanations. And you heard me earlier talk about recession and inflation and why we need to keep this, this fund whole. And unless we change state statute, we really can't do it legally anyway. So again, friends, vote green. You're doing the right thing for your constituents. I'm sorry that it's going to create a issue for

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Appropriations, but it is money that needs to stay put. With that, I would yield back any time to you, Mr. President.

KELLY: Thank you, Senator Blood. Mr. Clerk for items.

CLERK: Thank you, Mr. President. Your committee on Appropriations, chaired by Senator Clements, reports LB942 to General File with committee amendments. Additionally, your committee on Government, Military and Veterans Affairs, chaired by Senator Brewer, reports LB1358 to General File with committee amendments. Amendments to be printed: Senator Holdcroft to LB876; Senator Hardin, LB1120; Senator Dorn, LB130; Senator Brewer, LB1412; Senator Holdcroft, LB1412. New LR: LB321, from Senator Conrad as well as-- excuse me. That'll be referred to the Executive Board. LR322, from Senator Hughes. That'll be laid over. New LR: LR323, from Senator John Cavanaugh. That will be laid over. Committee report concerning gubernatorial appointments to the Nebraska Educational Telecommunications Commission as well as the Technical Advisory Committee for Statewide Assessment. Finally, Mr. President, a priority motion: Senator Albrecht would move to recess the body until 1:30 p.m.

KELLY: Members, you've heard the motion to recess. All those in favor say aye. All those opposed say nay. We are in recess.

[RECESS]

KELLY: Mr. Clerk, please record.

CLERK: There's a quorum present, Mr. President.

KELLY: Are there any items for the record?

CLERK: I have no items at this time, Mr. President.

KELLY: Proceeding to the queue. Senator Walz, you're repres-- you're recognized to speak. And waived. Senator Dover, you're recognized to speak. Senator Dover. Senator Dover, you're recognized to speak.

DOVER: I just want-- oh, sorry-- I just would like to reiterate that the \$70 million would, would affo-- would actually definitely affect any money being left for the floor. And furthermore, it would take-- what, the \$68 million, I believe, in four years from now would make that a negative. So I just would like to reiterate. I think we need to be very careful about taking the \$70 million out of the budget. And it also-- it sounds as though some people are discussing possibility. So

I look forward to being able to reach an agreement to take and, and, and put it into the budget the \$70 million and return that to Nebraska taxpayers. Thank you. I yield the rest of my time to the Pre-- President.

KELLY: Thank you, Senator Dover. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Colleagues, I do rise again in favor of the motion to reconsider. I have Senators Fredrickson and Hunt standing in front of me making faces. I'm just going to call them out for that right now instead of have them do that the entirety of my talk. I do rise again in favor of the motion to reconsider. Colleagues, I was speaking earlier about whether or not we even have the authority to actually take money from this fund. If you recall, the issue, I think, at hand with regards to the unemployment insurance trust fund is that it is in fact that. It is a special fund created for the money to be held in trust. And so one of the questions that cropped up in talking with other individuals about this is whether or not the money that's actually being charged by these businesses in order to go into that fund is a tax. And the reason that that's a relevant question is the Legislature obviously has authority to move money around if it is in fact a tax. Taxes are, are things that the Legislature is given specific authority over. But if the money that's being charged, that fee, is coming from those businesses and being placed into the unemployment trust fund, if that's not actually a tax, then, colleagues, the Legislature doesn't have the authority to actually move that money around as we see fit pursuant to our normal authority to, to, to operate with taxes. This is actually a question that was raised a little while back in a Nebraska Supreme Court case brought by our former Senator Schumacher, in which there was an entire conversation on whether or not a surcharge or a fee on a phone bill assessed by the Public Service Commich-- Commission was a tax. That had to do with whether or not it was an unconstitutional tax with a delegation of authority. But the question at hand that the Supreme Court addressed was whether or not a fee is the same thing as a tax. Ultimately, the court in that case held that the fee was not a tax even though it was imposed by and collected by the government. I want to say that again. In that circumstance, that fee, that surcharge is not a tax. The court held that whether a fee or charge is a tax depends in part on whether the, quote unquote, primary purpose of the fee is not to generate revenue for governmental purposes but rather to regulate a business or an industry. So in determining whether or not an actual fee or a surcharge falls under the category of a tax, it's

kind of a larger question. But the, the main thrust of the issue at hand would be whether or not the collection of that fee is for general spending and, and general governmental purposes. It's very clear that the State Unemployment Insurance Trust Fund in Section 48-622, it is not a tax. At no point in there do they say that it's a tax, nor do they call it a tax. But instead I think it's very clearly a fee because the purpose with which that money is collected is not to generate revenue for governmental expenses or services. Why does that matter? That means that, ultimately, colleagues, I do not believe that we have the statutory or constitutional authority to do what this proposed cash transfer or sweep does. By virtue of the fact that we're not taking money out of a cash fund collected by general taxes but instead we're taking money out of that state unemployment trust fund that was a fee or a surcharge specifically collected for that purpose for the administration of that insurance for unemployment, we simply just don't have the authority to do this. Now, I understand the concerns that have been raised about whether or not, if we do this, if there's going to be money for other things, but that is not the question we should be asking, colleagues. The question we should be asking is whether or not we actually have the authority to do this. I am concerned that if this transfer or sweep out of the State Unemployment Insurance Trust fund happens, I believe there will be a court case. And I believe that based on some of the findings by the Supreme Court in Nebraska, it's entirely possible that they could find and probable, actually, based on the actual case law on this exact issue, that this is not a tax that we have the authority to move around. So colleagues, whether or not it's the right thing to do--

KELLY: One minute.

DUNGAN: Thank you, Mr. President-- whether or not this is the correct decision, I think we should be thinking about whether or not we even can do this. In order to actually move this money around, there should have been a hearing on a substantive piece of legislation to modify the underlying statute, 48-622, to allow for the usage of that money to be used elsewhere. And so by virtue of the fact that that didn't happen and this is just happening through LB1413's cash sweep, I think it's problematic. I think it is potentially legally not allowed. And I think we should slow down and look at whether or not this is even something we have the authority to do. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Senator Dorn, you're recognized to speak.

DORN: Thank you, Mr. Lieutenant Governor. I, I hadn't been watching, I call it-- we have our, our sheet what lists our agenda here every day. And I knew that once our budget comes out, then Fiscal Office starts putting out the so-c-- the so-called-- or, or our fiscal sheet or whatever. So we, we have a green sheet also on this tablet or whatever. And I think we really need to-- I understand why everybody's talking about the unemployment, the \$60, \$70 million, bringing that back or not. That's part of the discussion of what we have today here. But on that green sheet on the front page-- and I've talked about this before a little bit-- you need to look at-- it looks like we have \$574 million to the floor right now as we sit here, or what came out with the budget, and that that second two years over or aft-- at the next and of our next budget, what we put out, that shows \$68 million. People, you also need to look at what I call the back of the page. That gives the impact of bills pending. In other words, it lists all the bills on Final Reading and how that will affect our financial situation. I want you in about the middle of the page to go and look: Final Reading on E&R final, it says. And you need to look at those numbers as you go to the right. \$558 million now it says we'll have at the floor. But you need to right now, right above it, it says \$16 million, \$17 million, \$17 million. At the end of the next two-year fiscal, we're going to have \$18 million. Then look at the one right below it. On Select File, if we approve Final Reading and Select File, we are now at a negative \$12 million two years out. Go back to the first page and the ending balance-- at minimum reserve, it shows it right above the numbers in the square there, \$353 million, \$338 million. We won't even be at that minimum balance two years out if some of these things are taking place. We have over the years, over the last several years, ARPA funding, federal funding. This body has done a very good job of, I call it, spending money, allocating money, bringing back revenue-- or, not having revenue go out the door with our income tax and other things. You also need to look at these sheets here and you need to decide as a body, are we going to be comfortable with a negative number out there? Many people have talked about a precarious position. Senator Blood has talked about it. What fiscal shape are we leaving ourselves in? Part of what the Appropriations Committee does-- Senator Clements does a very good job of this-- this budget process, it isn't a one-time thing with a one-issue thing that we deal with. Yes, we deal with them individually, but they are all part of a bigger budget picture. When you look at page 19 of that Green Book and it says new general funds transfers in-- to get to this \$574 million and the \$68 million, we are transferring in \$70 million from the state unemployment fund. You take that away, you wipe that

out, we are two years out-- two years in the next budget cycle, we're at a negative number. You better be deciding what you want to do with some of these other funds, some of these other bills. Because to put us in that position, I don't think that's a position we want to as state legislators be in. When we talk about the budget, we talk about all of these individual things adding up to a total number--

KELLY: One minute.

DORN: --a total dollar amount. Thank you. You need to be aware of and mindful of the bills on the floor, what some of those are going to have a fiscal impact on-- some-- what some of those have an appropriation on. But you also need to be very mindful of where this leaves us. That future, future fund book that Senator Walz passed out, it does show, though, out there in several years out there, we're still in the billion dollar cash fund. But how are you going to transfer those in or out? So thank you for the discussion. People need to be mindful of how this \$60, \$70 million impacts the budget, especially in the long term.

KELLY: Thank you, Senator Dorn. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. Good afternoon. I just want to give you a little update on what happened in the Rotunda here at 1:00. There's an organization that started, No New Taxes in Nebraska. It appears that organization has been set up by Senator Ricketts, and his campaign people are organizing that specifically against EPIC consumption tax. And I couldn't hear what they had to say, but generally I've heard what they've always said before, and consequently now they say they have a study. I haven't seen it, but they have been projecting ever since we started that the rate was going to be 22%. And so they've asked the talent-- Tax Foundation to come up with some confidential or some-- it must be confidential because I've not seen it-- the information on proving it's going to be 22%. And so they back into what they think the rate should be. So what has happened is we've made tremendous strides with the taxpayers of Nebraska. And there was a poll done about three weeks ago that showed 54% of those polled thought EPIC option was the right thing to do. 30% of those people strongly were in support, 28% were strongly opposed. So we're making great progress. And by the fact that they are throwing this much money at it and they're that organized against it tells me we are on the right track. Because, you see, our current tax code is 1,271 pages. And in that 1,271 pages, what we do is we pick winners and losers. And

for those of you listening, you are the losers because you don't sit in this body. You're not part of DED, Economic Development, Chamber of Commerce that you get to pick the winners. They pick the winners and you get to be the loser. And so we have had numerous opposition people come out against the EPIC option. And I sent an email to Art Laffer-- who is the most renowned economist in the nation-- about a month ago and told him that, when he was in my office, he underestimated who our opposition would be. And he wrote back and said: Welcome to the good fight. That's the way it is when you try to represent the people. So that organization out there in the Rotunda is one that's representing those who collect and spend the tax dollars, and EPIC option is one that represents the taxpayer. So if you're listening today at home and you understand what I've just said, under the current system, we continue to pick winners and losers, and anything that's coming forward out of this Legislature this year will be a reduction, a decrease in the increase. We have not made a reduction that makes a difference to anybody yet, and I don't suppose we will. So if I could have asked a question to that group, I would have-- I would assume that they would be opposed to the Governor's plan because he's going to raise the sales tax from 5.5% to 6.5%. So I suppose if they're against no new taxes, they would be al-- also opposed to what Governor Pillen is trying to do. So what you need to understand is this-- this is a very important statement-- the reason facts don't change most people's opinions is because most people don't use facts to form their opinions. They use their opinions to form their facts. And that's what OpenSky and all those people out in the Rotunda had to say today. And consequently, they've total-- taken total disregard for those who pay taxes. And we will continue to fight the fight for those who sent us here to make a difference in their life, to make a difference in the way they pay taxes. And by the way, no matter what we do in this body will not make us competitive with any of our surrounding states when it comes to property or income tax. And we will continue to do what we've always done and expect different results. That's what we do here.

KELLY: One minute.

ERDMAN: And so it's, it's kind of refreshing to see how much money and effort these people are putting in to be in opposition to the voters. That is amazing to see how much time and effort and what they're willing to go-- the length they're willing to take to be against something that's an advantage for the taxpayer. So continue to watch. Continue to watch the website, epicoption.org, for any information

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that will show you why it is an option that you should be in favor of. Thank you.

KELLY: Thank you, Senator Erdman. Mr. Clerk for an announcement.

CLERK: Mr. President, the Judiciary Committee will be meeting under the south balcony at 2:00 p.m. Judiciary Committee, now, under the south balcony.

KELLY: Returning to the queue. Senator Walz, you're recognized to speak.

WALZ: Thank you, Mr. President. Good afternoon. Before I start, I did want to just take a minute and congratulate my daughter, Emma, and her new fiance, Austin, on their engagement Monday night. So super, super excited about that. Senator Dorn had mentioned the report that I had laid on your desk provided by the Fiscal Office, and it's called the 2023 Nebraska Long-Term Budget Planning Report. Again, I'm just going to repeat: the Nebraska Long-Term Planning Report. And I think it's a tool that we should be using, really, to plan the long-term financial health of our state. Honestly, I think that this is one of the most important tools or pieces of information that we should utilize when we are trying to determine our budget and the revenue package. And as I look through this report, honestly, I kind of found it a little bit alarming. As Senator Dorn said, this report is based on not making-- the report now is, is based on if we made no changes to anything today, and we projected an average revenue increase growth of 4% and a average growth rate of 2.7% per year. The outlook going out ten years really isn't very rosy. So I was just wondering if I could ask Senator Dorn some questions. I know that he is on the Appropriations Committee and studies this stuff quite a bit, and I, I just wanted to go through this report kind of page by page and was wondering if you could help me with it. Would you yield to some questions or some help?

KELLY: Senator Dorn, would you yield to some questions?

DORN: Yes, I sure would.

WALZ: All right. Let's just start on page 1, Senator Dorn. And it looks like in '24-25, we have-- we're looking good with about \$312 million, ending balance.

DORN: Yes.

WALZ: Right?

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DORN: Yes.

WALZ: But things seem to change when we get to year '25-26 and '26-27. Our revenues are actually less than our appropriations in both those years. Can you talk about that just a little bit?

DORN: Yes. The, the first three pages in there is basically our, our fiscal, our fiscal sheet, our balance sheet that we're-- we get every day. And it's projecting out what happens through-- between now and the year '38-39 or whatever. So it, it goes into-- they have a methodology the Fiscal Office always uses. They are using approximately a 4.5% growth in revenue. So we are calculating that in there if that happens. Then they are also using, I think if I read it right, about a 2% to 2.3% growth in appropriations in those years. So these numbers here show you-- if you look at line 24 on this, it-- that's our, that's our ending balance, which is basically what we have to have for the minimum reserve. Then the next line is the excess shortfall from that minimum reserve. We can't go below that ending balance of the minimum reserve. That we are required as a state to do. The next line shows-- and as you follow that through, we get up in the \$2 billion range shortfall out there near '32-33 using the methodology that, I call it, basically past history. We've had-- we've averaged the last 30 years a 4.8% growth in revenue. So they're going with a less number than that. We have--

KELLY: One minute.

DORN: --also expended more money than what they're using. So this is, this is something to-- a guide. This is a guide to show you if we use these numbers this is what'll happen.

WALZ: Thank you, Senator Dorn. And I think I'll wait for other questions on my next turn up. Thank you.

KELLY: Thank you, Senator Walz. Seeing no one else in the queue. Senator Riepe, you're recognized to close on the motion.

RIEPE: Thank you, Mr. President. We have-- seeking to find an agreement on terms of some acceptable position. And with that, I would like to yield time to Senator Conrad.

KELLY: Senator Conrad, you have 4 minutes, 42 seconds.

CONRAD: Very good. Thank you so much, Mr. President. Thank you so much, Senator Riepe. I again want to express my gratitude to my

friend, Senator Riepe, for working in collaboration with me to continue to debate on this important measure after an incredibly close vote when the floor amendment was initially under consideration. I think everybody can see the writing on the wall when you look at that vote, when you see how we had multiple supporters that were absent at that moment for different professional and personal reasons. There is no doubt that there is discomfort in the body with moving forward with this proposal as written. I think that-- I have been assured and I have trust in my colleagues that we will have a good faith negotiation on this topic, just like the other matters that remain in flux in negotiations related to behavioral health, developmental disabilities, water issues, access to justice issues, et cetera. So I think that the vote itself initially was crystal clear, that there is uneasiness in the body, if not a majority of members, who want us to revisit this proposal that has emanated from the Governor's Office and the Appropriations Committee. I have no doubt that we can do that from General to Select without forcing a vote on the reconsideration motion. With that, I'd yield back to balance the time to my friend, Senator Riepe, if he so desires.

KELLY: Senator Riepe, 2 minutes, 53 seconds.

RIEPE: Thank you, Mr. President. Like Senator Conrad, I trust my fellow senators that we'll be able to work something out. I did want to make a quick comment that I know earlier we had a discussion about whether the funds were in a trust fund or whether it was a cash fund, and I think that we had two different legal opinions. My experience has been is when you get two attorneys in on an issue, you're going to get at least three opinions, so. But I-- at this time, I would-- I wish to withdraw my motion for reconsideration.

KELLY: Without objection, it is withdrawn. Mr. Clerk.

CLERK: Mr. President, Senator Jacobson would move to amend the committee amendments with FA286.

KELLY: Senator Jacobson, you're recognized to open.

JACOBSON: Thank you, Mr. President. I'll be very brief. I know we-- we've talked about this before. I've been on the mic and explained what my concerns are. This was \$5 million that was going to be removed from the Tourism Commission. I just want to remind everyone that the Tourism Commission is now a 13-member commission that's appointed by the Governor. There are currently seven vacant seats on that

commission. The Governor has the ability to appoint those positions, and they have to be confirmed by the Legislature. And then the commission selects the commission director. So the co-- the Tourism Commission gets their funding from the occupation tax that are charged by hotels and motels. That occupation tax then comes to the commission, and their purpose is to attract tourism in Nebraska, both internally and externally. Many people have heard about ex-- about Passport Nebraska. Passport Nebraska is part of what one of the programs the Nebraska Tourism Commission conducts. That would be one of the first programs lost if this funding was not there. That's been very successful in keeping people in Nebraska to stay in Nebraska when they-- and spend their tourism dollars here. Then you'd go elsewhere around the country and you run ad campaigns with different activities that are going on in Nebraska. We think about what's happening with the new-- with the expansion of the outlet center there between Lincoln and Omaha. That too will be an attraction that likely will be promoted by the Tourism Commission to get more people to come to Nebraska, spend their dollars here, both retail dollars and-- spend dollars in, in other activities, and stay in our hotels and motels. Motel-- hotels and motels are generally full in the summertime, but they're not in the wintertime. So if we can create more activities in the winter months to get people here and staying here when school is in session, those are more dollars that come to our local communities. It's more dollars that go into this fund. So this is critically important. Now, I think the state and DED has a need, and I believe that those dollars will likely be funded out of the budget. I've had conversations with Senator Clements on that-- and I'll let him speak to this himself. But this would be the wrong thing to do, to move these dollars away from Tourism Commission. They have a plan for the dollars. They have a need for the dollars. Those of you who didn't like the slogan "Nebraska, it's not for everyone," that program has now ended and they're now about to begin photo and spending to create the new program. That's what these dollars would also be going towards. So they have a plan for the dollars. The dollars are, are dollars that are collected by the tourism through these occupation taxes. And they have-- but they have to come to the Appropriations Committee to get the spending authority, which is what they did again this year. So again, I would encourage your v-- green vote on FA286 to allow those funds to stay where they are and that we find funding for DED elsewhere in the budget. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I'm going to speak in favor of FA286. In committee, I did vote to transfer the tourism dollars out. And I was in favor of that because the Governor does have a proposal that he wants to spend \$5 million with DED for a statewide promotion program. I think that's a lot of job development. I'm not sure what else. But I'm going to go-- support keeping the transfer to DED and just transferring this back to the tourism. Would Senator Jacob-- Jacobson yield to a question?

KELLY: Senator Jacobson, would you yield to some questions?

JACOBSON: Yes, I would.

CLEMENTS: Thank you, Senator Jacobson. You, you talked about they have plans for the funds. And I haven't heard specific, but do you ha-- I haven't been speaking with the tourism people. Do you-- can you be a little more in detail what they might be doing with that?

JACOBSON: Sure. I, I think the-- probably, the big thing they've got going right now is you have to build out this-- photos and, and build the new campaign for the new state slogan. So that's going to be a significant amount that they're going to spend. They've also gone into other markets, Oklahoma City, Chicago, and others, where they would target advertising for some of the activities here in Nebraska. And the, the work that they've done on research is that they believe it's about a \$27 return for every dollar spent there. The normal return's about \$20. And so the-- that work has been done as well. Then you've got all the different campaigns that they typically do now. National Western, they'll, they'll, they'll, they'll sponsor that. They'll sponsor the bus association who brings tour buses across Nebraska. So there's a long list of ongoing things that they do. And then, of course, the Passport Nebask-- Nebraska program. Very popular program that people are aware of. They spend the dollars for that as well.

CLEMENTS: OK. Thank you. That is helpful. I know that Director Ricks did-- in the, in the hearing talk about expanding to Oklahoma City and expanding farther than where they've been able to reach and that the-- these funds was what he was wanting to do. And I, I, I haven't seen details on the Governor's program and DED, but I'm going to support continuing the funding in DED and let the tourism-- especially because I'm supporting Senator McDonnell's bill that will-- I don't know if it's-- I don't-- passed yet, but it puts a person from-- the DED director on the Tourism Commission as well as someone from the State Chamber of Commerce. So the DED will have a, a vote, a voice on how

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tourism spends this \$5 million. And that makes me feel a little bit more comfortable that there is somebody coordinating between the two so they don't duplicate their efforts. I was thinking that we only needed one person doing all this promotion. But if they can coordinate together and not duplicate, I'll support FA286. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Hansen, you're recognized to speak.

HANSEN: Thank you, Mr. President. I think Senator Jacobson made some good points. I am in favor of his floor amendment I think for a couple reasons. (a) I still have faith in tourism board for doing what they can to help promote our state. I think they've-- you know, I think they're on the, the upward trend of doing better, I think. We've seen-- I still definitely think it's some work as we've been hearing from other people on the floor. I do have a concern about maybe what [INAUDIBLE] the Passport program. And if anybody doesn't know, in-- near Tekamah in my district, in Burt County, there, there's a place called Master's Hand. And it's boutique. All I know is a lot of women like it. They sell the world's best cinnamon bun. They have signs and everything. And I've had-- and I'm not a big cinnamon bun fan, but they they've-- they're, they're pretty good cinnamon buns. And they sell a ton of them every year. And they sell all kinds of pies and they have tea parties and all sort of kind of stuff. My wife likes to go to it, if that helps you out at all. So they, they participate in this Passport program pretty extensively, and they get people from all over the state that come visit their establishment. And I'd hate to see something happen with that, whether the funding for it or the program itself. So I'd like to see tourism still continue to accomplish the Passport program and continue it. So I just want to at least give it a, a shout-out to Susie over at Master's Hand. So if anybody is in my district-- and Senator Wishart-- I don't know if she's on the floor-- she knows. You know what I mean? So she knows Burt County very well [INAUDIBLE] Tekamah. And I'm-- I, I'm assuming she's been there. Yes. OK. Yes, I get the nod like, of course. So if anybody gets a chance to visit them-- they're very nice and a very nice lady who runs that place and a very nice establishment. So thank you, Mr. President.

KELLY: Thank you, Senator Hansen. Senator Vargas, you're recognized to speak.

VARGAS: Thank you very much. I, I rise in-- well, I'm still listening to people. You know, originally, I was really pushing for trying to make this offset in, in committee. And, and part of the reason is-- well, two reasons. One, I, I think that there has been a lot of different opinions on our current, our current work for tourism across the state. And, and second, there's a new initiative within DED to increase tourism and-- you know, with, with a different slogan, with a different emphasis. I don't think anything that people have said are incorrect. There's a need within tourism. You know, there are certain initiatives moving forward. But D-- tourism did request increased authority to spend this year. We didn't give them the authority. There are extra funds in this cash fund that are not being utilized. And so part of the impetus in the conversation and one of the things I said is we should be creative to make sure that we're not growing our General Fund obligations and growing our budget. And using excess tourism cash fund dollars for economic-related tourism reasons, like DED, sounds like a very plausible, a very good, pragmatic use of those funds. That was the reason behind it. If the body doesn't want to do that-- and I had this conversation with, with our Chair-- we will have to figure out a way to find the \$5 million in general funds from someplace else. We'll work on that. But for everybody in this room, please be a very watchful eye on our tourism dollars to make sure that there's a real economic impact for bringing new individuals into our state. This is also tourism for Omaha and Lincoln, but I think it's tourism for the entire state. And also making sure that this new initiative, the \$5 million that the Governor is requesting, is effective. I think it can be, but we need to make sure to hold both accountable to sort of meeting the needs. I think there's sort of unilateral agreement that the previous campaign, it didn't really muster up the [INAUDIBLE] potential that people really received it well. And so as a result, we're currently in this scenario to fund a new initiative that focuses a little bit differently on a different messaging and slogan or continuing funding the Tourism Commission. Again, that's funded through those, those fees from the lodging tax. So it has a sustainable resource. The question is whether or not their plan and what they plan to use it for is sound and we support those efforts. As a committee, we did not say yes to giving them more authority to spend. So we weren't yet convinced. I'm looking at some of my committee members. We had that conversation. We were not convinced. We did not appropriate more. So for a future next year, it is going to be incumbent on the next Appropriations Committee and this body to make sure that those tourism dollars in that fund are really going to the best possible projects, the best possible ways to bring

tourism. It's what they're intended for and I want to make sure it's used for that reason. It's a huge opportunity. I do trust our tourism commissioners in, in, in getting that, that job done, but we weren't yet convinced on the overall plan for the excess dollars. So this was trying to be very, very creative. So if you support the amendment, we will figure out how to find \$5 million for good life is calling sort of greater DED campaign. I did have that conversation with Chairman Clements. So completely up to you, but this is the way of us trying to make sure that not we're only balancing the budget but we're using dollars for the intended purpose in other places for a similar intended purpose. With that, just want to give you the bit of background and let you know.

KELLY: Thank you, Senator Vargas. Senator McDonnell, you're recognized to speak.

McDONNELL: Thank you, Mr. President. Good afternoon, colleagues. Earlier, Senator Jacobson and, and Senator Clements were having a discussion about the, the tourism and what we had talked about earlier in the year with the DED director and someone appointed by the Governor to go to-- add to that 11 people up to 13 people that would be appointed by the Governor and then approved by the, the Legislature. That was approved by and signed by the Governor on March 11 of, of this year. So appreciate the support during that process. And just to make sure everybody's on the same page with what was being discussed earlier, that was signed by the Governor on March 11, 2024. So thank you all.

KELLY: Thank you, Senator McDonnell. Senator Armendariz, you're recognized to speak.

ARMENDARIZ: Thank you, Mr. President. I thought I would jump on and give a little bit of background and echo Senator Vargas's words and thoughts about why we thought to transition this. My, my thoughts were, after thorough questioning by the agency-- or, to the agency that I just lacked the confidence that they would fuducious-- "fiduciously" spend this money. I asked some, some poignant questions. The tax they're collecting at the hotels, could you tell me how many-- if that was-- if that did increase, how many of those visitors at our Nebraska hotels were from out of state? That should be our goal. We're attracting people outside of Nebraska, not just us Nebraskans moving around Nebraska. We want outside dollars coming into Nebraska as well. There wasn't an answer to that. They hadn't done that work to figure out how many outside dollars were passing in through Nebraska, which

was concerning to me. We also pressed them on how they're advertising our fishing and gaming. There weren't any good answers for that either, which arguably is probably our best assets that we should be advertising. And there was lack of any information on how they would promote that-- promote our state in that way. So I would say, fundamentally, our, our agen-- our committee just lacked the confidence that they were able to really promote our state in the way we want it promoted, bringing in more tourism from other states. And that's why we made the decision we did. I do understand that the board has been expanded a little bit to, to provide a little more oversight, so I may allow them another chance to see if they can dive a little deeper in how we bring outside dollars into the state through tourism. But I wanted to give everybody the background on what the committee was thinking when we wanted to shift those dollars away, hopefully getting them spent a little bit more toward what we were trying to achieve in tourism here. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Seeing no one else in the queue. Senator Jacobson, you're recognized to close on the floor amendment.

JACOBSON: Thank you, Mr. President, I'll be very brief here. I really appreciate Senator Armendariz's comments, and she and I talked about this off the floor here yesterday. And, and I, I take those comments to heart. And I have visited with the folks with the tourism, particularly at the county level and, and on-- and some that have been involved at the state level. And they do have that information, but, but I can't explain what happened in the hearing, but clearly that needs to be done better. I can assure you there is a plan. And I think the fact that there's six vacancies on the board right now-- on the commission right now, those vacancies need to get filled. The Governor needs to fill those with people he has confidence in. And then as Senator Clements mentioned, part of the bill with the inheritance tax bill would be to add DED and someone from State Chamber on this board as well so we have the coordination. But this board is entirely appointed by the Governor and-- so he has an opportunity to fill it with his people, people that he has confidence in to do the kinds of things that we want done here in Nebraska. And keep in mind that what's happening at DED is really business attraction, retaining and attracting businesses to Nebraska. Tourism is focused on bringing tourists to Nebraska. And then also the only comment I'd make on-- and clarification I'd make on Senator Armendariz's comments is we also want people that are going on vacation to consider vacationing in Nebraska and keeping those dollars in the state rather than thinking they have to go to Wyoming or they have to go someplace out of state.

So keeping in-state dollars here are also important, and that's part of what they're doing. And Passport Nebraska calls-- leads heavily into that. So I do have confidence that this can get done. I understand the concerns the committee had. I appreciate the willingness to maybe give them another year to show that they can make a difference. And let's get that board fully appointed so that we're fully staffed there as well. And then they can make the decisions they need to make. So with that, I would encourage your green vote on LB-- on FA286. Thank you.

KELLY: Thank you, Senator Jacobson. Members, the question is the adoption of FA286. All those in favor vote aye; all those opposed vote nay. Rec-- record, Mr. Clerk.

CLERK: 43 ayes, 43 ayes, 0 nays, Mr. President, on adoption of the amendment.

KELLY: FA286 is adopted. Mr. Clerk.

CLERK: Mr. President, some items quickly if I could. Communication from the Governor concerning the withdrawal of consideration of confirmation of Dr. John L. Kuehn from the State Board of Health. Additionally, appointment from the Governor concer-- communication from the Governor concerning the appointment of Michael Drinnin to the Racing and Gaming Commission. New LR: LR324, from Senator Conrad. That'll be referred to the Executive Board. Notice of hearing from the Business and Labor Committee. As it concerns LB1413, Mr. President: Senator Machaela Cavanaugh, I have FA275 and FA279, both with notes that you wish to withdraw. In that case, Mr. President, Senator Machaela Cavanaugh would move to amend with FA277.

KELLY: Senator Machaela Cavanaugh, you're recognized open.

M. CAVANAUGH: Thank you, Mr. President, colleagues. I think some of us are scrambling a bit. That announcement was a little out of, at least for me, out of nowhere, but-- message from the Governor, so. I-- former Senator Kuehn has served on the Board of Health, and he has been-- he's the veterinarian. You have to have different categories of people on the Board of Health, and he's been the veterinarian since, I think, since I've been here, so. Whatever the reasons are, thank you, Senator Kuehn, for your service to the state as both a senator and a member of the Board of Health. FA277 strikes Section 8. So then-- and then there's one more amendment-- I, I think it's FA278-- which will strike Section 7. I probably should have done them in the opposite

order, but that's all right. So these are the two housing reallocations. Probably could have done them together, actually, now that I think about it-- strike 7 and 8. And what-- so basically just going back to what we already had from last year's budget in the housing and not taking the money away from the urban affordable housing. Now, I personally am a supporter of giving money to the rural workforce housing, but we had that in the budget last year. It was vetoed and this body chose not to override it. So I find it to be a bit disingenuous that we are then going back and taking \$20 million away from the urban housing. And if we want to do affordable housing for the rural workforce, we should find the money for that not on the backs of the urban housing. The urban housing money is really needed. And again, as we've talked about other cash funds and things being allocated, that money was allocated and people start planning for it. And if we're going to keep taking money from those projects, changing our mind one year-- from year to year, we're going to have a hard time building any sort of progress in this state or continuity and we're going to have a hard time getting people and companies to want to invest in these things and apply for these things if they might lose the funding the very next year because we just changed our minds. Our votes should be serious, and I think that they are. And we chose last year to put forward these two housing-- the Governor slashed the, the rural housing. And this body chose not to override that. If this body has changed its mind about funding rural housing, great. I'm here for it. But not at the expense of urban housing. So if we, if we remove Section 8 and we want to leave Section 7 in, that's terrific. We could do that. We don't actually have to-- so I guess maybe it was a good thing it went this way. We can do Section 8 and I can pull the next amendment. If we adopt Section 8, pull the next amendment. Rural gets their \$20 million, urban goes back to what it was already supposed to be, and we call it a day because that's all I've got left on this bill. And I think I'm the only one that has anything left on this bill. So we call it a day. Sound good? Sounds good to me. And with that, I think I will yield the remainder of my time. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Dover, you're recognized to speak.

DOVER: I, I, I, I don't know why I'm up. I yield my time. Thank you.

KELLY: Thank you, Senator Dover. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I stand opposed to FA277. The-- if you look in your Gold Book, the Governor's proposal, the committee did approve that transfer. It's on page 62. The starting balance for this fiscal year is \$36.2 million in affordable housing. Their, their, their balance in the last five years has gone from \$14.9 to \$16.9 to \$23 to \$31 to \$36 million. It has not been fully spent in the transfer, \$25 million, and \$20 million of it to rural housing and \$5 million to middle housing. Still leaves \$5.4 million in the Affordable Housing Trust Fund. The Affordable Housing Trust Fund is-- has a revenue source. It's from documentary stamp tax on transfers of real estate deeds. And the amount of revenue, it's been \$16.3, \$16.8-- over \$16 million a year will be added to this. This transfer takes the balance at the end of the next fiscal year. There's nothing coming out here in this fiscal year before June 30 of this year. It'll be-- by June 30 of 2025 would be the \$25 million transfer. Still would leave \$5.4 million. And then the following year, they'll get \$16 million more from the documentary stamp tax. Would put them back up to \$21 million for the following year, where they've been spending 9, 10, maybe-- propo-- projecting \$15 million. And so this would leave them \$21 million of yet-- to spend on affordable housing. The rural workforce housing dollars-- this is the \$20 million that we're allocating-- has been fully spent in recent years. It's all contracted out. And in checking with the middle income housing fund, they have not spent all of that. There's \$1.5 million left that they didn't have contracts for. I don't know if they didn't have requests, but they didn't approve requests. Their-- they were left over with \$1.5 million, yet this would add \$5 million to the middle income. We didn't see a testimony requesting middle income housing. In the committee, we did change the Governor's recommendation from all of rural for-- workforce to \$20 million wor-- rural and \$5 million middle income to support that fund somewhat, but we had very little testimony that I recall that the middle income was important. We had a lot of builders and realtors talking about wanting the rural workforce housing and how well it's been done and it's fully utilized. So I support just leaving the budget transfers the way they are. And I oppose FA277. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Walz, you're recognized to speak.

WALZ: Thank you, Mr. President. I do have a couple questions for Senator Vargas if he would yield.

KELLY: Senator Vargas, would you yield to some questions?

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VARGAS: Yep. Happy to.

WALZ: Thank you, Senator Vargas. So I was just wondering if you could talk about the, the hearing and why the decision was made to take money from the middle income urban housing funds and provide more money to the rural housing fund?

VARGAS: Yeah, I will try to explain it because that's not exactly correct. So there's an affordable housing trust fund that is funded by doc stamp tax. That fund has been growing. It's got more than \$45 million in it, something around that. And somebody will correct me. It gets out about \$12 to \$16 million every single year in funds for affordable housing projects across the state. That is one program. There's two other programs-- two workforce housing programs: one that's a rural workforce housing and one that we'll just call urban workforce housing. It's called middle income. Both of those are for workforce housing, a different sort of tranche of housing. There was not enough support in committee to fund from general funds for new housing programs. Maybe on the floor there is, and I would love that because I'm a proponent of housing in this, in this way. What we did have support in the committee was utilizing some of the additional funds in the Affordable Housing Trust Fund that have not been used or could sus-- could sustain and transferring it over to both of these other funds. I don't like taking the money from one housing fund for another housing fund, personally. But given that there was general support to move that to rural workforce housing, I was trying my best to find some equity in getting funds to both workforce housing programs. I think these need dedicated sources. I think we need to fund more in them. As you heard-- actually, the, the committee had overwhelmingly one full day of support for all of these housing programs, not just one. The Chamber of Commerce, the bankers, the Lincoln and Omaha Chambers, the small business-- so many different entities came in support of all of these housing programs and new general funds. I think we should do that. But there wasn't enough appetite in the committee. And if, if we can get that appetite on the floor, 100%. But insofar as we find that, I still want to make sure that we are funding some equity to-- some to urban middle income workforce housing and the rural workforce housing. I'm not necessarily against Senator Cavanaugh's amendment. I'm only against it right now unless we find another way to, to fund housing. But know this: by next year, there will be new money coming from the doc stamp tax to the Affordable Housing Trust Fund to fund the existing projects in, in the Affordable Housing Trust Fund.

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WALZ: OK. And then just one other thing I wanted to ask you. Because from what I understand, all of the money that was dedicated to urban housing funds were not used. Is that correct?

VARGAS: So all of the funds have been utilized in the rural workforce housing and nearly all the funds have been utilized in the middle income urban workforce housing. There's only about \$1 million left, \$1.5 million. That's-- we, we-- they just awarded about \$6, \$7 million, I think. So there's not enough to really make an impact. Both of these programs are effective and are working. And we've seen them work. And, and so that was the impetus behind supporting both the programs. We just didn't have enough support to get more funding to both the programs.

WALZ: OK. And then just one more question. So you would be in favor of--

KELLY: One minute.

WALZ: --making these two funds more equitable through some type of an amendment?

VARGAS: Yeah. I, I mean, I personally would. I can't speak for the committee. I'd also be supportive of just putting more funding to both of them, general funds or cash reserve funds. I think they're really good programs. And more importantly, we have a housing crisis. We don't have enough housing stock in both rural and in urban Nebraska. And this is a way of making sure we're meeting that unmet need.

WALZ: All right. Thank you, Senator Vargas.

VARGAS: No problem.

WALZ: Thank you, Mr. President.

KELLY: Thank you, Senators Walz and Vargas. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. I just visited with Senator McDonnell. I told him it would be inappropriate that I let an opportunity go by to talk about how much I hate workforce and all kinds of affordable housing that the government builds. It's another opportunity for us to pick winners and losers. If you happen to be one of those people that's chosen to get one of these workforce houses, you win the lottery, especially if you're in that group that the

contractor gets gap money to buy the price down from \$280 to \$200. You're a winner. If you aren't, you're a loser. So I was in a quandary when voting on this transfer because I don't think it's appropriate that the government build one house. Not one. I can't figure out where they have that found in the Constitution, that it's the government's obligation to, to provide housing. And the reason we do that is because it's not economically feasible to do it for a private corporation or, or a contractor, so the government does it. And when the bankers came in that were in support of workforce housing, I said, you should be opposed to this because they're taking away an opportunity for you to loan money to build houses. But the answer that I concluded that the bankers said, it's too risky for us. That's why we don't want to make a loan to these people. Let the government do it. So the government makes a 2% loan, and then they get a tax incentive from the federal government, 4% to 9%, to build workforce housing. And then they build it with TIF financing, and then they get the bond iss-- the bonded inde-- indebtedness from the TIF bond for 20 years. And the poor sucker that lives in the house pays the taxes, and it goes directly to the person who owns the TIF bond. It is an opportunity for those building houses-- and I told the committee that when I leave here, I'm going to start a 501(3)(c) and see if I can't set up my own construction company that can take advantage of all these tax incentives. And so if you're listening today back home or out there in-- on the TV, you'll understand that's what we do here. We continually pick winners and losers. And this program's, all three of these, are exactly that. And so we have a business out in Kimball that's going to expand called Clean Harbors. And those people, that corporation has purchased land. They're going to subdivide it. They're going to build houses there for their employees. That's how you do it. But if it was economically feasible, some contractor would be building these houses and selling them. But it's not. And so it's OK for the government to lose money because it's not the government's money, it's your money. And so they are willing to gamble with your money, but they don't want to gamble with their own if they're a banker. So all of these opportunities that we have for workforce housing is peculiar to me. And so it would-- I would be remiss if I didn't stand up and say something about workforce, affordable, or middle income or whatever other definition you want to use for housing the government builds. For the life of me, I don't understand why we continue to do what we do, which makes your taxes higher, because somebody is-- has to make up the difference because it's not economically feasible to build these houses. So I did vote for this transfer because I was kind of trapped. If I left the money in there, one would not get some

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because, you see, affordable housing gets a contribution from the doc stamp on an annual basis and the other two do not. And so we have to make transfers into those other two to make them whole to keep them functioning. So I just wish it would all go away. So we'll see what happens. I'm not in favor of, of FA277, but-- that's Senator Cavanaugh's idea. We'll see what happens when we get ready to vote. Thank you.

KELLY: Thank you, Senator Erdman. Senator Armendariz, you're recognized to speak.

ARMENDARIZ: Thank you, Mr. President. As I mentioned yesterday, I am not a fan of government interference in the housing market. I think it artificially inflates housing prices. I, I did-- I don't remember if I voted for this or not. I probably did not, to-- I, I wish we didn't fund any of it. Quick Google search of housing availability-- and we were told over and over again for the last two sessions: housing under \$300,000, just not there. So I am an avid hobbyist of houses. So I am on-- looking at houses almost every day. Did a quick Google search of how many houses are available in Douglas County under \$300,000. There are over 1,200 houses available in Douglas County under \$300,000 right now. So then I was told that there were only six houses available in Grand Island. Did the same Google search. There are 93 houses under \$300,000 available in Grand I-- in Hall County. And just to do a third, I did Madison County-- Senator Dover's sitting next to me-- And there are 71 houses available in Manis-- Madison County. They seem to be all representative populations available. I just don't get why the government interferes in, in housing. It artificially inflates the housing prices. It sets us up for a dangerous fall. I, I will-- somebody will have to really compel me to agree that the-- that is the right thing to do, is prop up housing with government funds. I, I'm not for this motion or changing any of it. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. Well, Senator Erdman raised some questions and Senator Armendariz kind of chimed in on this, so I, I feel like somebody needs to get up and defend rural affordable housing, rural workforce housing needs. I know that you can go out on the, the internet and pull up how many houses are for sale. I would encourage you to go look at those houses. OK? Because I can show you some places that need to be demolished that are a house. They're out there. And if you go out and start looking at most houses that aren't

selling, they aren't selling because they're horrible inside. And in order for them to be hab-- inhabited, you have major remodeling costs to bring them up to standards. If you move across rural Nebraska, there is a huge housing shortage. I can tell you that, in North Platte, for example, 875 jobs for sustainable beef that will need to come online one year from now. We don't have anywhere close to the number of houses that we need to, to accommodate that. When you look at what it costs to build today, if you don't have existing homes out there, you have to build new homes. Now, any realtor will tell you that when you build a new home, you're not building new homes necessarily for the people that are coming in on a low income. You're probably going to build homes that people will move, move up to, and their home becomes available and it becomes affordable. People that say you don't need subsidies to do it, then I would tell you, if there's so much money in it, form your LLC, go out to the rural areas and start building houses if there's so much money to be made in that business. Because the fact of the matter, it is not. The reason we have tax increment financing is to encourage people to come out and build homes and be able to bend the cost curve. If you do economic development-- and I've been a banker for 46 years-- and I can tell you that when you have economic development, it starts with quality jobs. You've got to find a place to house people. When they move to your town, they pay sales tax, they pay income tax, they pay personal property taxes. All of those things. They visit your grocery stores. They do all of the other things that build your economy. That's why you do it. That's why the government gets involved. Because if you cannot get this to start out and you can't build these houses, you'll never get employers to come to your town, you'll never create economic activity, and you'll slowly die. We learned in Bennington that they've got so many people moving to Bennington and homes there and now they don't have room in their school system. So they tried to float a bond issue that failed on a new school. Their mill levy is already over \$3. Well, I can tell you, in North Platte, our consolidated mill levy is \$1.96, and it's going down because of the growth that we've had here in the last couple years, in the last few years, and the growth that we see coming forward. But the only way that's going to continue is if we can build enough housing stock to get there. There's a lot of pieces that goes into being able to drive that cost curve down to get people in those homes. So economic development begins with housing and good jobs. The higher the cost-- the higher value of the job, if you can move a job to \$80,000 to \$100,000 a year. I got it. You don't need the subsidy. They can come in and build those--

KELLY: One minute.

JACOBSON: --homes and go. But when you're talking about \$50,000-a-year jobs, that's a whole different program, and that's what it's going to take to build-- to staff sustainable beef. And what will happen with that packing plant? It will move the-- move their revenue up for ranchers and cattle producers and everyone in the region. And it'll raise that economic activity. It will help our schools. It will help our tax base. That's why we do it. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Senator Dover, you're recognized to speak.

DOVER: I'd just like to speak to this-- kind of the topic right now, I guess, that people are discussing. And I first got my real estate license in 1983. We have a construction and land development company. And I watched housing triple over the years, according to what we used to build houses for. And as to the-- as-- to answer the question of should government money be spent to subsidize housing? I would say that depends. And I say I, I would, I would say thank you very much to those who have des-- kind of designed these programs over the years because they've come a long, long way because I remember back when they took tax dollars, gave it to people to build a house, never expecting that money to be returned. And I-- and I'd say this, is I do not think that government money should be spent and given to someone to purchase a house, let's just say, talk about-- I guess I'll talk about a bill I have. So I have a \$0.25 increase in doc stamps, and that would gener-- that would cost-- a \$1 million home costs about \$250. And-- but over ten years, conservatively, that generates in a revolving fund somewhere between \$50 and \$60 million available for down payment assistance. And if you ask, I would say, most lenders, what's the best bang for your buck-- because I think that's our responsibility-- if we are taking tax dollars, are we making sure that gets to those buyers? And when they do get in a house and they move on, are we recapturing that money for that next homebuyer that, say, is 100% of median income, as is in my bill? So I, I, I'm appreciative of the way that we do fund now the revolving funds. And we're recapturing that money, so I do think that's OK. I do believe the problem we have is twofold. It's affordable housing and it's also housing stock, the numbers. I think the, the-- almost the best bang for your dollar really is rehabbing those houses that are currently there that are in need of fixing up or whatever it may be. I think that's probably the best use for, for taxpayer dollars. But then if you have the problem that you don't have enough, take care of the

stock that you have. But we need to build more stock in housing because I-- it's kind of a chicken and egg where you, you have to have a job to sell a house and you have to have a house to sell a-- to, to fill the job. So I do think, at some level, that funding is necessary. But I do think that we need to recover those funds. And I do think a sustainable funding source is critical. Obviously, some of this was funded through ARPA, but ARPA is, is, is not-- after this session, it-- I don't think we'll be addressing ARPA anymore. So again, I do think we need to do something, be wise steward of the money. But upon sale of that, that equity should not be taken along with it. We should not give, say, someone \$30,000 to help them build a house. Then they sell their house and they take that \$30,000 with them. No, that should be recaptured and cycled into, again, people of lower income. And I yield, I yield the remainder of my time to the Chair. Thank you.

KELLY: Thank you, Senator Dover. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I rise in sort of support for Senator Cavanaugh's floor amendment, FA277. I had some conversations with her. She's probably going to bring another one. But overall, I do think we need to make sure that we equitably give out funding for housing and rural workforce housing and middle income workforce housing. As I said the other day yesterday, historically, if we go with this and give \$20 million to rural and \$5 million to urban, there is going to be a substantial difference-- about \$42 million difference, historically. I'm not saying that rural shouldn't get money. I'm not saying middle should get more. I'm just saying let's make sure that it's equitable. And I know some people might think that we shouldn't give money to programs and things like this, but I think we should, you know. If housing is such of a crisis for our state and people are having a hard time buying homes, hard time building homes, hard time finding people to build those homes, we need to do all that we can as a state and prioritize housing in the right way, which means we should be giving equitable resources to both funds. I know it's not perfect, and I would wish that the difference wasn't as big as it is, but that's neither here or there. But we do have an opportunity to balance it out. If there's \$25 million for housing, just split it in half. I don't think that should be an issue, especially when there's data that shows that rural has received more. I'm not talking about affordable housing. I am talking about rural workforce housing and middle income workforce housing. There's three housing pots of money I'm specifically talking about-- well, probably four if you add in the federal dollars. But I'm talking about between rural workforce housing

and middle income workforce housing, there is a substantial difference in the amount of dollars that this body has committed to those funds. And all I'm asking and all I think everybody should be supportive of is making sure that if we're dedicating \$25 million to housing this year, regardless of how you feel about housing or where the money should go, let's just make sure it's equitable in the best way possible and making sure that \$12.5 million goes to rural and \$12.5 million goes to middle income workforce housing. I don't think that's too much of a ask. I really don't. I think we talk about all the work that's being done and all the time that is being spent on these bills. We waste a lot of time because we have a hard time just doing the right thing. We have a-- we, we, we waste a lot of time because we don't want to upset somebody or hurt somebody's feelings. But if the right thing upsets somebody, then they just have to be upset. If the right thing goes opposite of how somebody thinks something should happen, then so be it. It's the right thing. You were elected to represent the people of your districts. I'll repeat that again. When you ran for office, you were elected to represent the people of your districts, not anybody else. Your people, your constituents. So in, in, in saying--

KELLY: One minute.

McKINNEY: --that, we should be taking votes for the people of Nebraska, not anybody else. The people of Nebraska put you in office. They voted for you. They trusted you to come down here to do the work for the people, so let's make sure we take care of the people in rural communities and urban communities, and let's fund rural workforce housing the same as we would fund middle income workforce housing this year. And with that, I'm done. Thank you.

KELLY: Thank you, Senator McKinney. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. Senator McKinney, I, I agree with you, doing-- about doing the right thing, being sent here to represent those people who sent us here. That's what I've tried to do. So Senator Dover wants to raise-- or, his idea is to raise the doc stamp by \$0.25. I'm opposed to that. So I don't believe his bill is going to make it out of committee. But I'm opposed to that. So let me follow up a little bit on my comment earlier about starting a business to do-- will-- build workforce and affordable and middle income housing. There's a gentleman that shows up in Appropriations every year. I won't mention his name, but he's building 92, 92 houses right now,

taking advantage of the workforce housing, low income, middle income, rural, whatever. He's making a significant amount of money doing that. It's quite obvious he is or he wouldn't continue to do that year after year after year. And I won't, I won't mention his name, but I appreciate his, what shall I say, creatidit-- creativity to figure out how to gain the system. And that's exactly what that is. And so it's obvious that it's not economically feasible or somebody would be building these houses besides those who get incentives. So I, I would take exception to the fact that you don't make any money by building those houses because this gentleman seems to be doing quite well. So that-- take that for what it's worth. Thank you.

KELLY: Thank you, Senator Erdman. Seeing no one else in the queue. Senator Machaela Cavanaugh, you're recognized to close on the floor amendment.

M. CAVANAUGH: Thank you, Mr. President. Well, colleagues. It's an Irish miracle. I don't know. I have realized that my two remaining amendments, this one and the next one, have some technical issues. So I'm going to redraft one amendment for Select File and I'm going to pull everything remaining. And we're going to vote on the budget. Yay. So thank you, Mr. President. Mr. Clerk, I would like to pull my amendment and all remaining amendments and motions. Thank you.

KELLY: Thank you, Senator Cavanaugh. Mr. Clerk.

CLERK: Mr. President, Senator Cavanaugh withdrawing FA277 as well as FA278. She would also withdraw MO1249 and MO1248.

KELLY: Without objection, those are withdrawn.

CLERK: I have nothing further on the bill, Mr. President.

KELLY: Members, the question is the adoption of AM2698. And Senator Clements to close. Senator Clements, you're recognized to close.

CLEMENTS: Thank you, Mr. President. Just a second. My main close on this is going to be, vote green, but I'd like to just do a refresher on what we're voting on. This is the second budget bill-- second, second bill of two bills that we have in the budget, which is transferring money. Transferring funds and authorizing expenses from the Cash Reserve. And we advanced this amendment 9-0 out of committee. And it has a number of bills in it that you can see in the committee statement. The funds transfers, we've talked a lot about those. And the-- let's see here. The ending balance-- the forecasting board--

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ending balance in the Cash Reserve is going, is going up to \$904 million mainly because of the \$50 million of new revenue-- forecasted revenue from the forecasting board. And so I'm pleased to say that the Cash Reserve is fully funded. Some people have been concerned about revenues falling. The, the forecasting board for the next two years is still optimistic and increasing the revenues slightly. They have been stable. And these transfers also do help with the funding of the budget in the Governor's overall program that we're going to be-- hear more, more about in the future. So I thank you for the discussion. Thank you to the Appropriations Committee and the Fiscal Office. And I'd ask for your green vote on AM2698. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Members, the question is the adoption of AM2698. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 39 ayes, 1 nay, Mr. President, on adoption of the committee amendments.

KELLY: AM2698 is adopted. Mr. Clerk.

CLERK: I have nothing further on the bill, Mr. President.

KELLY: Members, the question is to advance LB1413 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 37 ayes, 5 nays, Mr. President, on advancement of the bill.

KELLY: LB1413 advances to E&R Initial. Mr. Speaker for an announcement.

ARCH: Thank you, Mr. President. We will be passing over LB1188 at the request of the introducer and moving onto consent calendar. Thank you, Mr. President.

KELLY: Thank you, Speaker Arch. Senator Ibach has a guest under the south balcony: her husband, Greg. Please stand and be recognized by the Nebraska Legislature. Mr. Clerk, items for the record.

CLERK: Thank you, Mr. President. Amendments to be printed: Senator Riepe to LB1188. New LR: Senator Dungan, LR325. That'll be referred to the Executive Board. As well as LR326 from Senator McKinney. That'll be laid over. Mr. President, as it concerns the agenda: General File, LB926, introduced by Senator Aguilar. It's a bill for an act related

to, related to museums; changes provisions of the Museum Property Act; and repeals the original section. Bill was read for the first time on January 4 of this year in front of the General Affairs Committee. That committee placed the bill on General File. There are no committee amendments. There is an additional amendment, Mr. President.

KELLY: Senator Aguilar, you're recognized to open.

AGUILAR: Thank you, Mr. President and members. Today, I'm introducing LB926. This legislation modernizes Nebraska's museums' method of communication in notifying the public regarding undocumented items and unclaimed loans. It also changes the time frame to retain all records from 3 years to 25 years to meet the American Alliance of Museums' required elements of collections, documentation, and records to guide museums who they may not have a collection or management policy. Modes of communications have changed significantly, and notifying the public regarding undocumented items and unclaimed loans need to reflect that. A museum may require title to undocumented property held by the museum-- museum for at least seven years. After the seven years, the museum may advertise said item to be claimed by owner or other legal interests. This legislation would change the time frame for advertising from three years to one year. This would make it easier for museums to treat, research, exhibit, or rehome these items in a timelier manner. And with updated advertising options, one year is sufficient. This, in turn, would help museums with their problem of overcrowding of property. In the original bill introduced, we propose to change the method of advertising by adding two new ways of notice to be given with publication: online on the museum's website or by display in a public area of the museum. The Press Association was in opposition to this, and we worked out an amendment to satisfy-- satisfy both the museum's efforts and the Press Association's opposition. In proposed amendment, AM2904, a new language states: A publication notice would be put into a newspaper in both the county where the museum is located and the county of the lender's or claimant's address, if any, to refer to a posting online on the museum's website for a minimum of three consecutive weeks. Due to the overwhelming inventory of items, this would alleviate the impossibly high-- impossible high financial cost of posting individual items in newspapers. It has been nearly 30 years since the Nebraska Museums Property Act was enacted. Language in the original act and changes over the past 30 years have made it impossible for many of the Nebraska museums to comply with the law. The changes that are being proposed will rectify that situation and allow our museums to comply with the law and thrive in managing their collections. I have covered

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the proposed bill and proposed amendment in this introduction and request a yes vote on both of them. Thank you for your time. Thank you, Mr. President.

KELLY: Thank you, Senator Aguilar. Mr. Clerk.

CLERK: Mr. President, Senator Aguilar would move to amend with AM2904.

KELLY: Senator Aguilar, you're recognized to open.

AGUILAR: As I previously stated, I just discussed AM2904 and what it would do, and I ask for your green vote on that as well.

KELLY: Thank you, Senator Aguilar. Seeing no one else in the queue, you're recognized to close. And waive closing. Members, the question is the adoption of AM2904. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 43 ayes, 0 nays, Mr. President, on adoption of the amendment.

KELLY: AM2904 is adopted.

CLERK: I have nothing further on the bill, Mr. President.

KELLY: Seeing no one else in the queue. Senator Aguilar, you're recognized to close. And waive closing. Members, the question is the advancement of LB926 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 42 ayes, 0 nays, Mr. President, on advancement of the bill.

KELLY: LB926 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President: General File, LB880, introduced by Senator Hughes. It's a bill for an act relating to the Drinking Water State Revolving Fund; changes the requirement relating to the Land Acquisition and Source Water Loan Fund; harmonizes provisions; repeals the original section. Bill was read for the first time on January 3 of this year and referred to the Natural Resources Committee. That committee placed the bill on General File. There are no committee amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Hughes, you're recognized to open.

HUGHES: Thank you, Mr. President. LB880 makes a technical amendment to the Clean Water and Drinking Water State Revolving Fund statute. Specifically, LB880 strikes two references to the Nebraska Department of Health and Human Services in the Drinking Water State Revolving Fund Act. When LB148 was passed in 2021, the administration of the Public Water System Supervision Program, delegated to the State of Nebraska by the U.S. Environmental Protection Agency, switched from DHHS to the Nebraska Department of Environment and Energy. LB880 simply removes obsolete language from statute. LB880 was introduced on January 3, 2024, a hearing held on January 24 of 2024. The bill was reported to General File on February 27 by a vote of 8-0 by the members of the Natural Resource Committee. LB880 has no fiscal note and has had no opposition during its hearing or in any online comments. I urge you to vote green to advance LB880 to Select File. Thank you, Mr. President.

KELLY: Thank you, Senator Hughes. Senator Hunt, you're recognized to speak.

HUNT: Thank you, Mr. President. Good afternoon, colleagues. I have letters on my desk with five signatures to take all of the bills off of consent calendar from the senators that flipped their vote on my veto override. I still don't know what I'm going to do with the rest of those letters. A lot of-- you know, I, I really see it both ways. A lot of people are telling me you really have no choice, and-- but, but what I think-- if, if I'm going to share what I really think myself is-- you know, three or four years ago or more, that would have been par for the course. It would have been very normal for people to experience some kind of retaliation for lying, for backstabbing, for, oh-- you know, it's one thing to be like Senator Kauth or Senator Murman and you just say you don't like the bill. That's what you ought to do, is get on the mic and say, I don't support the bill. Here's why I don't support it. I think it does this and that. And I'm wrong, but this is what I think and-- so I'm not going to support it. That's fine with me. You know, people like Senator Ballard or Senator Slama, I knew all along that they didn't support it. We're good. Like, that's fine. The problem isn't that you didn't support my bill. The problem is when you come into my office and say things like, I'm just trying to play the game. I'm just trying to play the right game. Because you should know this game is for two players, and I can play games with you right back. So don't play games with me and think that's not going to come back to you. That's the kind of thing that three or four years ago you would have gotten retaliation for that. I've heard worse things from some of you that flipped your votes that you said to

others that I'm not going to say because then that'll burn the person that told me, so. But I know from your own words-- to say nothing of the Governor's words-- that this vote for many of you was completely political. And I can play politics too. Or I can rise above and be the bigger person, as I have been for the last 43 days. And what does that gotten me? What does that gotten any of us? You guys don't understand how hard it is for a progressive to get a bill on consent calendar at all-- not just this year, but traditionally forever. You don't know how hard it is for us to get a win on anything at all. And you don't appreciate that. And you've gotten way too comfortable with things going back to business as usual, we can have what happened earlier this week happen, and now we sail through the rest of the agenda like it's no problem. The time is going to come where you need to pay. And it might not be from me. You might not even know it's happening. But all of you are going to pay for that. And the time is also going to come when we have to come collect on that wrong and you're going to have to give us something. It's not a win for anyone to come sit in my office and say, but I do support the bill. I do know it's a good idea. I voted for it for three rounds. Well, at the end of the day, there was only one vote that mattered, wasn't it? It wasn't a gift to me. Doesn't get you closer to heaven. And it's not a win for us to say that we got it through Select. We got it through Final. We got 25 votes. You think you're handing out scraps to us and we'll take it. We won't anymore. Thank you, Mr. President.

KELLY: Thank you, Senator Hunt. Senator Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I signed those letters. I signed those letters without even a thought to it. I signed them without even looking at what the bills were. Because it didn't matter. I have been in here-- this is-- I don't know what year for me-- seven-- six. Six years. This is my sixth year. And I have been punished by the body time and time and time again for doing my job. I have been taught lessons in here over and over again. I have been screwed over by people in this body and previous bodies many times over. But I never screwed people over. Ever. And I agree there is a price to pay. And I'm fine with Senator Hunt not making you pay that price today, but what you did was disruptive to the integrity of this institution and shows me and others that you cannot be trusted, you are not a person of your word, you lack integrity, and you are a pawn for the Governor in this body. And you need to learn that getti-- being a pawn for the Governor in this body is not going to get you far enough. It's not going to get you where you want to be. Because every

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single person in here needs every single person in here at some time or another. Period. So when you fail the body like you did on Tuesday, you did not fail Senator Hunt. You failed all of us. You failed all of us. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Hughes, you're recognized to close. She waived closing. Members, the question is to advance LB880 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 39 ayes, 2 nays on advancement of the bill, Mr. President.

KELLY: LB880 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President, next item on the agenda: LB1167, introduced by Senator DeBoer. It's a bill for an act relating to criminal procedure; provides a deadline for arraignment of individuals arrested without a warrant; eliminates obsolete provisions; harmonizes provisions; and repeals the original section. Bill was read for the first time on January 11 of this year and referred to the Judiciary Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator DeBoer, you're recognized to open.

DeBOER: Good afternoon, colleagues. I'm proud to be introducing today LB1167 as amended by the white copy amendment, AM2829. I want to first thank the Judiciary Committee for voting out the bill and for the Speaker to-- for placing it on consent calendar. LB1167 was heard in the Judiciary Committee on February 1 this year with no opposition testimony and was advanced from the Judiciary Committee on March 7. LB1167 makes it clear that when an individual is arrested [INAUDIBLE] a warrantless arrest-- so think a traffic stop-- which leads to a drug discovery, that individual shall have their initial appearance within-- in the courtroom within seven days of the arrest if they remain in custody the entire seven days. This bill has been worked on with stakeholders, including-- in order to ensure the practicability of this bill, including-- and I think this is really important-- adding in the provision that this initial appearance can be done via video conferencing. These initial appearances could be an arraignment. It could be a transfer hearing. It could be something like a bond hearing. So if you have any questions, cons-- colleagues, I would be

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happy to answer them. But I appreciate your green vote on AM2829 and LB1167. Thank you, Mr. President.

KELLY: Thank you. Senator DeBoer. As stated, there is a committee amendment. Senator Wayne, you're recognized to open.

WAYNE: Thank you, Mr. President. LB1167 was heard on Ju-- by the Judiciary February 1, 2024. The committee vote was 7-0 with one person present, not voting to AM2829 and advanced to General File. AM2829 replaces the original bill. The amendment would change Section 29-442.02 instead of Section 28-18.16. The original bill focused on timing of arraignment, but the amendment would require the person to be brought before a court for their first appearance within seven days of being arrested without a warrant. The appearance could be done by video. I'll ask for a green vote on AM2928. Thank you, Mr. President.

KELLY: Thank you, Senator Wayne. No one else in the queue. Senator Wayne, you're recognized to close on the amendment. And waives. Members, the question is the adoption of AM2829. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 41 ayes, 0 nays an adoption of the committee amendment, Mr. President.

KELLY: AM2829 is adopted. Seeing no one else in the queue. And Senator DeBoer, wa-- Mr. Clerk.

CLERK: Mr. President: Senator DeBoer, I have AM2281 with a note you wish to withdraw. In that case, Mr. President, I have nothing further on the bill.

KELLY: And Senator DeBoer has waived her closing. Members, the question is advancement of-- the advancement of LB1167 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays on advance of the bill, Mr. President.

KELLY: LB1167 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President: LB1270, introduced by Education. It's a bill for an act relating to the Door to College Scholarship Act; redefines a term; changes provisions relating to the powers and duties of an eligible postsecondary educational institution and the Coordinating Commission for Postsecondary Education under the act; harmonizes

provisions; repeals the original section. Bill was read for the first time on January 16 of this year and referred to the Education Committee. That committee placed the bill on General File. There are no committee amendments nor other amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Murman, you're recognized to open.

MURMAN: Thank you, Mr. Lieutenant Governor. And thank you, Speaker Arch, for placing LB1270 on consent calendar. Today, we have a pretty simple bill, seeking to make two small changes to the Door to College Scholarship Act. For some context, the act was created by LB750 in 2023 and is set to become effective this July. The goal of this act is to provide a scholarship to students who enroll in college after attending from a YRTC. Currently, the Department of Health and Human Services and the Coordinating Commission for Postsecondary Education are working on the process of developing program guidelines and application processes. They found two areas which could use some improvement. In the original act, there was a requirement that a student graduate from a non-YRTC high school within one ye-- a student graduate from a non-YRTC high school within one year of being discharged. This bill would remove that requirement so there can be an increase in the number of students who are eligible by successfully completing high school after being placed into and discharged from a YRTC. There is also a change in the verification of a student's previous status at a YRTC. That information was previously verified by the college but would be better verified directly by DHHS. This would ensure pers-- personal information is better protected. To conclude, I'll note that this bill brought in a few different proponent testifiers with no opponents, has no fiscal impact, and received unanimous re-- support from all members of the Education Committee. Thank you. And with that, I'll ask for your green vote on LB1270.

KELLY: Thank you, Senator Murman. Senator Walz, you're recognized to speak.

WALZ: Thank you, Mr. President. I just briefly wanted to stand up and give my full support on-- uh-oh. I can't read-- LB1270 by Senator Murman. This is just a great program that give kids who are attending YRTCs or who have been in the YRTC program the chance to see new opportunities for continuing their education in postsecondary and really opening another door for them, so. Again, I am in full support of this. Thank you, Mr. President.

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KELLY: Thank you, Senator Walz. Seeing no one else in the queue. Senator Murman, you're recognized to close. And waive. Members, the question is the advancement of LB1270 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays on advancement of the bill, Mr. President.

KELLY: LB1270 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President: LB1095, introduced by Senator Dorn. It's a bill for an act relating to motor fuels; changes the E-15 Access Standard Act as prescribed; changes provisions relating to tax credits under the Nebraska Biodiesel Tax Credit Act; and repeals the original section. The bill was read for the first time on January 9 of this year and referred to the Revenue Committee. That committee placed the bill on General File. There are no committee amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Dorn, you're recognized to open.

DORN: Thank you, Lieutenant Governor. I also want to thank Speaker Arch for scheduling this and thank the Appropriation-- the Department of Revenue-- or, the Revenue Committee for passing this out 8-0. LB1095 is a cleanup bill from last year's LB562. If you remember, LB562 was adopted, creating the E-15 Access Standard Act, which established criteria for gas stations to sell E-15 and receive tax credits. The Department of Revenue and the Department of Agriculture, the two agencies responsible for handling the oversight of LB562, requested the changes before you today. LB1095 clarifies the definition of motor fuels to include all products in fuel commonly or commercially known as gasoline, including ethanol and the various ethanol and gasoline blends. It changes the definition of motor fuel dispensers to mean storage tanks, pumps, and dispensers, and removes the list of parts for pumps and dispensers. It clarifies the average annual gas gallonage to the most recent three years that pertains to small retail locations. That was originally in the bill listed as the starting three years for this bill. This changes it to the most recent three years. And last-- lastly, it clarifies if there is a blend of diesel and biodiesel, only the biodiesel portion is eligible for the credit. The Department of Revenue and Agriculture both sent letters in support. I would ask that you advance LB1095 onto Select File. Thank you.

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KELLY: Thank you, Senator Dorn. Seeing no one else in the queue-- and you waive closing. Members, the question is the adoption-- or, the advancement of LB1095 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 39 ayes, 0 nays, Mr. President, on advancement of the bill.

KELLY: LB1095 advances to E&R Initial. Mr. Clerk, next item on the agenda.

CLERK: Mr. President, next item: LB484, introduced by Senator Moser. It's a bill for an act relating to the Motor Vehicle Industry Regulation Act; provides for continuing education for licensed motor vehicle dealers and for authorization to conduct an educational seminar for continuing education credit as prescribed; eliminates a requirement for the Nebraska Motor Vehicle Industry Licensing Board to maintain an office in the State Capitol; harmonizes provisions; provides an operative date; and repeals the original section. Bill was read for the first time on January 17 of last year and referred to the Transportation and Telecommunications Committee. That committee placed the bill on General File with committee amendments, Mr. President. There is an additional amendment.

KELLY: Thank you, Mr. Clerk. Senator Moser, you're recognized to open.

MOSER: Thank you, Mr. President. And good afternoon, colleagues and fellow Nebraskans. LB84-- LB484 is brought at the request of the Nebraska Independent Auto Dealers Association. The purpose of the bill is to professionalize independent dealers within the motor vehicle industry. The bill came out of Transportation and Telecommunication with a committee amendment, AM790, on a 7-0 vote, with one member absent. It places educational requirements for independent dealers applying for a new license. And then on subsequent renewals, there's a requirement. Specifically, they'd have to complete eight hours of educational materials approved by the Motor Vehicle Industry Licensing Board. Independent dealers renewing their license would have to complete four hours of continuing education during the calendar year. Independent dealers would then have a better understanding of the rules and regulations of selling motor vehicles when getting started in business and will be kept up-to-date through continuing education requirements. These requirements do not apply to franchised dealers. Colleagues, I ask for your green vote on LB484 and AM790 and to send the bill onto Select File. Thank you.

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KELLY: Thank you, Senator Moser. As the Clerk stated, there are committee amendments. Senator Moser, you're recognized to open.

MOSER: Thank you. The committee amendment changes-- the first one changes the operative date from January 1, 2024 to January 1, 2025. Since the committee adopted this bill last session, there will be a follow-up amendment to change this date to 2026. Secondly, the language in Section 2 is clarified. The intent of the bill as introduced remains unchanged. The initial dealer applicant must complete eight hours of continuing education, and the renewal of a dealer's license will require completion of four hours continuing education within the 12 months prior to applying for renewal of the dealer's license. Colleagues, please vote green for LB484 and AM790. Thank you.

KELLY: Thank you, Senator Moser. Mr. Clerk.

CLERK: Mr. President, Senator Moser would move to amend with AM2939.

KELLY: Senator Moser, you're recognized to open.

MOSER: Thank you. Since this took two years to get done, we have another amendment to change that operative date from 2025 to January 1, 2026. And that's all this amendment does. I'd appreciate your support of LB484, AM790, and AM2939. Thank you.

KELLY: Thank you, Senator Moser. Seeing no one else in the queue, you're recognized to close. And waive closing on AM2939. Members, the question is the adoption of AM2939. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 36 ayes, 0 nays, Mr. President, on adoption of the amendment.

KELLY: AM2939 is adopted. Seeing no one else in the queue. Senator Moser, you're recognized to close on AM790. And waive. Members, the question is the adoption of AM790. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays, Mr. President, on adoption of the committee amendment.

KELLY: AM790 is adopted. Seeing no one else in the queue. Senator Moser, you're recognized to close. And waive closing on the advancement of LB484. Members, the question is the advancement of

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LB484 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 1 nay, Mr. President, on advancement of the bill.

KELLY: LB484 is advanced to E&R Initial. Mr. Clerk.

CLERK: Mr. President, returning to the agenda: Select File, LB1118. Senator, I have nothing on the bill.

KELLY: Senator Ballard for a motion.

BALLARD: Mr. President, I move that LB1118 be advanced to E&R for engrossing.

KELLY: Members, you've heard the motion to advance LB1118 for E&R Engrossing. All those in favor say aye. All those opposed say nay. It is advanced. Mr. Clerk.

CLERK: Mr. President: Select File, LB1143. Senator, I have nothing on the bill.

KELLY: Senator Ballard for a motion.

BALLARD: Mr. President, I move that LB1143 be advanced to E&R for engrossing.

KELLY: Members, you've heard the motion to advance LB1143 for E&R Engrossing. All those in favor say aye. All those opposed say nay. It is advanced. Mr. Clerk.

CLERK: Mr. President: Select File, LB877. Senator, first of all, I have E&R amendments.

KELLY: Senator Ballard, you're recognized for a motion.

BALLARD: Mr. President, I move the E&R amendments to LB877 be, be adopted.

KELLY: Members, you've heard the motion to adopt the E&R amendments. All those in favor say aye. All those opposed say nay. It is adopted.

CLERK: Senator, I have nothing further on the bill.

KELLY: Senator Ballard, you're recognized for a motion.

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BALLARD: Mr. President, I move that LB877 be advanced to E&R for engrossing.

KELLY: Members, you've heard the motion to advance LB877 for E&R Engrossing. All those in favor say aye. All those opposed say nay. It is advanced. Mr. Clerk.

CLERK: Mr. President: LB998, Select File. Senator, I have nothing on the bill.

KELLY: Senator Ballard, you're recognized for a motion.

BALLARD: Mr. President, I move that LB998 be advanced to E&R for engrossing.

KELLY: Members, you've heard the motion to advance LB998 for E&R Engrossing. All those in favor say aye. Those opposed say nay. It is advanced. Mr. Clerk.

CLERK: Mr. President: Select File, LB1162. First of all, Senator, there are E&R amendments.

KELLY: Senator Ballard, you're recognized for a motion.

BALLARD: Mr. President, I move the E&R amendments to LB1162 be adopted.

KELLY: Members, you've heard the motion to adopt the E&R amendments. All those in favor say aye. Those opposed say nay. They are adopted.

CLERK: Mr. President, Senator Lowe would move to amend with AM2946.

KELLY: Senator Lowe, you're recognized to open.

LOWE: Thank you, Lieutenant Governor. AM2946 is a simple fix. Basically, there was an oopsies on my last amendment. It is an-- it is a-- the previous amendment in this bill was-- accidentally went a little too far on the change. AM2946 addresses that mistake but also ensures that we accomplish the intent of LB1162. Thank you, Lieutenant Governor.

KELLY: Thank you, Senator Lowe. Seeing no one else in the queue. You're recognized to close. And waive closing. Members, the question is the adoption of AM2946. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

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CLERK: 34 ayes, 0 nays on adoption of the amendment, Mr. President.

KELLY: AM2946 is adopted.

CLERK: I have nothing further on the bill, Senator.

KELLY: Senator Ballard, you're recognized for a motion.

BALLARD: Mr. President, I move that LB1162 be advanced to E&R for engrossing.

KELLY: Members, you've heard the motion to advance LB1162 for E&R Engrossing. All those in favor say aye. All those opposed say nay. It is advanced. Mr. Clerk.

CLERK: Mr. President: Select File, LB851. I have nothing on the bill, Senator.

KELLY: Senator Ballard, you're recognized for a motion.

BALLARD: Mr. President, I move that LB851 be advanced to E&R for engrossing.

KELLY: Members, you've heard the motion to advance LB851 for E&R Engrossing. All those in favor say aye. All those opposed say nay. It is advanced. Mr. Clerk, items for the record.

CLERK: Thank you, Mr. President. Amendments to be printed: Senator Riepe to LB905A; Senator Halloran to LB6-- excuse me-- LB262. That's all I have this time, Mr. President.

KELLY: Thank you, Mr. Clerk. Mr. Clerk, please proceed to the next items on the agenda.

CLERK: Thank you, Mr. President. General File, LB852, introduced by Senator Jacobson. It's a bill for an act relating to the Medicare Supplement Insurance Minimum Standards Act; provides limitations regarding reimbursement for durable medical equipment, prosthetics, orthodontics, and supplies; and repeals the original section; and declares an emergency. The bill was read for the first time on January 3 of this year and referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Senator Jacobson, you're recognized to open.

JACOBSON: Thank you, Mr. President. And let me first say that I've come so close to being able to open on this bill and it's been whisked away from me. So I will take sympathy votes today because it's been that kind of a couple of weeks waiting to get here, so. Thank you, Speaker Arch. So with that said, LB852 addresses an issue that was brought to me-- brought to my attention by the members of the Nebraska insurance industry while discussing other Medicare insurance issues. Medicare, as a reminder, is the federal health insurance program for seniors and certain disabled individuals. The issue that LB852 addresses is a loophole in federal Medicare law exploited by a small number of durable medical equipment suppliers to the detriment of Medicare beneficiaries in Nebraska and Medicare supplement insurers. Under current federal guidance, there are three types of, of providers under Medicare: a provider that accepts Medicare assignment as agreed to, bill Medicare directly, and accept the Medicare approved payment amount. There are also providers who choose to opt out of Medicare and, as the term implies, they do not work with Medicare. Seniors who receive service from an opt-out provider are responsible for the full-- for-- full cost of care. The third category are providers who are called nonparticipating providers. A nonparticipating provider can choose to accept the Medicare-approved payment amount for items and services on a case-by-case basis. For most items and services, a nonparticipating provider charge up to 15% over the Medicare approved amount for a service but no more than that, and the Medicare beneficiary may have to pay the full amount charged by the provider at the time of service. While the cap on nonparticipating providers is 15% higher than the Medicare reimbursement rate, that applies to all other types-- that applies to all other types of Medicare providers, such as physician services and hospital services. The federal government has not applied this rule to durable medical equipment pro-- suppliers. Durable medical equipment, or DME, suppliers are businesses that supply home health equipment that is reusable, such as wheelchairs, home oxygen equipment, prosthetics, et cetera. This gap in the federal rule has led some DME providers to charge both beneficiaries and the Medicare supplemen-- insurers rates significantly higher than the Medicare rates to the level that insurers believe that the levels are abusive. At the committee hearing on LB852, we heard examples of suppliers that charged \$91,000 for a prosthetic nose and nearly \$40,000 for power wheelchairs. These charges over the Medicare rate are paid by both the insurer and the beneficiary. When the beneficiary pays the difference between the Medicare paid and the bill's charge, this is known as balance billing. When an insurer pays the excess payments, this leads to higher

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premiums for all senior citizens. As I mentioned previously and other provid-- other providers except DME suppliers are subject to the federal cap on the amount that they can charge for items and services under Medicare. In effect, LB852 closes a loophole in federal law that allows DME suppliers to balance bill seniors and file excessive charges to Medicare supplement plans. I know Chairwoman Slama will discuss this when we get to the committee amendment, but AM2355 also includes the provision for another bill I introduced, LB5-- LB32. LB32 would allow eligible Medicare recipients under the age of 65 to enroll in Medicare supplement insurance plans upon becoming eligible for Medicare. A number of states have laws similar to the provision of LB32 that provides individuals who are under the age of 65 and eligible for Medicare to obta-- to obtain Medicare supplement coverage. I introduced this bill after learning from the struggles my constituent faced at the hearing on LB50-- LB32. Stephen Kay talked about the struggles he and his wife, Jean, faced after she was diagnosed with multiple sclerosis. At the same time the Kays were, were coping with this terrible news, they had to figure out how to get insurance coverage. Ultimately, Stephen had to, to close his legal practice in North Platte and move to Fargo, North Dakota for a job that provided employer-sponsored insurance for him and his wife. Had LB32 been in place, the Kays could have purchased a Medicare supplement plan instead and continued to live and work in North Platte. You will note that the insurance industry testified in opposition of LB32. However, I worked over the interim with the proponents and opponents of this bill to find common ground between all the parties. Under the agreement, Medicare supplement carriers would have to offer at least one plan to individuals who are under the age of 65 and eligible for Medicare due to disability. The premium a carrier could charge individual is capped at 150% of the rate for individuals who are 65. AM2355 also clarifies that an individual is eligible to the same open enrollment period that all Medicare beneficiaries have access to upon reaching the age of 65. The committee amendment is a carefully crafted agreement on LB32. I spent most of the fall meeting with the interested parties on this issue. And I am-- and I'm going to suggest it-- that everyone is happy with the agreement, but I also think it is the sign of a good agreement. All parties gave something and nobody got, got everything they wanted. I also want to thank Speaker Arch for selecting LB852 as a priority bill. These are complicated issues, but I'm happy to answer any questions you may have. I encourage your green vote on AM2355 and LB852. Thank you, Mr. President.

KELLY: Thank you, Senat-- thank you, Senator Jacobson. As stated, there is a committee amendment. Senator Slama, you're recognized to open.

SLAMA: Thank you, Mr. President. And good afternoon, colleagues. AM2355 is the committee amendment to LB852. LB2355 amends the bill in the following ways. It changes the definition of Medicare-approved amount. It changes the use of the term "not participating supplier" to "nonparticipating supplier." It clarifies that the limiting charge is 15% over the Medicare rate. It adds new language clarifying that nothing in LB852 may be construed to prevent an issuer from negotiating the lever-- level and type of reimbursement with a supplier for covered durable medical equipment, prosthetics, orthotics, or supplies. Section 5 of AM2355 contains the provisions of one other bill, LB32, as amended by AM20-- AM20-- AM2252. The baseline amendment is still AM2355. LB32 would amend Section 44-3601 of the Medical Supplement Insurance Minimum Standards Act and add a new section to the act. The new section added would make individuals under 65 who are eligible for Medicare by reason of disability or end stage renal disease eligible for Medicare supplement policies or certificates in Nebraska. Currently, such individuals are prevented from participating in Medicare supplement policies and certificates in Nebraska. I'll let Senator Jacobson provide a fuller description of LB32 as amended, but briefly: Section 5 of the committee amendment added LB32 as amended by AM2252. AM2252 made the following changes to LB32. It removed those individuals who are under 65 with end stage renal disease from qualifying for Medicare supplement policies or certificates under LB32. It removed language that required a guaranteed renewable basis for policies. It also removed the weighted average formula for calculating premium rates for those under 65 and adds new language allowing insurance companies to charge different premium rates for those under 65 than they do for those 65 or older. However, any differences in those premium amounts must not be excessive, inadequate, or unfairly discriminatory and must be based on sound actuarial principles and be reasonable in relation to the benefits provided. The premium for those under 65 may not exceed 150% of the premium for similarly situated individuals who are 65 or older. Finally, AM2252 adds new language to LB32 stating that an individual who's under 65 and who is eligible for a Medicare supplement policy or certificate by reason of disability will be subject to the same open enrollment rules applicable to an individual who is 65 and eligible for a Medicare supplement policy or certificate beginning on the first day of the first month that the individual turns 65. Thank you very

much. This compromise amendment came out of committee 8-0, along with the baseline bill. And I hope for your green vote on AM2355, the committee amendment to LB52. Thank you, Mr. President.

KELLY: Thank you, Senator Slama. Mr. Clerk for items.

CLERK: Mr. President, Senator Jacobson would move to amend LB852 committee amendments with AM2732.

KELLY: Senator Jacobson, you're recognized to open.

JACOBSON: Thank you, Mr. President. AM2732 is a white copy amendment that replaces the committee amendment. However, changes made to AM2732 are limited to Section 2, 3, and 4, which are the original portions of LB852. Sections 5 and 6 of the amendment are the same as the committee amendment, representing the compromise I reached with the insurance industry on LB32, which is a provision of Medicare supplement insurance to under 65, disabled population. When the original LB30-- LB852 was introduced, some local durable medical equipment suppliers who sell lower cost items to seniors were concerned that the, that the Medicare rates were insufficient to cover the acquisition costs of some of the items they are selling. They, they, they were concerned that the Nebraskans who wanted upgraded items would be unable to purchase such items, even on their own, because the language in LB852 was too restrictive. Insurance companies met with those DME providers several times and came up with the compromise language in AM2732 that will allow Nebraskans to purchase upgraded items on their own with certain disclosures while at the same time protecting Medicare beneficiaries from balanced billing. AM2732 adds the definition of balanced billing to the LB852 as the charging or collecting an amount in excess of the Medicare-approved amount from the Medicare beneficiary. The amendment rewrites Section 3 of the bill to provide the DME providers who are a nonparticipating provider in Medicare or do not accept assignment. This means that DME supplier can either-- can bill either Medicaid or the beneficiary, depending upon the claim. They will directly bill the beneficiary. They cannot balance bill a Medicaid beneficiary unless the-- a Medicare beneficiary unless the beneficiary agrees in writing to pay the additional amount above the Medicare rate and pays the full amount upfront. This written agreement must be disclosed to the beneficiary-- Medicare-- beneficiary-- Medicaid-- Medicare will reimburse the beneficiary or supplier at 80% of the Medicare rate, and the Medicare supplement insurer will not reimburse in any amount greater than 115% of the Medicare rate if the beneficiary would like to upgrade, upgrade a piece of durable medical

equipment. Those are disclosures that must be provided to the Medicare beneficiary. Section 4 is amended to provide that Medicare supplement insurers shall not be required to reimburse an amount greater than 115% of Medicare rate, which is consistent with limiting charge rules. Medicare applies to all other medical payments under Medicaid-- under, under Medicare. Section 4 does allow a Medicare supplement insurer and DME supplier to negotiate the level and type of reimbursement. This amendment provides the needed tools to stop the abusive practices of a very small number of DME suppliers who take advantage of the federal loophole that prevents the application of, of the limiting charge rule to DME suppliers while balancing the ability of Nebraska Medicare beneficiaries to buy upgraded equipment if they so desire. These abusive practices annually cost Nebraska premium-- Nebraska premium payers hundreds of thousands of dollars. And I like-- and, and, and, like I said earlier, this is a white copy amendment. It does not change the compromise language of the committee amendment related to LB32, which will provide the ability of the individuals under 65 who are eligible for Medicare by reason of disability to purchase Medicare supplement insurance. AM2732 is a good compromise betw-- between DME suppliers and insurers that will protect Nebraskans. I encourage your green vote on this amendment. I would make one other comment here. I know in-- and, and Chairwoman Slama's comments, I do want to make it clear that anyone that is in-- under-- that is disabili-- disabled under age 65, that their premium would be no greater than 150% of the age 65 rate-- not over age 65 because it does graduate up. And then once they reach age 65, then they would be eligible to go into Medicare at whatever that rate is at, at, at, at the one-time amount. So we think it's a great compromise. Long time coming. Thank you all for listening. And please vote through AM2732 as amended into AM2355 and ultimately LB852. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. And I'm-- I am going to vote for the bill, but I do have some concerns. The-- as I was-- the durable medical equipment bill is very important to me. The, the fraud and scams that have been performed on that. I agree, we need to do some corrections there. The add-on amendment from another bill where we're providing health insurance to those people that are disabled-- on Medicare under age 65-- I've been selling health insurance for 45 years, and that's been something that-- not been available in Nebraska, and occasionally have I had people asking about that. I think they are able to get a Medicare Advantage plan now, but this

would let them get a Medicare supplement plan. I looked at the Medicare supplement that I have with Blue Cross Blue Shield and the, the 100-- well. On page 3 of this amendment, line 28 said, the rates shall be based on sound actuarial principles. And saying that everybody from age, let's say, 26 to age 64 is going to have one rate no matter what-- where they live, male or female, tobacco use, what plan they're on, I'm not sure if they-- how many variables they're-- they can qualify for, but I, I don't think one rate for a large group of people is a sound actuarial principle. And I was looking at-- the plan I have is-- the age 65 rate is about \$190 a month. And if-- the 150% of that goes about-- would go to about \$285. And that's the age 77 rate for the plan I have. In four years, I'll be paying that rate. And I'll be paying the same rate as somebody who is less healthy than me. I wonder if Senator Jacobson would yield to a question.

KELLY: Senator Jacobson, would you yield to a question?

JACOBSON: Yes, I would.

CLEMENTS: Do you know how, how many plans are going to be available for a, for a person under 65 with disability being-- are there going to be an assort-- how many plans does a company have to offer to a person?

JACOBSON: The way the bill would be written, they only have to offer one plan. And so, as you know, there's multiple plans, and they can choose. And my guess is they won't be picking the cheapest plan.

CLEMENTS: OK. OK. One plan. Because I have 1, 2, 3, 4, 5, 6, 7 that I see Blue Cross offers. And I was-- I have heard that other states offer this. Are you aware of other-- what other states nearby us offer? Are there other states that already do this with Medicare supplements?

JACOBSON: I can't get you into a lot of the details. I do know that several of the states around us do offer it. They don't offer it-- they don't necessarily put the 150% premium cap-- are they-- I shouldn't say they d-- they offer it straight up under age 65. And they're not allowing-- going-- the upcharging.

KELLY: One minute.

JACOBSON: And a lot of the people who are-- there were some people that raised questions about that that felt that we should not-- that, that, that this should just be opened up, that it'll only be a few

dollars a month. And actually, wor-- working with the insurance companies, that's really not the case. There will be some increase in premiums. That, that, that is the case. But we have a pool of people that need to get covered.

CLEMENTS: Thank you. That's probably my main concern. My rates are going to go up a little bit, but it's a-- it's going to be a good benefit for disabled people. So I will support the amendments in the bill. Thank you, Mr. President.

KELLY: Thank you, Senators Clements and Jacobson. Seeing no one else in the queue. Senator Jacobson, you're recognized to close on AM2732.

JACOBSON: I promise to be very, very brief on my close. A couple other questions that got raised-- and I think it's important to note. One of the big discussion points was, what do we do with those who are disabled by virtue of end stage renal disease, ESRD, who are on dialysis? I will tell you that that is a very, very expensive proposition. That was one of the things we learned early on in, in insurance company negotiations that seemed to be non-negotiable. And so ultimately in the compromise, ESRD patients will not be covered under the supplement plan but will have to look at a Medicare Advantage plan. And-- so that is available to them, but they won't be able to get in-- under the supplement plan because of the very concerns that Senator Clements raised. You would see a significant premium increase-- or, you could, depending on the provider. I would tell you, however, that I have talked with the insurance providers that I do have concerns about Medicare Advantage. And, and I want to make certain that Medicare Advantage providers are going to deal in good faith with the dialysis centers, particularly in rural Nebraska. And so I do expect to come back and continue to watch this and work with the insurance providers and the ESRD patients and the dialysis facilities to make certain that we do have access to these facilities and that there's a reasonable rate being paid to these providers as well. So that was something that we did outside of this. But I believe that this is a good compromise, and we'll see where we go as it relates to Medicare Advantage coverages and, and making sure that that's still available for rural Nebraska. So with that, I would encourage everyone's green vote. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Members, the question is the adoption of AM2732. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

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CLERK: 37 ayes, 0 nays and adoption of the amendment, Mr. President.

KELLY: AM2732 is adopted. Senator Slama, you're recognized to close on the committee amendment. And waives. Members, the question is the adoption of A-- members, the question is the adoption of AM2355. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 39 ayes, 0 nays on adoption of the committee amendments, Mr. President.

KELLY: The amendment is adopted. Senator Clements, you're recognized to speak.

CLEMENTS: One final thing. Not being actuarial calculations, these premiums, if they were calculated on the risk of these people, the premiums would be unaffordable for the disabled people who are under age 65. And so this is a compromise to let the companies charge a higher premium than an age 65 rate. But it's probably about half of what it should be-- the charge should be. But if you went to \$500 a month for this premium coverage, they probably couldn't even buy it. So just want it to make it clear that I, I think it is going to raise rates on people who are currently on policies over age 65 but that it's reasonable to let the companies charge somewhat higher premium. But if they charge much more, I don't think people could even afford it. So it wouldn't be a benefit. So I do still support the bill. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Seeing no one else in the queue. Senator Jacobson, you're recognized. And waive closing. Members, the question is the advancement of LB852 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays on advancement of the bill, Mr. President.

KELLY: LB852 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President, next item: LB1344, introduced by Senator Wayne. It's a bill for an act relating to the Nebraska Innovation Hub Act; redefines terms; changes provisions relating to iHub applications, designations, and terminations as prescribed; requires a report to the Legislature; harmonize provisions; repeals the original section. Bill was read for the first time on January 17 of this year and referred to the Urban Affairs Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Wayne, you're recognized to open.

WAYNE: Thank you, Mr. President. I think the Clerk did a great job on my opening. That's what the bill does. I would ask you to vote green. I know you want to get out of here. No, I'll just be real brief. And what the brief is, this is actually for part of the Preserve the 3rd District. Because the iHub originally, when Senator McKinney passed it two years ago, had a deadline date of July whatever for the application. So no more applications were actually taken. So because it's in statue, we have to remove that statue and create a-- and let it stay open. So we actually are removing that and we're putting some limitations around how many are created. But if you look, we treat it by congressional district. So Congressional District 1 and 3 have a lot more opportunities for iHubs. But the real reason this bill is there is just because it's closed and nobody in western Nebraska can even apply to be a iHub. There is no funding right now designated into going to iHubs except for the, the one that was passed two years ago for part of the Omaha recovery stuff. So this is truly about preserving the 3rd, creating the innovation in the 3rd District. The cha-- one change is around inland ports because Hershey has one, Grand Island's applying for one, Bellevue. So inland ports could also apply to be a iHub around innovation. So this is just around innovation. No money. It's a \$1,000 fiscal note, but it's really about opening up the opportunity to western Nebraska primarily because they did not apply at the time and we want to make sure they have a opportunity. Thank you, Mr. President.

KELLY: Thank you, Senator Wayne. Senator McKinney, you're recognized to open on the committee amendment.

McKINNEY: Than-- thank you, Mr. President. AM2361 has two changes. One, it states to allow location of iHub instead of being in an inland port district, as defined in Section 13-3033, iHubs shall now be located 30 miles of the largest artificial reservoir constructed in the state for the storage of water or any county having a population of less than 100,000 inhabitants. The second change is it has the director determine whether or not to approve the requested iHub designation within 45 days after receiving the application. This was voted out of the Urban Affairs Committee on a 6-1 vote. That one is a absent vote. It's not a no vote. And I, I would encourage your support of this. Thank you.

KELLY: Thank you, Senator McKinney. Seeing no one else in the queue. You're recognized to close on the committee amendment. And waive.

Members, the question is the adoption of AM2361. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 35 ayes, 0 nays on adoption of the committee amendment, Mr. President.

KELLY: AM2361 is adopted. Seeing no one else in the queue. Senator Wayne, you're recognized to close. And waive closing. Members, the question is the advancement of LB1344 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays, Mr. President, on advancement of the bill.

KELLY: LB1344 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President: General File, LB1197, introduced by Senator von Gillern. It's a bill for an act relating to the Sports Arena Facility Financing Assistance Act; defines and redefines terms; changes provisions relating to the use of state assistance applications and certain limitations on state assistance; harmonize provisions; and repeals the original section. Bill was read for the first time on January 16 of this year and referred to the Revenue Committee. That committee placed the bill on General File. There are committee amendments, Mr. President, as well as additional amendments.

KELLY: Thank you, Mr. Clerk. Senator von Gillern, you're recognized to open.

von GILLERN: Thank you Mr. President. Good afternoon, colleagues and Nebraskans. I rise to ask for your support for LB1197 and the white copy amendment, AM2715. LB1197 includes modifications to the Sports Arena Facility Financing Act, created by the previous Legislature and as a turnback tax incentive for youth and other sports facilities. The original act was designed to accomplish two things: it's an economic stimulus bill and it provides a means to improve our communities. Through the use of the program, a greater number of youth may be served across Nebraska and be given an opportunity to play organized sports. At the hearing, it was stated that over 800 middle school and high school age girls were turned away from organized volleyball in Omaha last year simply due to lack of space to play. I have two daughters who were once teenagers, and I can speak from experience that everyone in the house was happier when they were busy and tired. Youth sports is a great way to keep kids focused and out of trouble, and it's proven to improve grades and behaviors. LB1197 is a new and

improved version of a bill that I brought last year. And the new version, including the white copy amendment, AM2715, has worked out some bugs related to ownership definition and also further clarifies language around contiguous land use, project size, limitations of duration of the turnback, and various other items. Additionally, the amendment modifies the original act and makes the program more usable for cities of the second class and villages, thus broadening the impact across the state. Another feature of the Sports Arena Facility Financing Act is that 30% of the turnback dollars are to be used for the CCCFF, Civic and Community Cenator-- Center Financing Fund. And our amendment broadens slightly the uses for those funds to be used in creative districts across Nebraska. Currently, there are 28 creative districts that are certified and another 20 small communities are in progress. These communities are able to leverage funding with federal grants, block grants, community foundations, private foundations, corporate and civic campaigns to fund public art projects, visitor attractions, arts festivals, restore theaters, et cetera. I'm aware of youth sports projects in various stages of planning and development in Omaha, Valley, Fremont, Lincoln, Norfolk, Grand Island, and Valentine. With the improvements made in this bill, certainly others will take advantage. The fiscal note is indeterminate, as there's no way to know how many projects may be built. But please recall that, with the turnback tax, no tax is surrendered if no projects are built. If a project is constructed, additional tax revenue flows to the state that would not otherwise. I want to thank Senator Aguilar, who worked with us on the language, along with Senators Linehan and Bostar who helped author and improved portions of the bill. I also want to thank the proponents, including Lady Huskers Volleyball Coach, John Cook, who provided a letter of support that was read into record at the hearing. Coach Cook said, Nebraska is behind in sports complex. The inventory for children to play doesn't fit. This will help provide us more opportunities for Nebraskans to play youth sports. This is a quality-of-life issue that will attract and keep the best and brightest here, unquote. The bill came out of committee 8-0. I would ask for your green light on LB1197 and AM2715. Thank you.

KELLY: Thank you, Senator von Gillern. Senator Linehan, you're recognized to open on the committee amendment.

LINEHAN: Thank you, Mr. President. AM2419 to LB1197 makes several changes to the original bill to assist in achieving the intent of the legislation. Most of these changes came from the original AM2379 that was filed by Senator von Gillern, with one additional change added. The changes include: changes wording from "nonprofit organization" to

"nonprofit corporation;" provides a distinction between publicly owned and privately owned sports complexes; adds the definition for governmental use; eliminates a des-- definition for nonprofit organization; adds school district, community college, and joint Interlocal Cooperation Act created entity, including city, village, county, or definition [INAUDIBLE] political subdivision; adds a pro-- I know we all want to go-- adds a provision to the definition of program area that 25% of the 600 adjacent yards is unbuildable. The program area can be adjusted to accommodate much as practicable to do so to include other property. Anyway, it's a great bill. We worked on it really hard. I'd appreciate your green vote on this AM.

KELLY: Thank you, Senator Linehan. Mr. Clerk for amendments.

CLERK: Mr. President, Senator von Gillern would move to amend with AM2715.

KELLY: Senator von Gillern, you're recognized to open on the amendment.

von GILLERN: Thank you. I kind of killed the suspense on that one. I included it in my opening statement. So the-- again, the details about AM2715 I already talked about in the opening. If you have any questions about that, I'd be happy to take them. Thank you.

KELLY: Thank you, von-- Senator von Gillern. Returning to the queue. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. And good almost evening, colleagues. I agree with Senator Linehan. I know we all want to get going. I just wanted to rise in support of both AMs on the board as well as LB1197 and just take a second to talk a little bit more about the bill with regards to the hard work that went into this. So Senator von Gillern had worked very hard in the last session and during the interim and on this session to address some of the issues that have been raised previously. I think both of the AMs address those problems very, very well. What I also like about this bill is it really is one of those bills that brings together people from all different walks of life. He did specifically mention in his opening the creative districts. And I do appreciate sort of that, that shout-out because they are a really important thing here in Nebraska. If you look at the committee statement, we have a number of proponents who came in and testified, including Mike Markey from the Arts Council. I found his testimony really compelling, talking about those creative districts and what

benefits they bring. And I think by virtue of the fact that part of this turnback tax ultimately can go to that CCCFF and then benefit those creative districts is, is always helpful. In addition to that, we heard some really compelling testimony from, as he said, some youth who had been turned away due to capacity problems when it comes to having the proper facilities. And so I think that this addresses a real concern and a real problem in a pretty effective way, and it does so by bringing together people from all different walks of life. And so just want to thank Senator von Gillern for his hard work on this. I think the committee has done a good job sort of listening to the concerns and addressing those and so that's why it did come out 8-0, but I just wanted to speak in favor of that. So please, colleagues, I urge your green vote on LB1197 as well as both of the AMs on the board. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. I was wondering if Senator von Gillern would answer a question or two for me.

KELLY: Senator von Gillern, would you yield to some questions?

von GILLERN: I will.

ERDMAN: Senator von Gillern, can you reiterate the towns or the communities you said would be available for this again?

von GILLERN: The projects that I know of currently-- and I'm moving from east to west-- are in Omaha, Valley, Fremont, Lincoln, Norfolk, Grand Island, and Valentine.

ERDMAN: OK. Thank you. So you also had commented about the fiscal note. And I'm looking at it now and it says the revenue impact on the General Fund and cash fund remains unknown. And it talked about the projects that have been currently funded. And it said: For comparison purposes, \$15.725 million was transferred during the fiscal year '22-23 under the terms of the Sports Arena Facilities Act. Are you familiar with who received that \$15 million?

von GILLERN: I am not. I know of-- no, I don't know with specificity. I know of some projects that were interested in it, but I don't actually know if they took advantage of it. So--

ERDMAN: That, that's fine.

von GILLERN: --what I'm doing is more looking forward. I'm sorry.

ERDMAN: All right. I was just-- I was just curious about that. So as you have, have stated, several of those are in the eastern part of the state. I'm-- It's good to hear that one of them is in the 3rd District in Valentine. That would be-- that'd be good. So your comment earlier was, once these facilities are bet-- built, then they'll begin to pay taxes as well as sales tax and those-- that revenue will come into the state. Will these facilities be built with TIF financing?

von GILLERN: That is a local jurisdictional matter. And I don't know that we have any say over that.

ERDMAN: OK. But if, in fact, they were, then the revenue that we receive in the far of-- in the form of property tax may be very limited. Would that be a fair assumption?

von GILLERN: If the communities where they're located elected to give them TIF, then, yeah, it certainly would.

ERDMAN: OK. So was this bill-- or this bill-- was this your intention or did somebody bring this to you?

von GILLERN: It was my intention. I became aware of the opportunity-- I became aware of some of the projects and wanted to see what I could do, do to, to advance them. The project in Valentine I was not aware of until very recently, and that's what led us to change the definition for communities of a smaller size to actually reduce the, the requirement of the size of the project to something that was more practical for cities of a smaller class.

ERDMAN: OK. All right. That answers my questions. Thank you.

von GILLERN: Thank you.

KELLY: Thank you, Senators Erdman and von Gillern. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. Would Senator von Gillern yield to some questions?

KELLY: Senator von Gillern, would you yield to some questions?

von GILLERN: Yes.

CLEMENTS: Senator, the budget is based on General Fund receipts, and sales tax is a large amount of General Fund receipts. And you said that the fiscal note was indeterminate. Is there any estimate of how much of reduction of state sales tax there would be?

von GILLERN: The fiscal note noted that the-- and I'm looking for it right now as we're speaking-- noted that they could not determine because they don't know what projects are going to be constructed until, until those projects are constructed. And they-- again, they vary in size in, in different communities. And-- so it's, it's-- it would be very difficult for the Fiscal Office to project what that would be. But as Senator Erdman noted, it does talk about the history of what has been transferred in, in recent years.

CLEMENTS: And the-- what happens in the turnback situation is the 5.5% given to the locality, and what amount would the state get of the sales tax?

von GILLERN: The state gets 50% of that. And one of the things we did in this bill also was cap the time period on that. And in the smaller communities, we capped that time period at five years. And in the larger communities, we tapped it-- or, we capped it at ten years.

CLEMENTS: Oh, that's the-- it would expire-- the turnback would expire at those periods of time?

von GILLERN: Yes, that's correct.

CLEMENTS: And is there a, a area around this development that's restricted to so many blocks around or area or-- is it-- anywhere in the city?

von GILLERN: No. As Senator Linehan mentioned, the, the bill-- the original bill limits to a 600-yard distance in the-- on the projects. But one of the things we did do in my amendment was we redefined what contiguous land-- the bill-- the original sports act calls for all land to be contiguous. But what was discovered that in some projects, you might have a drain way or a, a private street or an alleyway that, that bisects a piece of property. So what we said is that if those two pro-- if those-- if that land is, is joined in some way, that it-- that 600 yards could be continued onto another piece of property where it would-- again, we're not exceeding the 600 yards that we redefined what contiguous use means.

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CLEMENTS: OK. I-- yeah. The, the 600 yards applies. It's just-- it could be divided by a street or something.

von GILLERN: Correct.

CLEMENTS: OK. Thank you for that. Thank you, Mr. President. I'm still thinking about this.

KELLY: Thank you, Senator Clements and Senator von Gillern. Seeing no one else in the queue. Senator von Gillern, you're recognized to close on AM2715.

von GILLERN: Thank you, Mr. President. Just-- again, back to a comment that I made-- and Senator Clements had some great questions about the-- how the turnback tax works. Again, if we had-- and I'll just make it easy numbers-- if a project is constructed and it generates \$1 million in sales tax, half of that comes back to the state. \$500,000 comes back to the state. It's easy to get focused on what doesn't come back to the state, but what we need to remember is that but for the turnback tax, those projects are unlikely to be built. So we want to see them get built. If it gets built, that's an additional \$500,000 that comes back to the state using that example. So I would encourage your green vote on the amendment and eventually on the bill here. Thank you, Mr. President.

KELLY: Thank you, von-- Senator von Gillern. Members, the question is the adoption of AM2715. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 33 ayes, 2 nays, Mr. President, on adoption of the amendment.

KELLY: AM2715 is adopted. Senator Moser, you're recognized to speak.

MOSER: Thank you, Mr. President. I was wondering if Senator von Gillern would ask-- answer some questions.

KELLY: Senator von Gillern, will you yield to some questions?

von GILLERN: Yes.

MOSER: So have you looked into what leakage there is when you have a facility that draws people in? Do they steal business from other businesses that wind up costing the state money?

von GILLERN: I, I don't-- these are pretty unique facilities that, that are being constructed. There's not-- and knowing what we know about the-- again, the numbers that I mentioned about the number of kids that are getting turned away from programs. We're nowhere near a saturation point in these facilities. So I don't know that one would steal from another and, and--

MOSEER: Are-- so are these, like, club sports kind of facilities?

von GILLERN: Many of them are club sports facilities, yes.

MOSEER: And the turnback tax has to be spent on fac-- specific improvements to facilities?

von GILLERN: On capital improvements, yes. Now, one thing--

MOSEER: I mean, is it kind of like a TIF thing kind of?

von GILLERN: No. No. TIF would be a local, a local waiver of property taxes. This is a 50% turnback of sales tax for a limited period of time-- again, five years for small projects and ten years for larger projects. We did-- and one additional clarification I didn't mention earlier is we opened-- the bill also opens it up for use by community colleges. So you know-- so they would be able to use the, the, the turnback also.

MOSEER: Like, to build a new gymnasium or something?

von GILLERN: It's sports facility that follows-- falls within the criteria, yes.

MOSEER: What about the location? Are they primarily built in metropolitan class cities or primary class or first class?

von GILLERN: Well, as I said, there's-- the smallest community that I'm aware of that is considering this is Valentine. I know of a project in Grand Island that Senator Aguilar was, was interested in the, the language that we, we talked about in Norfolk and Fremont and Valley, so. There is a project I know of in Omaha, and I believe there's one that's going on in Lincoln right now.

MOSEER: Is it only for sports facilities? Could it be fine arts?

von GILLERN: The orig-- the act the way it was originally drafted also includes concert facilities. That wasn't part of my bill, but that was

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the way that the, the, the act was originally drafted. So concert venues and, and so on.

MOSER: They're, they're still qualified?

von GILLERN: They qualify under the original act, yeah. Yeah, my, my amendment-- my bill has nothing to do with that.

MOSER: Your bill replaces the whole act or--

von GILLERN: No.

MOSER: It just modifies it?

von GILLERN: Just modifies it.

MOSER: OK. Thank you.

von GILLERN: Thank you.

KELLY: Thank you, Senator Moser. Seeing no one else in the queue. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. I will try to be brief here. I'd like to ask if Senator von Gillern would respond to a question.

KELLY: Senator von Gillern, will you yield to some questions?

von GILLERN: Yes.

JACOBSON: Senator von Gillern, I'd like to follow up a little bit [INAUDIBLE] what Senator Moser was talking about. So let's assume that there's a new sports arena. Let's say it's a volleyball facility that gets built near the outlet mall at Gretna. So when we talk about 50% of the sales taxes, are we talking about 50% of the sales tax growth, which we would see if it was, like, a tax increment financing project on property taxes? Are we talking about that they would capture 50% of all of the sales taxes generated that are preexisting and new?

von GILLERN: It would be 50% of the sales tax that is gen-- new sales tax that is generated due to the construction of the facility. And, and I would-- if I could add one more thing because you mentioned a great point that I neglected to mention. This has nothing to do with the Gretna project, the, the project that has been proposed, the Good Life District project. This is a totally different animal than what we're talking about here. This is-- there are other turnback taxes

that exist, and this is just one of those that turns back 50% of the, the new sales tax revenue that's generated by these facilities.

JACOBSON: So, so to be clear, when a facility gets built, the day they open the doors, we're-- are we going back to the previous year end or when are we ca-- or, the previous month? Or when are we capturing that sales tax base, preexisting base?

von GILLERN: To my knowledge, I don't believe we're capturing anything preexisting.

JACOBSON: No, but I'm just saying, when do we ca-- when did we determine what was preexisting and what's new?

von GILLERN: Again, my understanding is that the day that they open the doors and start selling to the public and generating-- whenever sales tax is collected.

JACOBSON: But, but my point would be that if you're taking a 600-yard radius, you're going to bring in existing retailers. Let's say something--

von GILLERN: Oh, oh.

JACOBSON: Yeah.

von GILLERN: I'm sorry. [INAUDIBLE].

JACOBSON: Great. Thank you.

von GILLERN: Now, I understand your question. My apologies.

JACOBSON: I probably stuttered.

von GILLERN: 600-yard radius has nothing to do with other existing retail. It allowed-- the, the project is allowed to be built with, with the-- everything about the project has to exist within a 600-yard radius, about the new project that's being constructed. It does not capture existing retail--

JACOBSON: Great.

von GILLERN: --in other areas.

JACOBSON: Thank you. That's what I needed. Thank you.

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VON GILLERN: Thank you. My apologies. I didn't follow the question.

KELLY: Thank you, Senator von Gillern and Senator Jacobson. Senator Moser, you're recognized to speak.

MOSER: Thank you. I was wondering if I could ask Senator von Gillern a question, please.

KELLY: Senator, will you yield to some questions?

VON GILLERN: Yes.

MOSER: So-- now, this is just the state portion of the sales tax?

VON GILLERN: Yes.

MOSER: So the local portion still gets paid at whatever rate it is, if they have a 1.5% or 2%?

VON GILLERN: Yes. And they could obviously choose to do any local option, sales tax, or whatever they, whatever they elect to do that has nothing to do with the city.

MOSER: Along the lines of Senator Jacobson's question, is there double-dipping possible where they could be in the radius of one of the outlet malls or some place that's already getting a turnback tax and then we have a new facility that also gives turnback tax?

VON GILLERN: I don't honestly know the answer to that question. I, I don't know of any projects that are anticipated. The-- again, the, the Good Life District is a total-- nother animal that has nothing to do with this discussion.

MOSER: Who regulates who these-- who could get this tax? Who would--

VON GILLERN: Department of Revenue.

MOSER: Department of Revenue. Not, not the economic development?

VON GILLERN: No.

MOSER: And you-- and you're developing the rules and regs or revenue is?

VON GILLERN: The-- this bill was drafted by the previous Legislature. This was a Brett Lindstrom bill that was passed four years ago, I

believe. And all we're doing-- we're making some minor modifications to, to redefine the ownership structure and redefine the continuous la-- land use and also broaden it slightly so it can be used by more communities.

MOSEY: I-- you know, I understand economic development is important, but I just worry that we keep giving turnback taxes, we keep giving TIF, we keep giving people tax exemptions, and then we wonder why we don't have enough money to, you know, balance our budget sometimes. Thank you very much. Appreciate it.

von GILLERN: Thank you.

KELLY: Thank you, Senator Moser. Senator Wayne, you're recognized to speak. And waives.

WAYNE: No, I don't. I'm right here. Sorry. My, my office was calling about tomorrow's agenda and-- anyway. Thank you, Mr. President. Colleagues, this is for rural Nebraska. I just want to make sure people understand this. So, like, Omaha's MECA, it's a big complicated formula and it goes all over the place. The issue is some of these funds aren't getting to where they need to go or what the community needs. So particularly-- we can use Valentine for an example. They need a particular thing and they're trying to figure out a way to do it. These dollars are there. And this is-- I mean, I'll be honest. I told von Gillern initially I didn't like this bill because it's taking-- it's moving money to different areas. But I read it again and I'm like, this is what's needed everywhere else. So it's, it's a good bill. I would just ask people to vote green on it, not because it's me but you're having a urban senator, if that's what you want to call it, another urban senator introducing a bill for rural Nebraska. This truly, truly helps out small communities get access to dollars that are already in the pot, making sure they can have some more abilities to use it [INAUDIBLE]. As far as-- Senator Moser, your question regarding new versus old, depends on which part of the act and where it's at. So in MECA, they get to collect, in a certain 600 yards, all sales are part of there. But underneath, like, the sports component to this, it's all new. So it has to be new items that are being sold. So there's two different parts of the, of the-- not this bill, but there's two different parts of the statute. So that's why the answer was, well, maybe. It-- for this part, like Valentine, everywhere else, it's anything new during this time. So I just think it's a good bill for western Nebraska and rural, rural Nebraska to get some of these dollars, really, that Omaha, Lincoln, other people are generating to

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Rough Draft

help, help these communities grow. And so I would ask for a green vote. And I hope that answers your question, Senator Moser. Thank you, Mr. President.

KELLY: Thank you, Senator Wayne. Seeing no one else in the queue. Senator Linehan, you're recognized to close on the committee amendment. And waive. Members, the question is the adoption of-- members, the question is the adoption of AM2419. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 36 ayes, 0 nays on adoption of the committee amendment, Mr. President.

KELLY: AM2419 is adopted. Mr. Clerk.

CLERK: Mr. President: Senator von Gillern, I have AM2379 with a note you wish to withdraw.

KELLY: Without objection, it is withdrawn.

CLERK: In that case, Mr. President, I have nothing further on the bill.

KELLY: Senator von Gillern, you're recognized to close. And waive. Members, the question is the advancement of LB1197 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 34 ayes, 0 nays, Mr. President, on adoption-- or, excuse me, on the advancement of the bill.

KELLY: It is advanced. Mr. Clerk for items.

CLERK: Mr. President: Senator DeBoer, amendment to be printed to LB1031. Single name add: Senator Raybould name added to LB323. Finally, Mr. President, a priority motion: Senator Dover would move to adjourn the body until Friday, March 15, 2024 at 9:00 a.m.

KELLY: Members, you've heard the motion to adjourn. All those in favor say aye. All those opposed say nay. We are adjourned.