

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 8, 2023

**LINEHAN:** [RECORDER MALFUNCTION] I serve as Chair of this committee. The committee will take up bills in the order that are posted outside the hearing room. Today, our hearing is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. We do ask that you limit handouts. If you are unable to attend a public hearing and would like your position stated for the record, you may submit your position and any comments using the Legislature's website by 12 p.m. the day prior to the hearing. Letters emailed to a senator or staff member will not be part of the permanent record. If you are unable to attend or testify at a public hearing due to a disability, you may use the Legislature's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceedings, I ask that you follow these procedures. Please turn off your cell phones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutrals, and closing remarks. If you will be testifying, please complete the green form and hand it to the clerk--committee clerk, excuse me, when you come up to testify. If you have materials that you would like to distribute to the committee, please hand them to the page to distribute. We need 11 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you now. When you begin to testify, please state and spell both your first and last name. Please be concise. Today, I'm going to request you limit your testimony to three minutes and we will use the light system. So you'll have two minutes on yellow-- excuse me, two minutes on green and one on yellow and then you'll need to wrap up. If your remarks were reflected in previous testimony or you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. First, I'd like to introduce committee staff: to my immediate right is legal counsel Lyle Wheeler; to my immediate left is research analyst Charles Hamilton; to my left at the end of the table is committee clerk Tomas Weekly. Now, I would like the committee members with us today to introduce themselves beginning at my far right.

**KAUTH:** Kathleen Kauth, LD 31, Millard area.

**MURMAN:** Senator Dave Murman from Glenvil, District 38. I represent eight counties along the southern border in the middle part of the state.

**BOSTAR:** Eliot Bostar, District 29.

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**von GILLERN:** Brad von Gillern, District 4, west Omaha and Elkhorn.

**ALBRECHT:** Joni Albrecht, District 17: Wayne, Thurston, Dakota, and a portion of Dixon County. Welcome.

**DUNGAN:** George Dungan, District 26, northeast Lincoln.

**LINEHAN:** This morning-- if our pages would please stand up-- I hope I have their names-- Christy-- Chrissy, Chrissy is at UNL and she's studying political science and Caitlyn is at UNL and she's studying history. Please remember that senators may come and go during our hearing as they have bills to introduce in other committees. For example, Senator Briese is in Government Committee introducing bills right now. Refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification but recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and is a critical part of our state government. With that, we will have-- open our hearing on LB447. Welcome, Senator Bostar. Good morning.

**BOSTAR:** Morning. Thank you to whoever raised the chair. Good morning, Chair Linehan and fellow members of the Revenue Committee. I am Eliot Bostar, that's E-l-i-o-t B-o-s-t-a-r, and I represent Legislative District 29. I'm here to present LB447, the First Responder Recruitment and Retention Act legislation to address the growing crisis in both recruitment and retention in Nebraska's professional law enforcement and firefighting communities. Reaching sufficient staffing levels for police and fire departments has become much more difficult in the last five years. While recent increases in pay are appealing, many of our departments are not yet seeing a corresponding increase in recruitment numbers. According to the International Association of Chiefs of Police, quote, If agencies are unable to recruit new officers to replace those who have retired or otherwise left the law enforcement profession, it will significantly increase the strain on police organizations and officers. As vacancy numbers increase due to the inability to fill positions and as more officers continue to become eligible for retirement, existing officers are becoming overworked and burned out. At a time when the importance of our officer of mental wellness is more widely recognized, powerful efforts to recruit, hire and retain officers become increasingly important. Law enforcement agencies need to thoughtfully amend recruitment and hiring practices without lowering the standards for

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officers that their peers and communities have come to expect. Nationally, 78 percent of agencies reported having difficulty recruiting qualified candidates; 75 percent of agencies reported recruiting is more difficult now than five years ago; 65 percent of agencies reported having too few applicants; 50 percent of agencies reported having to change policies and qualifications for candidates; and 25 percent of agencies reported having to reduce services. To keep Nebraska safe, we have to go beyond our past efforts in both recruitment and retention. The police and fire departments across our state are too often stuck drawing recruits from one another. Instead, as a state, our, our efforts would be better focused on recruiting from around the country to bolster our workforce. In order to keep our communities secure, we need to provide first responders across the country with a reason to relocate to Nebraska, and we need to give the first responders already here a reason to stay. LB447 comes to you today as an effort to make Nebraska the most attractive state in the nation for our first responders. Last session, I brought forward LB1273 in recognition of the fact that negative consequences to personal health can result from a career in law enforcement. According to a five-year study conducted by Buffalo University Professor John Violanti, a professor of social and preventive medicine at the UB School of Public Health and Health Professions, the daily psychological stressors law enforcement officers are subjected to place them at a considerably higher risk for various long-term physical and mental health challenges compared to the general public. This is no less true for our firefighters. On July 9, 2018, President Donald Trump signed legislation requiring the Center for Disease Control and Prevention to establish a registry of firefighters to track links between the workplace exposures and cancer. The National Institute for Occupational Safety and Health, a federal agency within the CDC, found that a combined population of 30,000 firefighters from three different cities had higher rates of several types of cancers, as well as all cancers combined than the U.S. population as a whole. Those firefighters studied were more likely to develop cancers of the respiratory, digestive, and urinary systems than the U.S. population as a whole. And the firefighters in the study had a rate of mesothelioma two times greater than the rate in the U.S. population as a whole. A career as a first responder increases your risk of various health problems. LB447 builds upon what we established last session in LB1273 to address the cost and somewhat mitigate the impact of these negative health effects. LB477 [SIC--LB447] would allow any retired individual who was employed full time as a professional first responder for at least 20 years and who's at least 60 years of age as of the end of the taxable year to

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reduce their federal adjusted gross income by the cost of their health insurance premiums. This deduction, offsetting the cost of health insurance premiums for retired first responders, is an acknowledgment that their careers subjected them to a likely increase in various adverse health impacts and expenses. Additionally, the portions of Senator Halloran's LB1272, which expanded a tuition waiver for state universities, state colleges, and community colleges from 30 percent to 100 percent for law enforcement officers in good standing with their departments, were amended into the final version of LB1273 and passed without opposition. LB447 once again builds upon that legislation passed last session to expand this benefit to both firefighters and police officers. Finally, LB447 creates a tuition waiver program for the dependents of professional first responders, accessible for five years, and conditional on the dependent remaining in Nebraska for five years following the conclusion of the waiver period. The first responder and the dependent will both need to file a tax return annually with the Department of Revenue, while the dependent is receiving the waiver to demonstrate that they reside within the state and that the first responder is still employed by the department. For the five years following the waiver, the dependent must file a tax return annually with the Department of Revenue to demonstrate that they have abided by the agreement to remain in Nebraska. If at any point the dependent does not comply with the residency requirements, the Department of Revenue will report the failure to comply to the institution that issued the tuition waiver. This provision serves multiple purposes. It's an extremely attractive benefit that would certainly be noted by the first responder community across the country. It makes Nebraska very competitive for recruitment nationally and positions us well to retain our current police officers and firefighters. It also incentivizes dependents of Nebraska police officers and firefighters to remain in Nebraska and start their careers here to bolster our economy and grow our communities. Lastly, the additional, the additional education that dependents of first responders can receive is critical to our state at a time when employers across Nebraska are fighting for a more qualified workforce. To once again quote the International Association of Chiefs of Police: In order to maintain a healthy, satisfied workforce agencies must be mindful of the things their employees prioritize, both while on and off duty. Amending or implementing policies and incentives that reflect people's priorities may be a huge leap forward in improving overall agency culture. Police leaders working with their governing bodies have the opportunity to improve recruitment outcomes. This improvement occurs through innovative policies and new approaches to recruiting and

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incentives for employees where they count. The people who place themselves in harm's way to keep our communities safe deserve recognition that there are real additional personal costs and risk that come with a career in law enforcement or firefighting. We need a greater number of first responders from across the country to decide that the good life is right for them and their families. And we need those already working here to remain cornerstones of our communities. Ultimately, we want their children, in turn, to choose to stay here, to join our workforce and to start their careers and families right here in Nebraska. I would encourage this committee to support LB47--LB447 and make Nebraska the most attractive state in the union for police officers, firefighters, and their families. Thank you for your time and consideration. I'm happy to answer any questions you might have.

**LINEHAN:** Thank you, Senator Bostar. Are there questions from the committee? Seeing none, thank you very much.

**BOSTAR:** Thank you.

**LINEHAN:** First, we'll have proponents.

**DAN MARTIN:** I have a letter from Omaha Police Chief Todd Schmaderer.

**LINEHAN:** Thank you. Good morning.

**DAN MARTIN:** My name is Dan Martin, D-a-n M-a-r-t-i-n, and I'm a lieutenant with the Omaha Police Department and currently serve as the vice president of the Omaha Police Officers Association. When I began my career in law enforcement, I competed with 2,000 applicants for a 30 and-- 30-- a 1 in 30 chance of being accepted to the police academy. Eighteen years later, the Omaha Police Department has just over 200 applicants for 100 open positions. For this and many reasons, I appear here today in strong support of LB447. The unprecedented decline in Omaha Police Department applications and the staffing crisis we currently face represents the most serious public safety crisis in my lifetime. And citizens in Nebraska and across the nation are beginning to understand those consequences. Imagine the sound of breaking glass as an intruder enters your home while your family sleeps and dialing 911 only to be told, please do what you can to protect yourselves, there are no officers available to respond. Imagine yourself, your spouse, or your son or daughter in a life-threatening car accident only to have emergency measures delayed as the small number of officers available limits the ability to respond to priority calls. And imagine more of our youth, our

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families, and neighborhoods falling victim to gang violence as more and more officers are pulled from gang enforcement units to cover officer shortages elsewhere. For many communities today, this is beyond imagination. This is their reality. And that reality can and will get worse unless significant and meaningful action is taken to find real solutions to our staffing crisis. Just down the road from Omaha, Kansas City, Missouri, is experiencing the highest homicide rate in the history of their city. It is not a coincidence that the city is also facing a 50-year low in the number of sworn police officers on the street. Further south in Memphis, Tennessee, is now considered the most dangerous city in the country with the highest violent, violent crime rate. Again, not a coincidence that Memphis is down 500 police officers and the drastic measures the agency has taken to fill their ranks has had a tragic and devastating impact on their city. We can remember a time not long ago when a career in law enforcement was aspirational. But today, with the open hostility sometimes directed at police officers, increasing incidents of officer shootings combined with low morale and wage inequities, it is more important than ever that we create an environment that prioritizes recruiting, training, and retaining the most qualified, capable and professional candidates possible. LB447 represents a commonsense solution to the staffing crisis that can establish Nebraska as a national leader in the recruitment and retention of law enforcement and fire professionals. No other state in the nation is taking such a forward-thinking and proactive approach to recruiting and retaining public safety professionals. While some departments in other states and municipalities have the ability to offer up to \$30,000 in hiring bonuses and the military can offer \$50,000 in bonus compensations, in Nebraska, we must remain competitive without breaking the bank and LB447 is an important step in that direction. We cannot deliver the effective public safety, swift response times, and thorough investigations our communities deserve without well-staffed and well-trained police and fire departments. We have in front of us an opportunity to restore and rebuild a recruitment and retention program that lives up to our highest values and priorities. We need the right number of officers and the right kind of officers. LB447 gives every police and fire agency in the state of Nebraska the ability to compete with other public safety jurisdictions offering lucrative hiring bonuses, defined pension benefit plans, and other incentives. Perhaps more importantly, this bill allows departments and agencies to compete with the private sector, which is luring veteran officers with better wages, a better work-life balance, and far less public scrutiny. LB447 is an important step forward to rebuilding our staffing capacity through the innovative solutions

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needed at this most critical time. This bill can make Nebraska a beacon of opportunity for the most passionate and dedicated law enforcement and fire professionals. As a veteran officer who sought a career in law enforcement to help keep our families and communities safe, I don't want any of you or your loved ones to wait any second longer than necessary to get the help that is needed in an emergency. I urge your support of LB447 to provide the resources needed to ensure that an officer will be available whenever and wherever they're needed. Thank you for your time and consideration.

**LINEHAN:** Thank you. Any questions from the committee? Senator von Gillern.

**von GILLERN:** Lieutenant Martin, thank you for being here today. How short staffed is OPD today and what do you anticipate that this class, this current recruiting class, how will that impact that?

**DAN MARTIN:** Well, there is a deputy chief that will be here to talk about more specific numbers in Omaha. But right now, we're down over 100 officers.

**von GILLERN:** OK.

**DAN MARTIN:** We've just hired 39, but we're also losing officers at an alarming rate, too.

**von GILLERN:** So where did those 39 come from? Are we robbing them from each other within the state? Is that, is that what I'm hearing?

**DAN MARTIN:** Yeah, we have three laterals, but I believe they're from out of state.

**von GILLERN:** OK.

**DAN MARTIN:** And then, yeah, there's a lot of people hiring from, you know, smaller agencies or Lincoln and Omaha are competing against one another and Douglas County, La Vista, the Panhandle. We're all kind of competing against one another for the same pool of applicants and kind of just robbing Peter to pay Paul.

**von GILLERN:** And then presuming that-- this, this bill, the way that I understand it, obviously, if you've got dependent children, you're not in your 20s-- or dependent children that are going to college, you're not in your 20s, you're probably not in your 30s, so you probably in your late 30s, early 40s, so, so what would the average

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tenure of an officer that's taking advantage of this, this program be? Any-- what's your best guess?

**DAN MARTIN:** It's, it's most likely going to be a veteran officer with 20-plus years of experience. We're seeing a lot of officers at that time frame leaving this profession early for the private sector. This will give them as an incentive to stay longer, ten years longer, while their kids are in school, and help us retain those veteran officers just as much as help us recruit lateral officers from out of state. It's much easier for us to, you know, recruit from Kansas City, Chicago, other parts of the country when we can provide this benefit that nowhere else does in the country.

**von GILLERN:** All right. Thank you.

**LINEHAN:** Thank you, Senator von Gillern. Senator Kauth.

**KAUTH:** Thank you, Chairwoman Linehan. Lieutenant Martin, you've mentioned something about the standards and what are you guys doing to maintain the standards in the police force? Are you taking everybody or are you dealing with far, far fewer officers on staff?

**DAN MARTIN:** Well, as of right now, from what I understand, and again, I think our deputy chief will get into more of the numbers, but we have about 250 applicants for another class that is supposed to start. Don't quote me, but I think maybe 10 percent of those are somebody that will make it through the entire process. Because of the-- maybe it's a little bit higher than that, but it will make it through the entire process of background checks, physical, written, psychological. And so we're not lowering our standards and we don't want to get to a position where we have to lower our standards just to fill seats in police cars and fire trucks. We saw what happened in Memphis where they lowered their hiring standards and it had devastating impacts on their city.

**LINEHAN:** Thank you, Senator Kauth. Are there other questions from the committee? Seeing none, thank you very much for being here today.

**DAN MARTIN:** Thank you for your time.

**LINEHAN:** I'm going to ask you to take over.

**von GILLERN:** Yes, yeah. Next proponent, please. Good morning.

**DARREN GARREAN:** Good morning, members of the Revenue Committee. My name is Darren Garrean, D-a-r-r-e-n G-a-r-r-e-a-n. I'm a full-time

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firefighter paramedic, working 56 hours a week serving the citizens of Nebraska, as do most of my cohorts. In addition to my career as a firefighter and paramedic, I'm the president of the Nebraska Professional Fire Fighters Association, where we are here today, representing over 1,400 career firefighters, paramedics, and emergency medical technicians who serve this great state. We support Senator Bostar's unique vision to addressing a growing crisis in Nebraska with career firefighters and emergency services. The recruitment and retention is a fast-growing problem. Simply put, there are more people leaving our career earlier and more often than expected just a few years ago. Positions are not getting the number of qualified applicants to fill those openings that once was common to have people queued up and lining up for what was a great career opportunity. Our profession has been changing rapidly. Up to one-third of firefighters and emergency medical personnel will demonstrate some or all criteria to be diagnosed with post-traumatic stress or PTSD. The life expectancy of a firefighter is ten years less than that of an average person. And it's not just the fires that present the dangers. We know we are frequently exposed to toxic chemicals. And according to new research, even the protective gear that we use to fight fires now is impregnated with a common chemical that is known to be cancer causing. On June 30, 2022, a publication from the International Agency for Research on Cancer, IARC, which is the cancer agency of the World Health Organization, classified firefighting occupational exposure as a group one carcinogen. The IARC group found that occupational exposures as a firefighter causes cancer. Basically, if you work as a firefighter, you're going to get cancer. Some truth about our situation, the numbers-- these are the, the numbers that tell the story. One of our members wanted to come down here and he is on duty working backfill for an open position because of lack of staffing. This is in addition to his 56-hour workweek. Over 50 percent of their firefighting and paramedic workforce has left the department in the last five years. That's a 50 percent turnover in five years. He wanted to mention the department is trying to hire for three open positions for various reasons that people have left. While going through the process, they didn't receive enough qualified applicants to fill the three positions leaving them continually short staffed. The department had to go through an entire process again, costing not only more to the department, but also putting a toll on those firefighters and paramedics. This was never heard of just a few years ago. We applaud Senator Bostar looking at this outside-the-box method for Nebraska to increase recruitment and retention of good qualified firefighters and paramedics. This is a method that would encourage-- would not

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encourage a rob-Peter-to-pay-Paul scenario that is currently happening in Nebraska, ultimately drawing from the same pool that seems to be taking place. Nebraska professional firefighters are here to assist in any way we can through this and appreciate the Revenue Committee pushing this forward to the next step. Thank you.

**LINEHAN:** Thank you very much. Thank you. Are there questions from the committee? Yes.

**DUNGAN:** Thank you, Chair Linehan. And thank you for being here today. I know three minutes is a short amount of time and we have a lot of people that want to testify. But can you just go into a little bit more detail about what the average workload is like right now for a firefighter in terms of hours per week and how many-- how much time you get off? Because my understanding is that it's, it's increasing.

**DARREN GARREAN:** Yes. And that's, that's kind of what I was trying to point out, is, is our regular work schedule is 56 hours a week on average, and that's for everybody. So the individual that wanted to come testify he's backfilling, so he's doing basically forced overtime in addition to that because of their short staffing. So he wasn't necessarily able to come down and, and give that input. So it's not only just, you know, working more because of, of vacancies, the workload itself has increased in some jurisdictions by as much as, much as 20 percent in just the last two years. So there, there's an added toll on, on just call volume and everything that's going on. And like I said, that's just in the last couple of years. And that varies from jurisdiction, but that-- all of those things take a toll. If you're working more and, and making more calls, it's, it's just taxing on the individual.

**DUNGAN:** Thank you. I appreciate it.

**LINEHAN:** Thank you, Senator Dungan. Senator Albrecht.

**ALBRECHT:** She looks at me like there's a lot of people in the room. Thank you, Chair Linehan. And thank you for being here. You said 50 percent in the last five years. Do you have, like, exit interviews? Are they, are they retiring out? What are some of the reasons they are?

**DARREN GARREAN:** So for that jurisdiction of, of that 50 percent, five of those individuals left, had the capacity to retire, but they left to basically go get a different job. The other remainder went to

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either other department, some of them were out of state, some of them were different departments in state. But of, of those numbers--

**ALBRECHT:** So this 50 percent number isn't statewide, it's a particular area?

**DARREN GARREAN:** So that was, that was for one jurisdiction.

**ALBRECHT:** Yeah.

**DARREN GARREAN:** Yeah. And, and there will be other testimony behind me that will have jurisdiction with specific numbers. But that, that is just one that is, is staggering.

**ALBRECHT:** Thank you.

**DARREN GARREAN:** Yeah.

**LINEHAN:** Thank you, Senator Albrecht. Are there other questions from the committee? Seeing none, thank you very much for being here.

**DARREN GARREAN:** Thank you.

**LINEHAN:** Good morning.

**ED WEMHOFF:** Good morning, Senators. My name is Ed Wemhoff, E-d W-e-m-h-o-f-f. I serve as sheriff of Platte County and I'm the current president of the Nebraska Sheriffs Association. I am also here today testifying on behalf of the Police Chiefs Association of Nebraska and the Police Officers Association of Nebraska. All three of these law enforcement associations strongly support LB447 and we thank Senator Bostar for its introduction. Recruiting and retaining law enforcement officers has become a serious challenge for law enforcement agencies throughout the state. But I want to talk with you this morning about some of the unique issues that rural law enforcement agencies face. Coming from a rural area and noting that there are areas even more rural than Platte County, the population from which we have to hire quality officers is limited. While providing law enforcement services in a rural area may appear to be similar to providing those in some-- those same services in urban areas, being understaffed can lead to issues that may appear different but are just as serious. Response times to accidents and emergency calls can be slower and larger in more rural counties to begin with, but when departments are operating on less than full staff the problem becomes severe. And being full staffed is a change in perception based upon the size of your agency. For myself, fully

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staffed means 22 fully certified deputies, 23, including myself. I will share that it has been since September 2018 that I have been fully staffed. Since 2018, I have been in a constant state of hiring as I attempt to fill all 22 positions. Since becoming sheriff in 2014, I have consistently searched for ways to recruit and retain individuals who can meet our high expectations. Then there are those sheriffs' offices and police departments throughout the state for whom fully staffed means five or less officers or deputies, including that chief or sheriff, for whom even being one position short, creates greater issues than my being three short. Providing the staff to do the job is imperative to the communities we serve. Being understaffed does not only impact response times, but it also impacts results. Lacking enough staff creates challenges as we attempt to get our officers training and time off. The expanded tuition waivers would be very useful for rural law enforcement agencies as we attempt to recruit qualified candidates. I know of many sheriffs' offices that have begun recruiting candidates from outside of the state of Nebraska. Personally speaking, and I feel many in law enforcement profession would share the sentiment, Nebraska is a good place to work in law enforcement. As Nebraskans, we can and should promote the good that is Nebraska. This is a wonderful place to live, to work, and to raise a family. And with the support of this legislation, with the promise of a tuition free education for law enforcement families, what a wonderful incentive to help us attract more quality candidates to the people of Nebraska. I ask that you advance LB447 from committee, and I thank you for your time this morning and I'm happy to answer any questions you may have of me.

**LINEHAN:** Thank you very much, Sheriff. Are there questions from the committee? Seeing none, thank you very much for being here.

**ED WEMHOFF:** Thank you.

**LINEHAN:** Good morning.

**DAN OSMOND:** Good morning, Senators. My name is Dan Osmond, D-a-n O-s-m-o-n-d. I am the Custer County sheriff. I also serve on the Police Standards Advisory Council. I am past president of Nebraska Sheriffs Association and current board member of Nebraska Sheriffs Association. Today, I wanted to talk to you in support of LB447. I strongly support that and I thank Senator Bostar for introducing this bill. I wanted to focus a little bit on retention and what this bill can do for us on that. I always prided myself and my 12 years of sheriff and 25 years with the sheriff's office in Custer County on being able to keep the employees that I had. And up until last year,

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I did very good at that. And then last year, I lost three deputies and I only have an eight-person office. So when you lose almost half of your staff in a three-month time frame, that's not very good, you know. And one of those was due to medical reasons, two of those was just that the economy had changed and other jobs became available. And when my sergeant came to me and he said, Os, I really hate to leave. It's nothing that you did wrong. It's nothing that this job did wrong. It's just that I can make the same wage, actually a little bit better. I can have the same benefits and I have no nights, no weekends. I leave in the morning and I get to be with my kids at night. And that's pretty difficult for me to argue with, you know, I have nothing else to offer him. And so my other deputy was the same way, same job, same benefits, less stress. You know, it's hard for me to argue that. So what do I have to offer to make that different? What, what happens to my county when this goes on? When you think of Custer County, it's 2,500 square miles. And then all of a sudden, my county gets covered by one person on a shift; 2,500 square miles all by yourself is pretty lonely. Been there, done that quite a bit. Had to do it a lot last year. So what will this bill-- what would be different if this bill gets passed? Well, having two kids in college, I know how much tuition is worth, you know, that makes a big difference. If I could offer that to my sergeant today, knowing his kids and what that's going to mean to him in a couple of years, I think that would make a difference to him. That might have been the turning point for him to say this job is worth staying at. It's worth just that little bit of headache that I have to get my kids through college because that's a lot of money, that makes a big difference to me. My other deputy that quit has kids in college, has some other kids that will start college this, this next year. I think that would have made a difference to him too. I have a lot of small community-- or counties around me that also would need this too. So I appreciate your time here today and thank you for listening and I would answer any questions that you have.

**LINEHAN:** Thank you very much, Sheriff. Are there questions from the committee? Seeing none, thank you very much for being here.

**DAN OSMOND:** Thank you.

**LINEHAN:** Other proponents?

**DAVE ENGLER:** Good morning. My name is Dave Engler, E-n-g-l-e-r. I'm the fire chief for the city of Lincoln, and I'm here testifying on behalf of Lincoln Fire and Rescue and the Lincoln Police Department because Chief Ewins is, is in another hearing and unable to attend. I

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want to thank Senator Bostar for the great introduction because he really summed up the issues that we have in public safety today. The one thing that he, he didn't discuss, that we don't have the luxury in public safety for both police and fire for working remotely from home for in, in the, the current workforce or the, the, the generation has a desire to do more family things. And, and unfortunately, we have to be on duty on holidays and, and birthdays and, and baseball games so we don't have the flexibility that people today value. And I think that is also contributing, aside from all the other things, to the lack of public safety applicants. But from our perspective in Lincoln and I can speak with Lincoln-- for Lincoln Fire and Rescue's numbers, we had approximately 150 applicants in our last, in our last go around. And at the end of the process, I wanted to hire 23, 20 to 23, and I got 17, and those 17 started last night. But that still puts me short. And what I didn't see in this applicant pool were out-of-state applicants. And the couple that we did have actually backed out and chose to stay with their organization or stay in, in their state that they are in. And then I've even lost a couple of our, of our tenured firefighters to out-of-state opportunities. So the issue is real, unfortunately, and it's a challenge. And the, the typical pay and benefits that, that we offer which, which are very competitive, are not saving the day. And I think this is-- this bill provides that out-of-the-box thinking that will help not only retain our people, but attract those from out of state to come to our agencies. And I think it's a, it's a great opportunity and certainly something that, that we need because we have a problem and we need to find solutions to those problems. So with that, I'll take any questions.

**LINEHAN:** Thank you very much. Any questions from the committee? Seeing none, thank you very much for being here.

**DAVE ENGLER:** Thank you.

**LINEHAN:** Other proponents?

**STEVE CERVENY:** Good morning, Chairwoman Linehan, senators of the Revenue Committee. Thank you for the opportunity to speak with you today and for all the important work that, that you all do. My name is Steve Cerveny, S-t-e-v-e C-e-r-v-e-n-y. I'm a deputy chief with the Omaha Police Department and I want to echo the sentiments of my fellow proponents testifying in favor of LB447. Law enforcement nationwide has experienced a severe staffing shortage during the past couple of years, and the Omaha Police Department, along with the entire state of Nebraska, is no different. Recruitment and retention

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of officers has reached a critical level of deficiency at OPD and it will no doubt have an absolute impact on police services and public safety. Currently, we are down 102 officers. We know we will be losing more than a dozen additional officers this year. That number does not include the unexpected resignations that will assuredly occur due to the present challenges of policing today. Some of those challenges include the stressors of working in a COVID-19 environment, higher competitive private sector wages, and anti-police sentiment coupled with negative scrutiny. Law enforcement requires the most upstanding, upstanding, talented and brightest individuals to serve the community as police officers. And without competitive benefits like LB447, we are unable to recruit and retain the very best. Our applications are down well over three-fourths what they need to be. In the past we've seen applicant pools between 1,500 and 2,000 to draw the finest candidates to our academy. And recently we've been-- we've seen our applicant numbers dwindle to a few hundred or less. LB447 will directly impact our ability to recruit and retain quality individuals as police officers. It will allow OPD and agencies throughout Nebraska to draw the best and the brightest from across the entire country. This bill will allow Nebraska to be a progressive, national leader regarding its ability to attract and retain high quality police professionals and their families who will remain in the state of Nebraska. And those individuals as a result of this bill who will be educated by the finest institutions in this country, Nebraska state universities and colleges, those individuals will remain in Nebraska as they sink their roots and plan their futures in a manner that will strengthen the state for generations. Thank you.

**LINEHAN:** Thank you very much. Are there questions from the committee? Seeing none, thank you very much.

**STEVE CERVENY:** Thank you.

**LINEHAN:** Appreciate it.

**BEN HOUCHIN:** Hi. My name is Ben Houchin, B-e-n H-o-u-c-h-i-n. I'm the chief deputy of Lancaster County Sheriff's Office. I'm not going to go into-- keep going over and over everything. I think you've heard it all. But I did want to say I presented this bill in front of the County Board of Lancaster County and they asked some questions. And five to zero they support this bill. So I just wanted to make sure not just law enforcement is in support of this, but they also understand the troubles we're all having here in the state of

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Nebraska. And I do believe strongly and so do they that this will help. Any questions?

**LINEHAN:** Thank you very much. Are there any questions from the committee? Hold on. OK. [LAUGHTER] You, you have to give us [INAUDIBLE]. Good morning.

**TREVOR TOWEY:** Good morning. Thank you, Madam Chair, members of the committee, for the opportunity to address you today. My name is Trevor Towey, T-r-e-v-o-r T-o-w-e-y. I'm the president of the Omaha Professional Fire Fighters and I represent over 680 Omaha firefighters and paramedics. I'm here today as a proponent of LB447. As a professional firefighter and paramedic for over 25 years, I have experienced evolution of our profession firsthand. In many ways, we've made changes that have resulted in a safer profession. But unfortunately, for reasons you've already heard, our profession has become more dangerous with more inherent risk to occupational cancers and mental injury. The result is a less desirable career to attract today's workers. Additionally, in an effort to meet, meet municipal and state budgets, there's been a decade-long trend to reduce health and retirement benefits for firefighters and police. Twenty-five years ago, the promise of a dignified retirement plan after a long career of keeping our community safe was enough to attract a long list of applicants willing to take the risk. Today, that doesn't exist. And another reason for Omaha fire applicants have dropped from 200-- 2,000-plus in the late '90s to less than 500 applicants last year. Reduced retirement benefits have forced retired members to find ways to maximize their benefit by leaving the state for other states with less tax liability on retirement income. Many of our retirees have left Nebraska for states like Florida, Texas, Arkansas, and now even across the river to Iowa. Although this legislation will not equal the income tax benefits of other states, it will provide tax relief for any retire-- retirement healthcare expenses for firefighters. This is a benefit that has already been approved for Nebraska law enforcement and will likely provide some incentive for our retired firefighters in Nebraska to reinvest their retirement income into our state's economy. Providing our citizens with quality and dependable public safety should be considered a top priority. And we must find ways to reverse this trend and meet the needs of our communities. LB447 is a step in the right direction to address this growing crisis. So with that, I'd like to thank Senator Bostar for introducing this legislation. I thank you, Madam Chair, for the opportunity to be here, and I ask the committee's favorable consideration to advance this bill. I'm happy to answer any questions.

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**LINEHAN:** Thank you very much, sir. Are there any questions from the committee? Seeing none, thank you very much.

**TOMAS WEEKLY:** Sir, I need your green sheet.

**TREVOR TOWEY:** Sorry.

**LINEHAN:** Thank you. Are there other proponents? There's room up front, proponents.

**MIKE PERL:** Hello, I'm Deputy Mike Perl. I represent the Douglas County Sheriff's Department and the Fraternal Order of Police Lodge 2 in Omaha. I'm not going to--

**LINEHAN:** Spell.

**MIKE PERL:** P-e-r-l. I don't want to bore you with what everybody else has already said, so I'm going to just move on to what we're facing. Right now, we have an authorized strength of 148 deputies. We have 142. A third of the department is eligible to retire over the next five years. This bill--

**LINEHAN:** The light-- the lights are messed up. Just a second. So slow down. Sorry about that. OK, start again.

**MIKE PERL:** No problem.

**LINEHAN:** It's OK.

**MIKE PERL:** Over the next five years, a third of our department is eligible to retire. We're suffering the same problems at OPD and all the other, other departments in the, in the state are facing. It's getting tougher to recruit from in Nebraska. We've just started over the last couple of years recruiting out of state. This bill would be a tremendous boon to get people to come in Nebraska along with helping maybe keep, and I'm one of them, those officers that are eligible to retire, maybe stay on a few more years to help my kids get through school. I'm going to touch on something some of the other guys did. Our families give up a ton for us to be police officers. I miss more games, show choir events, everything to serve my community, gave up part of my life for the community. This would be a great way to tell our families how much they're appreciated and help them stay here. My kids want to stay here, hopefully, by going to UNL, UNO. It's just a tremendous opportunity for the state to say come to our state, become police officers, firefighters, become a member of Nebraska society. I mean, what better way than to get kids to stay

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here. And we all know what the brain drain that's going on in the state of Nebraska. My kids would stay here as long as I'm here. I know that. So I just wanted to say thank you for bringing this bill forward. I think it'd be a tremendous opportunity for the state. Also, I submitted a letter on behalf of Sheriff Hanson. He wanted to address all of you. He couldn't be here today. So thank you. Any questions?

**LINEHAN:** Thank you very much. Are there questions from the committee? Seeing none, thank you--

**MIKE PERL:** Thank you.

**LINEHAN:** --very much.

**MIKE PERL:** Appreciate your time.

**LINEHAN:** You bet. Good morning.

**CINDY KOENIG-WARNKE:** Good morning, Senators. And thank you, Senator Bostar for sponsoring this bill. My name is Cindy, C-i-n-d-y, Koenig-Warnke, K-o-e-n-i-g-W-a-r-n-k-e. I'm here as a representative of the Lincoln Police Union. I am a 25-year law enforcement veteran and I'm here to testify in favor of LB447. I grew up in rural Nebraska. I'm a daughter of a farmer. As a child, I had big dreams of being a law enforcement officer and serving the citizens of Nebraska. My family did not have a legacy of law enforcement officers, and my parents raised me to work hard to achieve all my goals. When applying for law enforcement jobs, I knew the challenges of becoming and being a law enforcement officer. In August 1997, I started police training at the Lincoln Police Department. One of the hiring requirements at the time of my training was to have a college degree or minimal hours left to complete a college degree. With the financial support of my parents, working three jobs and student loans, I obtained my bachelor of science degree in sociology, and I was motivated and focused and completed my four-year degree in three years. Within two weeks of graduation, I was in the police academy. I established my career and married my husband, a trooper with the Nebraska State Patrol. We had two children, and he also had obtained a bachelor of science degree and had student loans to repay. Our family grew and so did our work and financial demands throughout every phases of their lives. I ask you to support this bill as the first responders of Nebraska provide service to the citizens in their worst moments. With the demands and challenges first responders face, this bill would allow all active first responder children the opportunity to attend college, continue

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to expand their education, and develop job skills without the financial obligation of college expenses and student loans. It is imperative to recruit and retain quality first responders so the citizens of Nebraska continue to receive the best services available for their needs. As I sit in front of you, Nebraska continues to lose law enforcement officers at alarming rate, and this body has the opportunity to change that. The legislative body needs to stop the bleed. It starts with this committee taking action by sending this bill to the floor for full discussion by all 49 senators, because it can have a positive impact and lasting effect on every community of our state. Thank you.

**LINEHAN:** Thank you very much for being here. Are there any questions from the committee? Seeing none, thank you much.

**GARY BRUNS:** Good morning.

**LINEHAN:** Good morning.

**GARY BRUNS:** Good morning, Chair Linehan and members of the Revenue Committee. My name is Gary Bruns, G-a-r-y B-r-u-n-s. I have been a firefighter in the city of Lincoln for 20 years. Before becoming a firefighter in Lincoln, I served with the Army Reserves as a firefighter with the tour in Iraq, in Iraq. I'm here today on behalf of Lincoln Fire Fighters Association, which represents 330 paid firefighters, EMTs, paramedics across Lincoln and South Sioux City. We would like to applaud Senator Bostar's innovative approach to tackling what is an issue in communities all across Nebraska. Chair Linehan, we have a fire and we believe LB447 is a tool to keep that fire from getting out of control and turning into a crisis. Even though I'm here testifying on behalf of Lincoln Fire Fighters Association, I'm also a representative of the Nebraska Professional Fire Fighters, and I'd like to talk about our first class cities. South Sioux City's Fire Department has nine paid fire positions. In the last two years, they have had four members leave for different, different departments within the state and ten members leave for fire departments outside of the same. Fourteen positions that were vetted, hired, and trained just to be lost to other fire departments. McCook's Fire Department has 11 full-time positions, and in the last few years have lost two members to in-state departments and three to out-of-state departments, and they are currently trying to fill three vacancies. The point I'm trying to make is that this isn't an issue that is unique to Omaha or Lincoln, but rather a statewide problem. We're seeing fewer and fewer qualified applicants and more of our members leaving for greener pastures, in many cases right across the

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border. Another important component of LB447 would provide an income tax deduction for retired firefighters for health insurance premiums. I would like to share a story about one of our oldest firefighters in Lincoln, Nebraska. His name is Al. He spent 35 years protecting Lincoln and has been retired since 1989. He has a defined benefit pension, but it does not have a cost-of-living adjustment. As a firefighter, he did not participate in Social Security. The majority of firefighters do not. As such, he wouldn't be eligible for those benefits in retirement. I'd also like to point out that if a firefighter did have secondary employment that paid into Social Security, any eligible benefits would be cut by two-thirds because of the Windfall Elimination Provision, also known as WEP. Al is 92 years old. His monthly pension benefit is \$175. Al still has to work two to three days a week to survive. Offering an income tax deduction for retired firefighters like Al would provide a needed boost to this group of public servants that have unique retirement challenges. In closing, we urge you to unanimously vote LB447 out of committee and onto the floor of the Legislature. Thank you for your time.

**LINEHAN:** Thank you very much. Are there questions from the committee? Seeing none, thank you very much.

**GARY BRUNS:** Thanks.

**JERRY STILMOCK:** Thank you, sir.

**LINEHAN:** Good morning.

**JERRY STILMOCK:** Good morning, Madam Chairwoman, members of the committee. My name is Jerry Stilmock, J-e-r-r-y S-t-i-l-m-o-c-k, testifying on behalf of the Nebraska State Volunteer Firefighters Association and the Nebraska Fire Chiefs Association in support of LB447. Thanks to Senator Bostar for introducing the measure, and we would kindly ask to be considered as an amendment. I discussed with Senator Bostar and his staff of including the volunteers as well. So I here today in harmony with the paid career firefighters and law enforcement representatives behind me. Nebraska communities are served by volunteer first responders. They depend on them for many first-line defenses in all types of emergencies. They are called in a wide array of emergencies: wildfires, structure fires, emergency medical assistance, natural disasters, hazardous material incidents, water rescue emergencies, high angle and confined space emergencies, and many others. This is certainly true what has happened last year with the wildfires. Each time there's a call for services to go off to volunteers across the street-- across the state, they strip away

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their own concerns and needs in order to help others. And they do that repeatedly. In 2019, some of the members of the committee were on the floor of the Legislature in March when the horrific flooding occurred and, and statements made on the floor of the Legislature what was happening back in your own communities. This year, in 2022, with the number of wildfires throughout the state and in April, 42,000 acres burned in Furnas, Red Willow, Frontier Counties. In September, 4,300 acres burned in, in Banner County. In October, the Halsey fire, 15,000 acres. And just in, in October as well in southeast Nebraska, the horrific fires that covered Lancaster County and Gage County. There were over 23 volunteer fire departments in Lancaster County alone that responded to those fires. The-- for, for Nebraska volunteer firefighters and emergency medical personnel, they answer the call when the page goes out, summoning them to drop everything they are doing in their personal lives, and in an instant leave their ordinary lives as ordinary people and become extraordinary people Nebraskans have relied upon for decades, just like members of the paid and career members of volunteer-- of, of paid law enforcement and firefighters. What happens is no one answered the call? And it happens. We, we learn of what's happening throughout the country. But people take for granted that emergency responders, first responders are going to be there when the call goes out. People move for vary-- various reasons within the community. Maybe it's job, maybe it's family, maybe grandpa and grandma getting closer to the grandkids. But I bet you one thing they don't think and, and contemplate, is they're going to be emergency services? And that's what you've heard all morning long. We need to beef that up and we need to help the-- all emergency first responders. Many first responders join as volunteers to give back to their communities. Some have served as sense of pride. Others have joined because of their parents that have gone before them, maybe an aunt, uncle or father, mother. But we believe that the state needs to do something to make sure that we never face the issue of what happens if no one answers the call. We'd appreciate the, the committee to consider an amendment. Thank you for Senator Bostar for even considering it to submit. I have a handout for the staff-- or the members of the committee. I'd ask staff to come forward, please. Appreciate the opportunity to share my thoughts and comments with you this morning. Thank you.

**LINEHAN:** Thank you very much. Are there any questions from the committee? Seeing none, thank you very much.

**JERRY STILMOCK:** Thank you, members.

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**MATT SCHAEFER:** Good morning, Chair Linehan, members of the committee. My name is Matt Schaefer, M-a-t-t S-c-h-a-e-f-e-r, appearing today in support on behalf of the State Troopers Association of Nebraska. We don't have anything to add in addition to what you've already heard, but did want to register our support for the bill and thank Senator Bostar for introducing it and urge the committee to advance it. Thank you.

**LINEHAN:** Thank you very much. Are there any questions from the committee? Seeing none, thank you very much. Next proponent. Good morning.

**JON CANNON:** Good morning, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here today in support and proud support of LB447. First and foremost, like to thank Senator Bostar for bringing this forward. Second, I will, I will mention that while I always feel safe in the Capitol, today is the safest I've ever felt in the Capitol. [LAUGHTER] The folks that are sitting right behind me, this is the why of what counties do what they do. You've heard me here before say, county is responsible for roads, bridges, law enforcement, jails, courts, and elections. A big part of that is-- are the folks right behind me. Not to take away from the firemen, I think Christy Abraham is going to be here to talk about their role. It's not enough for you to say that you've got a sheriff's office in the county. What you have to do is you have to be able to recruit and retain the members that you have there. This is an important piece of, of that whole puzzle. And, and, oh, by the way, the issue with for recruitment and retainment is exasperated in more rural parts of the state. And so, you know, while you've, you've heard from Lincoln and Omaha, what the issues that they've gone through. I, I think Sheriff Wemhoff also Sheriff Olson [SIC] also mentioned in more rural parts of the state what they're, what they're facing and, and how it really is exacerbated when you've got a much smaller force. It's certainly not the magic bullet, but it is an important piece as far as the efforts that we have to make law enforcement-- support law enforcement and firefighters in the state. So with that, I would urge your support. Happy to take any questions you might have.

**LINEHAN:** Thank you, Mr. Cannon. Are there any questions from the committee? Seeing none, thank you very much.

**JON CANNON:** Thank you.

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**LINEHAN:** Good morning.

**CHRISTY ABRAHAM:** Good morning, Senator Linehan and members of the Revenue Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I am here representing the League of Nebraska Municipalities and to join to the voice, the chorus of thanking Senator Bostar for this bill. This certainly is an issue, as you have heard, that's critical across this state, and we really feel this is a critical piece to help with recruitment and retention. The League recently did a survey on this very issue, and we asked municipalities, how are you doing with recruitment and retention of law enforcement and police officers? And what we heard back from cities is that one in four are expressing to us the challenges they are having to recruit firefighters. And over 75 percent of our municipalities reported saying they're having trouble recruiting and retaining police officers. This is a huge issue across the state and we think this is a critical piece to help retain and recruit these first responders. So I'm happy to answer any questions that you might have. And again, thank you, Senator Bostar, for introducing this bill.

**LINEHAN:** Thank you very much. Are there questions from the committee? Seeing none, thank you very much.

**CHRISTY ABRAHAM:** Thanks so much.

**LINEHAN:** Other proponents? Good morning.

**MATT BARRALL:** Senators, thank you for hearing me today. My name is Matt Barrall. I'm the vice president for the Nebraska Fraternal Order of Police. We wanted to extend our thanks to Senator Bostar. I guess, I should spell my name. It's M-a-t-t, last name is spelled B-a-r-r-a-l-l. The Nebraska State Fraternal Order of Police has worked for the last four years on three main points: recruitment, retirement, and retention. This excellently serves as a point for two of those: recruitment and retention. Recruitment specifically for out-of-state officers, we are facing a huge problem in law enforcement with obtaining qualified officers. We are now at the point where we are seeking to get officers from other states and having something like this is an excellent recruitment tool to serve that at. In addition, the retention portion, we can keep our very, very good officers that have families that can then seek to keep their children here in the state of Nebraska and hopefully provide for more meaningful citizens. So on behalf of the Nebraska State FOP, I want to say thank you and show our support for this bill.

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**LINEHAN:** Thank you very much. Are there any questions from the committee? Seeing none, thank you very much. Other proponents? Are there any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Senator Bostar, would you like to close? Oh, wait a minute, do we have letters for the record?

**TOMAS WEEKLY:** Yes, we do. They're on the blue piece of paper.

**LINEHAN:** OK. Thank you. That's helpful. That's very helpful. Good job. We have letters for the record: 18 proponents, zero opponents, and zero neutral.

**BOSTAR:** Thank you, Chair Linehan and members of the committee for your time and attention to this important legislation. Couple of things I wanted to mention. Senator von Gillern, you, you talked about how if, you know, for a recruit that's maybe, you know, 20 years old, right, or, or younger even, how, you know, they're, they're thinking ahead to their children going to college may not be top of mind. And I, I think that's right. And that's, that's part of what we tried to address last year when we gave-- when we did this for the members themselves. So we, we, we created a tuition waiver for the members. So if you know, if you're young and you want to get an education going into, for example, a career in law enforcement is an excellent way of actually making that happen. So, so this is, this is kind of that second piece to try to create a comprehensive plan and strategy for solving the crisis that's currently before our state. The other thing I wanted to just draw your attention to was the fiscal statement. It is-- it's wrong. We've been told by the Fiscal Office as well as the Department of Revenue, that they are making a new one. The numbers in this are too high for a number of reasons, but one of the reasons being that they included pieces that we passed last year into this fiscal note. So basically, if you, you know, you can look at the last year's fiscal note and basically remove all of that and that gets you at least closer to the ballpark. That should be coming out shortly for the committee to review. So I just wanted to draw-- make that point if anyone was looking at it. Also, if you go into the fiscal note, best of luck. With that, I'd be happy to answer any final questions the committee may have.

**KAUTH:** Just one.

**LINEHAN:** Yes, that's fine.

**KAUTH:** The fiscal note that they're redoing, does that include the volunteer firefighters as well?

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**BOSTAR:** No, that wouldn't.

**KAUTH:** OK.

**BOSTAR:** This-- they're redoing just the one--

**KAUTH:** Just this?

**BOSTAR:** --based on the green copy--

**KAUTH:** OK.

**BOSTAR:** --of the bill.

**LINEHAN:** Are there other questions from the committee? Senator Albrecht.

**ALBRECHT:** Thank you, Chair Linehan. Senator Bostar, would you entertain an amendment from the volunteers?

**BOSTAR:** Yeah, no, and, and I had talked to them before. And, and so I'm, I'm eager to work with the committee on, on what we all want to do and how we make this happen to, to provide the best benefits for the largest number of people.

**ALBRECHT:** Thank you.

**LINEHAN:** Thank you, Senator Albrecht. Are there other questions from the committee? OK, I have one. On the committee-- on the amendment for the volunteers, is that just for the retirement deduction or is that for tuition for the children?

**BOSTAR:** I would need to spend more time looking--

**LINEHAN:** OK.

**BOSTAR:** --at what Mr. Stilmock proposed.

**LINEHAN:** And then also, did you talk to University of Nebraska, state colleges? I mean--

**BOSTAR:** Yes.

**LINEHAN:** --who's going to, who's going to pick up the tab on the tuition?

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**BOSTAR:** So-- well, that's a good question. It's mostly waived, right?  
I mean--

**LINEHAN:** It's most-- OK.

**BOSTAR:** --it's, it's a tuition waiver, so it isn't, it isn't paid in.  
And currently, you know, I'll remind the committee, you know,  
enrollment right now at the university is down.

**LINEHAN:** Right.

**BOSTAR:** So we've got empty seats in classrooms. So the idea of, of  
adding some more students to our university system at the moment,  
it's not like we're going to have to build new buildings or hire new  
professors or anything else. So there is a, there is a waived tuition  
component that, that certainly, you know, that would be revenue that  
the university wouldn't get otherwise. But I don't-- I think a lot of  
this is we're going to be adding new individuals. So it isn't exactly  
revenue that they may have received anyway. And the university has  
capacity to take on more students. And I think the marginal cost of  
that don't represent what the revenue with the tuition portion would  
have been.

**LINEHAN:** OK. Thank you for that. Are there other questions from the  
committee? And they have to-- when I say they, the student has to  
stay in the state for four years?

**BOSTAR:** Five years.

**LINEHAN:** Five years after grad--

**BOSTAR:** After, after they've, after they've utilized-- after the  
waiver period concludes.

**LINEHAN:** The student has to stay.

**BOSTAR:** The student would have to stay in the state for five years.  
And that's, you know, this is, this is a, a benefit for career  
retention, but this is also a benefit for, for us here in Nebraska as  
a whole. You know, the-- that age population is what we lose, the  
brain drain of our young and recently educated Nebraskans. I mean,  
they're leaving. And so this is also, I think, a very cost-effective  
way of, of turning that around. And, you know, once these individuals  
stay here for five years, they put down roots, maybe start a family,  
I think that they will-- I think, I think they're in for a long haul.

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**LINEHAN:** OK. Thank you very much. With that-- unless there's other questions from the committee? With that, we'll close the hearing on LB447.

**BOSTAR:** Thank you.

**LINEHAN:** And open the hearing on-- OK. You ready?

**von GILLERN:** OK. We will open testimony on LB497. Welcome, Senator Linehan.

**LINEHAN:** Good morning, Vice Chair von Gillern and members of the Revenue Committee. I am Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n, and I'm from Legislative District 39, Elkhorn and Waterloo. Today, I'm here to present LB497. LB497 is a straightforward bill that affords property tax relief to all Nebraskans by allowing a deduction from federal adjusted gross income the greater of the taxpayer's standard deduction or a deduction in an amount equal to the amounts of their federal itemized deductions, plus any amounts paid for state and local property taxes. Nebraska Revised Statute presently provides for taxpayers to deduct from their federal adjusted gross income the greater of the standard deduction or the amount of their federal itemized deductions. LB497 simply amends this to make the latter amount also include those amounts paid to the taxpayer for state and local property taxes. Nebraskans across the state continue to share with this party their concerns of how high their property taxes are and their frustrations with the financial impact and the harms of high property taxes are having on their lives. This bill, like many that have been introduced this session, is one more small step in providing great-- our great constituents the relief they desire and deserve. I ask the board to quickly approve and advance this bill. So all right, this happened in 2017 when the federal said the cap was \$10,000. We could have-- the state could have separated from that, but we did not. So my first year as Revenue Chair, everybody discovered they couldn't deduct all their taxes paid to the state. It was not pleasant, it was a gift left to me by the former Chairman. Also, if you look at the fiscal note, it's-- this is, as you all know, there were papers flying the first ten days. So there is an error in the bill. I would not ask for it to go back to 2022. It would just go forward. So you could strike the \$40 million and the cost going forward would be \$17,000,312. And I have it-- and hopefully somebody behind me or I can get an accountant or I can ask Chairman Clements, with the fact that you can't deduct whatever you pay over \$10,000, that puts our highest bracket a lot higher. I haven't got the numbers. But before we Exec on this, I will figure

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out what that is, because basically, if you're-- well, especially in my district, there are a lot of people paying over \$10,000 a year in state taxes.

**von GILLERN:** Thank you. Questions from the committee? I have one. The, the, the \$10,000 provision, I, I know there was some conversation around, and maybe some of the other testifiers will talk about the potential for pass-through entities and so on, is that an ongoing conversation? Is there a proposed amendment conversation around that?

**LINEHAN:** I think there are-- this was-- this is a new issue that I didn't quite-- wasn't informed about until very recently.

**von GILLERN:** OK.

**LINEHAN:** I think there are people here that are going to testify and I would, if that is possible, yes, I would entertain that amendment. I just don't have it yet drafted.

**von GILLERN:** Thank you. All right.

**LINEHAN:** Thank you.

**von GILLERN:** Thank you, Senator Linehan. We welcome testimony from proponents. Good morning.

**BOB HALLSTROM:** Vice Chair von Gillern, good morning. Members of the committee, my name is Bob Hallstrom, H-a-l-l-s-t-r-o-m. I appear before you today as registered lobbyist for the National Federation of Independent Business in support of LB497. I believe there's not too much more to add from what Senator Linehan did in her opening describing the need for the legislation. There's a lot of talk at the federal level as to whether or not they will reverse course on the SALT cap deduction. Good luck in that happening anytime soon. As a practical matter, so we believe in light of Nebraska's heavy reliance, excuse me, on property taxes that the SALT cap has had a particularly adverse impact in increasing the SALT tax liability of many taxpayers in Nebraska and LB497 which served to reduce taxpayers' exposure to the adverse effects of the SALT cap. And, Senator, with regard to the pass-through, we have looked at that pass-through. I'm by no means an expert on the issue, and perhaps there is someone else that's going to testify on this, but I, I do know from what I've looked into there's about 27 states that have adopted some form of pass-through SALT tax cap deduction legislation which addresses the impact on those that are shareholders or members

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of S corporation, limited liability companies, and the like. So there is some precedent for other states having, having done that and it does address a little different element of this in terms of this bill only addressing the individual impact on the limitation of your itemized deductions. Be happy to address any question.

**von GILLERN:** Any questions from the committee? Seeing none, thank you, Mr. Hallstrom.

**BOB HALLSTROM:** Thank you.

**von GILLERN:** Next proponent. Good morning.

**JEFFERY R. SCHAFFART:** Good morning, Vice, Vice Chair von Gillern and members of the Revenue Committee. For the record, my name is Jeffery, J-e-f-f-e-r-y, R. Schaffart, S-c-h-a-f-f-a-r-t. I am grateful for the opportunity to testify this morning in support of amending LB497 to add retroactive-- to add a retroactive Nebraska pass-through entity tax law. I am testifying on behalf of myself and on behalf of the Omaha and Nebraska Chambers of Commerce. I have been a practicing attorney at Koley Jessen in Omaha since 2001, and I've represented many Nebraska-based pass-through entities such as partnerships and subchapter S corporations, the majority of which are small and family owned businesses. A Nebraska pass-through entity tax law would, if adopted, address the dire need of making Nebraska's tax system more competitive with other states, while not reducing Nebraska's tax revenue. In essence, for many businesses, such a law would create a rebate financed by the federal government of \$29.60 to \$37 of every \$100 of Nebraska business income tax paid by their pass-through entity. This would result in more money staying in the-- in Nebraska in the hands of Nebraska business owners. By way of background, the Tax Cuts and Jobs Act of 2017 generally limits the amount of state and local taxes that taxpayers can annually deduct from their federal income to \$10,000. This limitation is commonly referred to as the SALT cap. The SALT cap has stung many owners of Nebraska's small and family owned businesses who pay more than \$10,000 in property and state income taxes. I would like to emphasize three points regarding the Nebraska pass-through entity tax law. First, a Nebraska passed-through entity tax law, which is a workaround of the SALT cap that allows business income taxes to be deductible from federal income, should be revenue neutral to Nebraska. For a pass-through entity that elects to do so, it would pay Nebraska, Nebraska business income taxes with its owners receiving a credit for the income taxes paid on their behalf by the pass-through entity. This should not decrease the revenue collected by Nebraska as the same amount of

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state income taxes will ultimately be paid. Second, in November 2020, the IRS approved pass-through entity tax laws, so there is federal support for enacting a pass-through entity tax law which many other states have already done. Finally, Nebraska is at a competitive disadvantage if it does not implement a pass-through entity tax law. Currently, Nebraska is one of just five states that impose an individual income tax that have not yet adopted or proposed a pass-through entity tax law. This is an unacceptable situation for any state that wants to be known as business friendly to be in. Regionally, our neighbors who impose state income taxes: Colorado, which has adopted a law that is retroactive to 2018; Kansas, Iowa and Missouri have all enacted or proposed pass-through entity tax laws; South Dakota and Wyoming do not need one because they do not have state income taxes. For the above reasons, I urge the committee to amend LB497 to add a retroactive pass-through entity tax law. That concludes my prepared remarks. Thank you again for providing me the opportunity to testify about this important amendment. I would be pleased to entertain any questions that the committee may have.

**von GILLERN:** Thank you, Mr. Schaffart. Questions from the committee? Yes, Senator Briese.

**BRIESE:** Thank you, Vice Chair von Gillern. Thank for your testimony here today. Can you provide us with a written copy of your testimony?

**JEFFERY R. SCHAFFART:** Be happy to.

**BRIESE:** That'd be great.

**JEFFERY R. SCHAFFART:** I'll hand it over--

**BRIESE:** Now or later, whenever. Thank you.

**JEFFERY R. SCHAFFART:** All right.

**von GILLERN:** I have one question. The, the revenue-neutral comment that you made is with regards to the proposed amendment for pass-through entities, not the original bill.

**JEFFERY R. SCHAFFART:** Correct,--

**von GILLERN:** OK.

**JEFFERY R. SCHAFFART:** --pass-through-- I'm not testifying about the original bill this morning, proposed amendment.

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**von GILLERN:** Got it. Just wanted clarity. Any other questions? Thank you, Mr. Schaffart. Next proponent. Any other proponents? Any opponents that would like speak regarding LB497? Any neutral testifiers? Seeing neither, Senator Linehan, would you like to close?

**LINEHAN:** Can you have a fiscal note on a--

**von GILLERN:** Yep-- I'm sorry, as you're coming in--

**LINEHAN:** Go ahead.

**von GILLERN:** --forgive me for interrupting you. We have 18 letters from proponents, no opponents, and no neutral.

**LINEHAN:** So this is-- I'm very happy to help with the amendment that Mr. Schaffart brought forth. This was floating around, others have brought this to me. I just had not been aware of it until after-- well, until Sunday. So my understanding of their part is there is no cost to the state. It just helps so I don't know why we wouldn't do that. On the other part, I would love to do this. It would be very, very helpful to my district. But it all depends on how much else we do and all the conversations we're going to have with the Governor about what we can and can't afford to do this year. But I am happy the fiscal note is not larger than it is. Somehow it has gone down, which I think has to do with our top rate coming down so we're making progress. So--

**von GILLERN:** Very good. Any questions for Senator Linehan from the committee? Thank you for testifying today.

**LINEHAN:** Thank you. Good morning. Open the hearing on LB492. Welcome, Senator von Gillern.

**von GILLERN:** Good morning, Chairwoman Linehan and the members of the Revenue Committee. I'm Senator Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n, representing Legislative District 4. I'm presenting today on LB492 which deals with the expensing of machinery and equipment as well as the expensing of research and experimental investments. The Tax Cuts and Jobs Act of 2017 temporarily eliminated the factory tax. While this was a very pro-growth change, those eliminations are now set to expire. The factory tax allowed for full expensing and immediate cost recovery when filing federal tax returns for business property with an asset life of 20 years or less. The assets covered by the federal changes included machinery and equipment but also include assets such as new tools, heating systems, and computer software. Beginning January 1, 2023, the ability to

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fully expense goes away, effectively raising taxes on these investments and disincentivizing upgrades and future investments. Under provisions in the Tax Cut and Jobs Act of 2017, the innovation tax on research and experimentation had also been made fully and immediately deductible. This ended on January 1, 2022, and now these costs must be amortized over a five-year period. Innovation is a critical component of both our national and global competitiveness. Nebraska should welcome businesses, businesses looking to bring new ideas to the forefront. LB497 would decouple from these two provisions of the federal tax code and allow for full expensing on the factory tax and allow for the full and immediate deduction of research and experimentation expenses. I appreciate the opportunity to introduce this legislation. Being more business tax friendly could help both attract new businesses to our state, as well as encourage businesses with a presence in Nebraska and other states to relocate business operations to Nebraska. I'd like to bring to the committee's attention-- bring the committee's attention to the white copy amendment that's brought forward today. It's a very simple amendment that adds cooperatives, corporations, and their patrons to the bill. And thanks to the co-ops for bringing to our attention to include them in this legislation. The anything we can-- anything we can do to help these business entities keep Nebraska competitive and encourage research and development is a win for our state. I believe that LB492 supports these policies. Lastly, I just wanted to-- not part of my prepared remarks-- I just want to point out that the majority of the, the companies that are taking advantage of this, of this accelerated deduction or accelerated amortization are manufacturing companies, their production companies, they are employing large numbers of tradespeople and blue-collar workers. They're, they are huge employers within our state. I'd rather not say on the record who they are, but I think you can imagine who those big manufacturing companies are from Omaha all the way up to Scottsbluff and, and in between. So they represent a dramatic number of jobs and create opportunities for workers and, and to a great extent in ag communities. And we all know that many farmers are-- they hold down two jobs in order to be able to farm. Many of them farm and, and they have a job at a production facility or within the town near-- nearby where they reside. So it's important to businesses all across the state, and I encourage you to support LB492. Any questions?

**LINEHAN:** Thank you, Senator von Gillern. Are there questions from the committee? Seeing none, thank you very much.

**von GILLERN:** Thank you.

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**LINEHAN:** Are there proponents? Good morning.

**NICOLE FOX:** Good morning, Senator Linehan, members of the Revenue Committee. My name is Nicole Fox, N-i-c-o-l-e F-o-x, here representing the Platte Institute. And I thank you for the opportunity today to testify in support of LB492. The Platte Institute supports policies that make it easier to start and grow businesses in Nebraska as well as retain and attract a talented workforce. LB492 is one such piece of legislation and I want to thank Senator von Gillern for introducing it. So under current law, the Tax Cuts and Jobs Act was passed and it was passed as part of the budget reconciliation process and it included pay-for provisions. Two of those provisions were sections 174 and sections 168. So under Section 174, federal tax law has treated research and experimental costs as fully and immediately deductible since 1954. So the first provision ended the full expensing of research and experimentation costs in the year they were occurred effective January 2022. So this bill had been brought forward last year and so we have surpassed this. But of course, going forward, those companies that incur research and experimentation costs could go back to the full expensing, so they would just lose out on one year. So what are research and experimentation expenditures? They are things such as those that deal with the improvement of a product, direct cost, such as labor, materials used in the development process, third-party consultants and attorneys fees to, to secure a, a patent. States automatically conform to Section 174 of the IRC, and now domestic R&E costs must be amortized over five years. Also, Section 168, and this is the part where pre-- prior to the TCJA, manufacturers could do 50 percent bonus depreciations for business property with an asset life of 20 years or less. That includes machinery, equipment, but also things such as roads, heating systems, and computer software. The Tax Cuts and Jobs Act eliminated this provision and allowed actually full expensing and immediate cost recovery for this type of property so similar-- treated it similar to labor. Like Section 174, states automatically conform to Section 168 and it's the second pay-for for the Tax Cuts and Jobs Act. And so what will happen is they will have to sequentially phase down their bonus depreciation as opposed to full expensing of costs in the first year they were incurred. So in fact, what happens is things will now be worse for businesses than they were before the Tax Cuts and Jobs Act was passed. Last year, the Legislature passed LB873 and put Nebraska on the right path as far as being more competitive in terms of its tax rate. And this year we have LB804 and LB754. But again, this upcoming change to federal law actually makes us take a step backward. It increases business as

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taxable income. So-- and I have there a copy of the new schedule that will be effective as of this tax year. So the federal tax code, like I said, is, is phasing out or the changes made to pay for the Tax Cuts and Jobs Act so states are encouraged to preserve good parts of the Tax Cuts and Jobs Act for their state tax code. If Nebraska remains conformed to these two provisions, these federal tax changes will ultimately result in a tax increase for businesses that invest in either R&E or invest in machinery and equipment for short-lived assets. LB492 proposes to improve Nebraska's tax code by decoupling Nebraska from provisions of the 2017 Tax Cuts and Jobs Act dealing with business investment costs. Under LB492, companies will have a choice whether to follow federal amortization or to fully expense machinery, equipment, and research in the tax year they were incurred. Having this option to continually-- continue to fully expense helps businesses in our state avoid a tax increase on these investments. Full expensing of business investments in the tax year they are occurred is a pro-growth dollar-for-dollar tax reform, especially in times of high inflation. It benefits businesses by providing them the opportunity to reinvest in more modernized technology to expand production capacity and to invest in their workforce. Productivity growth is directly related to wage growth. The provisions of LB492 serve as one tool to help grow Nebraska and make it more economically competitive. As American businesses weigh the importance of restoring their supply chains, they will consider the tax treatment of new capital investments in the states. Nebraska can stand out as a welcoming capital investment by providing full expensing in its tax code. Oklahoma and Tennessee passed similar proposals last year and this year we are anticipating Kentucky, Louisiana, and Utah will be discussing the full expensing proposals. It is a pro-growth tax reform that's been Nebraska's tax policy for the last five years. And so it's important that we continue to make Nebraska business friendly. It, it-- OK.

**LINEHAN:** Thank you.

**NICOLE FOX:** And if anyone wants me to talk about the fiscal note, I'm happy to do that, too.

**LINEHAN:** OK.

**NICOLE FOX:** All right.

**LINEHAN:** Are there any questions from the committee? You have a few moments on the fiscal note.

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**NICOLE FOX:** OK. So-- and I provided copies of both Oklahoma and Tennessee's fiscal notes. So just a little bit of background. We had called the Department of Revenue when we were looking at introducing this bill a couple of years ago, and we were told that there was no way to estimate how much this would cost the state, because essentially what the fiscal note represents is the cost. It's not the state will not be losing revenue. This is revenue that the state stands to capture because they're not collecting this revenue now. But at the time they were-- we were told that there would be no way to estimate because we've never collected the R&E tax and then they've been full expensing for the other. So again, I would say that the fiscal note really what it represents is the tax increase on Nebraska businesses.

**LINEHAN:** OK.

**NICOLE FOX:** So, yeah, and just kind of an extra side note, too, Michael Lucci, who spoke in front of this committee last week. He says that if the Legislature would pass both LB754 and LB492, we would probably increase our ranking from 30 as far as, you know, business tax friendly to being in the top ten. So just put that in there.

**LINEHAN:** OK. Thank you very much. Appreciate it. Are there other questions from the committee? Seeing none, thank you--

**NICOLE FOX:** All right.

**LINEHAN:** --very much. Other proponents?

**BRYAN SLONE:** Good morning.

**LINEHAN:** Good morning.

**BRYAN SLONE:** Chair Linehan and members of the Revenue committee, my name is Bryan Slone, B-r-y-a-n S-l-o-n-e. I'm president of the Nebraska Chamber of Commerce and Industry and I'm here today speaking on behalf of the Nebraska Chamber, the Lincoln Chamber of Commerce, the Greater Omaha Chamber of Commerce, and NFIB Nebraska. As, as we look out as organizations to the interest of businesses both large and small within the state, the question of, of competitive ability to create jobs and opportunities within our state requires us to continue to encourage those builders and employers and innovators to drive economic growth in each of our communities. LB492 is an important step in this process. As Ms. Fox from the Platte Institute mentioned in her testimony, this bill would decouple Nebraska from

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the provisions of the federal Tax Cuts and Jobs Act and allow our businesses engaged in research and experimentation the option of receiving immediate cost recovery for investments in R&E, machinery, and equipment rather than simply depreciate them generally over five years. And at this point, I'm going to deviate from my testimony and, and written testimony and just summarize a couple points. This is, is solely a timing issue in the, in the tax code. So it's a question of whether you expense something in the first year or whether you depreciate it over five. In the end, the same amount of taxes get paid. It's just a timing issue of whether the, the government has the interest value of that money over time or the taxpayers have the interest value of that time. I realize the mysticism of, of revenue estimates as, as much as anybody and also appreciate the people that, that, that make them. Essentially what-- if, if the revenue estimate is, is correct, let's just assume for that-- this purpose it is, its interest effect is generally around \$40 million a year. Essentially what would, would happen and we, we have this at the beginning of the tax jobs-- Tax and Jobs Act [SIC], the, the failure to decouple would create a tax increase in the state of about \$40 million on businesses within the state compared to what they paid last year. Generally, what you should see with, I would think, in the fiscal note is, is that there would be initial tax costs for the first year, but then 80 percent of that should come back over the, the next five years. And then ultimately businesses will pay the same amount of tax. But in the end, what, what really matters in terms of what the effect of this is, is it was probably one of the signature pieces of that, of that act, federal act, at the time. Tax Foundation once estimated it increased GDP in the United States by 1 percent. It was very significant in the economic growth we've had since then. One percent of Nebraska's GDP is, is \$1.2 billion. And even if it's state only, provision is only going to produce 10 percent of the effect. That would still be \$120 million of GDP growth in, in Nebraska. Those are back-of-the-envelope numbers, and I'll be the first to, to admit it, but this is, this is a timing difference, a tax increase that will happen absent state action. We've done this before as a, as a state. The Legislature before has decoupled where we create a tax increase. This is, this is one of those times. It just happens it's five years-- several years later because this is a sunset provision that creates a tax increase rather than the initial bill itself. And with that, I will take any questions that the committee might have.

**LINEHAN:** Senator Briese.

**BRIESE:** Thank you, Chair Linehan. Thank you for your testimony here today. What exactly is Section 168 equipment?

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**BRYAN SLONE:** So generally speaking, it's short-- short-lived equipment. And so for small business and big businesses, it would be any equipment from computers to-- for the manufacturing industry, the manufacturing equipment they put on the floor to bend sheet metal to build combines to, to do whatever.

**BRIESE:** Sure. Where I come from, I'm more familiar with Section 179--

**BRYAN SLONE:** Correct.

**BRIESE:** --and that's why I was querying [INAUDIBLE].

**BRYAN SLONE:** Right. And it's, it's the same concept. It's, it's the same sort of concept, which is we've done this off and on federally for decades to generate economic activity and, and, and generally it does. And it again, it's just a timing issue. You're either going to get the expensing or depreciation, but buying-- by going to expensing instead of depreciation, it tends to accelerate investment in equipment. Right now, for most of our industries, ag and manufacturing, I'll just take those two, as ag moves to precision agriculture there's a lot of investment in, in new equipment. As manufacturing moves to manufacturing 4.0 in Nebraska and tries to be competitive, there will be a lot of new sophisticated equipment purchases and even for small businesses. Everybody's a technology company at this point, seemingly.

**BRIESE:** Yeah. OK. Thank you.

**LINEHAN:** Thank you, Senator Briese. Are there other questions?  
Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan. And thank you for being here for your testimony. Just curious. Based on your experience and, and your, I think, vast knowledge base, when the initial Tax Cuts and Jobs Act passed in 2017, did we see a big influx of businesses coming to Nebraska?

**BRYAN SLONE:** Yes.

**DUNGAN:** Can, can you give me an example of some of those that came into Nebraska because of that tax cut?

**BRYAN SLONE:** Yeah. So I, I think what we saw is in, in general effect, I think it's the fastest growing industry during COVID by far was, and I, I shouldn't say this because ag had some pretty good years as well, but the fastest growing industry in the state was

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manufacturing. There's been a "redomestication" of manufacturing from overseas to the United States. That trend has been going on for, for the last five or six years. It really related a lot to this. It did relate, relate also to some of the supply chain issues, but it really related to, to the United States went to full expensing of equipment up front. And so as manufacturers expand to their production lines, they were allowed to expense that currently rather than deduct it as depreciation over five years. That made the capital investments much more attractive in the United States than building a plant in Mexico or Canada or China or wherever.

**DUNGAN:** And so decoupling this and then continuing with these the way it currently is in, in Nebraska, you believe is going to add to jobs as well then--

**BRYAN SLONE:** Yeah, absolutely.

**DUNGAN:** --manufacturing jobs?

**BRYAN SLONE:** One out of every ten jobs in the state, nonfarm jobs, one out of every ten nonfarm jobs in Nebraska is manufacturing. It is, it is our largest industry by, by GDP. Ag is our largest industry by, by certain other measures. It's very significant. And so there are a number of-- lots of manufacturers actually looking to put on new lines and the two restrictions are just the capital cost and, of course, the workforce issue.

**DUNGAN:** Thank you.

**LINEHAN:** Thank you, Senator Dungan. Are there other questions from the committee? So let me understand this. So the federal, the federal acceleration is going away at sunset.

**BRYAN SLONE:** Unless Congress takes action this year.

**LINEHAN:** So but we don't-- is there talk about them taking action?

**BRYAN SLONE:** There is certainly lobbying efforts at the same efforts at the federal level. This is more than, than we know and some degree of speculation, but, but on a speculation on my part. There are advantages when you write federal tax legislation under their fiscal note rules--

**LINEHAN:** Yes, I understand.

**BRYAN SLONE:** --to sunset things after five years.

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**LINEHAN:** Yes.

**BRYAN SLONE:** It was clearly President Trump's intention--

**LINEHAN:** Right.

**BRYAN SLONE:** --in my mind to extend this after the five years was over. He just wasn't there to extend it. And so I think there are-- I know there are, from our colleagues in Washington, they're the similar efforts going on in Washington right now. But this is really important to do now as we sit here on February 8, because businesses are making decisions on where they're going to buy-- whether they're going to buy equipment, but also where they're going to place it. We have a lot of manufacturers who have various sites in different states, and this will make Nebraska much more competitive compared to those other sites.

**LINEHAN:** OK. Are there other questions from the committee? What I would like, and I'm not expecting you to do this here because it's too complicated, but I would like to have you explain to the committee, maybe you can do it in writing or a chart or whatever, how this interacts with Imagine Nebraska.

**BRYAN SLONE:** Yeah.

**LINEHAN:** Because how incentives-- I mean, I just don't want double.

**BRYAN SLONE:** Right. So I, I think in, in a nutshell, I might be able solve it here, too. So when you, when you provide somebody an incentive, it is actually an additional payment oftentimes in terms to, to create some sort of action investment or something like this. These are, these are actual deductions. There's no-- no taxpayer takes advantage of this, is going to get \$1 of more deductions over time. It's simply whether you're going to--

**LINEHAN:** But wouldn't they, if they invested-- let's just take somebody really big, \$50 million in new equipment, wouldn't they qualify under Imagine?

**BRYAN SLONE:** If they qualified under the other criteria.

**LINEHAN:** Right. So that's what I need to understand.

**BRYAN SLONE:** I mean, many of the criteria require a certain amount of jobs. Yes.

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**LINEHAN:** I think the committee needs to understand how this interplays or does not interplay with the other incentives. I know, this is-- I get what this is, but what is the interplay with the other incentives?

**BRYAN SLONE:** Yeah. So it would not affect the other incentive qualifications. This is really just a depreciation of amortization function. Are we going to amortize the expensing of equipment over five years? Are we going to allow them to expense it the first year?

**LINEHAN:** Yes, I get that. OK. Any other questions? Seeing none, thank you very much.

**BRYAN SLONE:** Thank you very much.

**LINEHAN:** Are there other proponents? Any other proponents? Any opponent? Oh, you are a proponent. OK, good. Good morning.

**ADAM FESER:** Good morning. And I look down, I see I have good afternoon. I must have thought this is 1:30. Chairman Linehan and members of the Revenue Committee, my name is Adam Feser, A-d-a-m F-e-s-e-r. I'm the director of cooperative advancement for the Nebraska Cooperative Council. The Council is a statewide nonprofit trade association representing nearly all of Nebraska's supply and marketing agricultural cooperatives and several rural electric and telephone cooperatives as well. LB492 provides that beginning January 1, 2023, federal adjusted gross income or federal taxable income for corporations be reduced by amounts used in expensing depreciable business assets. I probably don't need to go into all of this since a lot of this has been covered, but I did want to say that full expensing is a means for taxpayers to recover their costs for certain expenditures in depreciable business assets by immediately deducting the full cost of such expenditures. With the expiration of federal law, there's been a-- created a tax increase on business investment, which in view of inflation, interest rates increase, and a commercial property insurance crisis, could not have come at a worse time for Nebraska's farmer-owned cooperatives. From 2021 to 2022, Nebraska farm owned-- farmer-owned cooperatives reinvested nearly \$183 million in property, plant, and equipment to serve their respective farmer patron's needs. Nearly all these investments were made in rural communities to expedite the storage, handling, and delivery of farm inputs such as fertilizers, farm chemicals, fuel and feed and the transportation, storage, and handling of farm commodities. These activities are the backbone of the rural economy. Agricultural cooperative corporations are pass-through entities for state and

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federal tax purposes. Profit and loss-- profits and losses of these farmer-owned enterprises are passed through to the farmer members on a patronage basis at the end of each year. To the extent allowed, tax deductions for expensing and domestic production activities are routinely passed through to the farmer patrons of cooperatives if they cannot be used at the cooperative level. The Cooperative Council supports LB492 with the amendment Senator von Gillern discussed which amends Section 4 of LB492 to include cooperatives and cooperative patrons in the list of other pass-through entities such as corporations having an election in effect under subchapter S of Internal Revenue Code, partnerships, a limited liability company, estates, or trusts to allow the deduction to be claimed by shareholders, partners, members, or beneficiaries in the same manner as those shareholders, partners, members, or beneficiaries account for their proportionate shares of the income or losses of the corporation, partnership, limited liability company, estate, or trust. That was a mouthful. The Nebraska Cooperative Council thanks Senator von Gillern for bringing this important piece of legislation and for working with us to ensure Nebraska's farmer-owned cooperatives are included. If you have any questions, I will try my very best to answer them.

**LINEHAN:** Thank you very much. Are there questions from the committee? Seeing none, thank you for being here. Are there other proponents? Are there any opponents? Is there anyone wanting to testify in the neutral position? Senator von Gillern, would you like to close?

**von GILLERN:** Sure.

**TOMAS WEEKLY:** I believe they had letters.

**LINEHAN:** Oh, I'm sorry. Thank you. Thank you for the reminder. And they're a different color. They're over there. We had one proponent, one opponent, and one neutral.

**von GILLERN:** OK. Again, thank you to the members of the committee. Just want to boil this down. There are several folks that testified together, and I'm sure got much better grades in accounting than I did. But back in the day, in my previous life, when I was running a business, I would call on those people to advise me on how to make good decisions. And in the decision that this would make as a business owner, business operator is, is, is determining what can I-- if I incur the costs this year, can I expense it this year? And if I can, the result of that is I'm more likely to reinvest that money this year. And that's the short version. Again, it does not impact--

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the passing of LB492 would not impact revenue to the state in, in any means other than the time value of that money. And the time value of that money is much more valuable to the business owner and the business operator or the manufacturing firm so they can turn around and reinvest that benefit back into new equipment year over year over year and again benefit their workers. So with that, I will keep my closing brief and take any questions.

**LINEHAN:** Are there questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan, and thank you, Senator von Gillern. I just want to make sure I understand some of the fiscal note here. And I think the Platte Institute spoke to this. And obviously it sounds like what we're doing here is not allowing the sunset provision to change. And so I, I think I understand the Platte Institute's argument or at least interpretation of the fiscal note that this \$29 million or \$45 million is money that we're not losing necessarily, it's just taxes that would be forecasted out that now we're losing because we're extending the, the break essentially. My, my question, I think, is the Governor's budget, we have a lot of moving parts going on right now. Last week, we heard a lot of testimony about ten-year projections and things like that. Do you have any idea if the projections we've heard from the Governor and the folks that, that were here testifying took into account this money? Were they counting on this money coming back into our coffers? And is this going to screw that up moving forward, or were they assuming the passage of this and so they're not counting on that as part of the budget?

**von GILLERN:** That's a really good question that crossed my mind about an hour before I walked in here this morning and I honestly do not know the answer, but I will find out.

**DUNGAN:** I'm just curious for planning, yeah.

**von GILLERN:** Thank you. No, it's a great question.

**DUNGAN:** Thank you.

**von GILLERN:** Yeah.

**LINEHAN:** Thank you, Senator Dungan. Any other questions? I would like you to talk to the Fiscal Office about the fiscal note.

**von GILLERN:** Yeah.

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**LINEHAN:** Because--

**von GILLERN:** Yeah.

**LINEHAN:** --if this passed in 2017 and our revenues have been pretty good since 2017 to the point of excellent, how would--

**von GILLERN:** Yeah.

**LINEHAN:** --it doesn't make sense. I mean, just talk to them, talk to--

**von GILLERN:** Yeah. My, my understanding of this fiscal note is not the impact of LB492 being passed, it's the impact if LB492 doesn't get passed. Does that make sense?

**LINEHAN:** Right. But, but let's get that--

**von GILLERN:** Yeah.

**LINEHAN:** Yeah.

**von GILLERN:** I agree.

**LINEHAN:** It's a, it's a difficult-- Fiscal Office has got a lot to do so it's--

**von GILLERN:** Agreed.

**LINEHAN:** Yeah. OK. Any other questions? Oh, yes, Senator Briese.

**BRIESE:** Thank you. Your point here again is it's more of a question of timing,--

**von GILLERN:** Yes.

**BRIESE:** --state is going to get the money eventually.

**von GILLERN:** Absolutely. Absolutely.

**BRIESE:** OK.

**von GILLERN:** If there's \$100,000 tax liability, if, if this were allowed to sunset or, or not, not take place, if I've got \$100,000 tax liability, I'll-- and, and it's a straight line depreciation over the next five years, I'll get a \$20,000 tax deduction each of those

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five years, rather than taking that \$100,000 deduction this year and then being able to reinvest immediately.

**BRIESE:** So if we're worried about whether it's being accounted for in the budget or not, again, it's, it's coming to us-- coming to the state at some point anyway.

**von GILLERN:** Exactly. And we call it a tax deduction, as we all know in the Revenue Committee, is not, is not direct tax payments as if it were a credit, it would be some 30 to 40 percent depending on what the rate would be in that area. Yeah. Thank you.

**LINEHAN:** Looks like we have consent bills.

**von GILLERN:** I'm in. Move to go into Exec.

**LINEHAN:** All right. With that, we'll bring the hearing of LB492--

**von GILLERN:** Thank you.

**LINEHAN:** --to a close.

**LINEHAN:** Our hearing today is the public part of your legislative process. This is your opportunity to express your position on the proposed legislation before us today. We do ask that you limit or limit handouts. If you are unable to attend the public hearing and you would like your position stated for the record, you may submit your position and any comments using the legislative website by 12 p.m. the day prior to the hearing. The letters emailed to a senator or staff member will not be part of the permanent record. If you are unable to attend and testify at a public hearing due to a disability, you may use the Nebraska Legislature's website to submit testimony, written testimony in lieu of in-person testimony. To better facilitate today's proceedings, I ask that you follow the following procedures. Please turn off cell phones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutrals, and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We need 11 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you. When you begin to testify, please state and spell your name for the record. Please be concise. How many people are going to testify on this first bill? OK, we'll go 5 minutes, but stay in the 5 minutes, green, for four. Yeah, green light for four and then a

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yellow light, you should be wrapping up. If there are any wishing-- OK, covered that. Your remarks were reflective. If your remarks are reflected in previous statements or you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so that our transcribers can hear your testimony clearly. I'd like to introduce committee staff. To my immediate right is legal counsel, Lyle Wheeler, to my left is research analyst, Charles Hamilton, and to my left at the end of the table is committee clerk, Tomas Weekly. Now, I would like the committee members to introduce themselves, starting at my far right.

**MURMAN:** I'm Senator Dave Murman from Glenville, District 38. I represent eight counties along the southern border in the middle part of the state.

**BOSTAR:** Eliot Bostar, District 29.

**von GILLERN:** Brad von Gillern, District 4.

**ALBRECHT:** Senator Joni Albrecht, District 17, Wayne, Thurston, Dakota, and a portion of Dixon County in northeast Nebraska. Welcome.

**DUNGAN:** George Dungan, LD26, northeast Lincoln.

**LINEHAN:** If our pages, our page, just one page. Oh, no. Our pages could stand up. This afternoon, we have Amelia, who is at UNL studying political science, and Kaitlyn, who is at UNL, also a junior. I'm sorry, also studying political science. Please remember the senators may come and go during our hearing as they may have bills to introduce in other committees. Refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us as a critical part of our state government. With that, we will open on LB318. Welcome, Senator Bostar.

**BOSTAR:** Thank you, and good afternoon, Chair Linehan and fellow members of the Revenue Committee. For the record, my name is Eliot Bostar. That's E-l-i-o-t B-o-s-t-a-r, and I represent Legislative District 29. I'm here today to present LB318, a bill that establishes the child care tax credit and reauthorizes the school readiness tax

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credit. Affordable and accessible childcare options are essential to Nebraska's families and our economy. Without adequate childcare options, working parents are unable to participate fully in the labor market, support their households or spend their earnings in their community. Children miss out on important child development opportunities. Employers face losses as they struggle to find workers. Lack of adequate, affordable childcare is an acute problem in Nebraska. The most recent data from the Bipartisan Policy Center shows there are over 20,000 children in Nebraska who do not have access to care. This problem requires a two-pronged solution, one that directly assist parents and one that directly assist caregivers. It's important to recognize how we currently fund childcare in Nebraska through fees or tuition. Parents pay the vast majority of the cost to run a child care facility. There are inherent constraints and limitations in this industry. For health, safety and educational attainment reasons, we can only have so many kids per child care worker. To accept more children into a facility, the facility must hire more workers and possibly expand the physical space of their facility. They must purchase more food and supplies for the children in their care. We all know that the cost of rent, labor and food has gone up significantly, causing the cost of child care to increase as well. Meanwhile, due to the same cost increases, the budgets of families get squeezed tighter and families start to wonder if it simply makes more financial sense for one parent to stay home instead of work. Think about that. The cost of child care is so high right now that it often makes more financial sense for one parent to simply leave the workforce. Forcing workers out of the workforce is the opposite of what we need to be doing in Nebraska, where we already have a labor shortage. And we can't forget single parents who don't even have that as an option. In Nebraska, it is estimated that single parents spend 54 percent of their income on child care. While inflation has certainly made this problem worse, lack of adequate childcare is a problem that has existed for years. This problem is not occurring because our childcare providers are price gouging families. It's quite the opposite. Childcare providers charge parents just enough to cover their costs of service. Childcare workers are some of the lowest paid employees in our state. The poverty rate for early child, early educators in Nebraska is 29.2 percent, much higher than the Nebraska workers in general, which is 10.1 percent, and it's 11.2 times as high as for K through 8 teachers, which is 2.6 percent. Not only is the pay inadequate, but the work is physically and mentally exhausting, making a career in this industry difficult and unattractive. As a result, we have seen increasing numbers of people leave this field, forcing remaining childcare operators to further

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limit the number of children they accept or simply close their programs altogether. The Nebraska Department of Labor reports that at least 40 percent of the workforce has been in the field for less than a year. This high turnover rate means that children are not receiving consistent care from the same providers, which can cause stress and complications for both the children and parents. Rural Nebraska in particular has been impacted, experiencing a 12.2 percent drop in family child care home providers since 2019. Unless we start to truly invest in our state's child care industry through legislation such as LB318, we will continue to see Nebraska's young families leave for better opportunities. LB318 was designed to ensure parents stay in the driver's seat when it comes to their kids while supporting a critical private industry that faces inherent constraints in their business model. It does so in three ways. First, the bill offers a tiered refundable tax credit for parents with children in childcare. Second, the bill incentivizes the private industry by offering a tiered, nonrefundable tax credit to individuals, companies or other taxpaying entities who make a financial contribution to increase the availability of quality childcare options in our state. Finally, the bill reauthorizes the school readiness tax credit program, a refundable and nonrefundable tax credit to support our childcare employees and providers. This legislation addresses the industry's three biggest concerns: accessibility, affordability and sustainability. LB318 encourages private entities to invest in the child care industry, increasing capacity in areas that need it the most. It also provides financial support to childcare employees and providers, incentivizing them to remain in this crucial field. Finally, it helps working parents afford the cost of care, thus sustaining an industry that relies heavily on parent fees just to break even. Those who will testify after me will expand more fully on the context and individual components of the legislation. With that, I thank you for your time and I encourage you to support LB318. I'd be happy to answer any questions you might have.

**LINEHAN:** Thank you, Senator Bostar. Are there questions from the committee? How did you connect, how did you come up with the, we settle the federal tax credit on the 1,000 to 5,000 and house, household income. What, what benchmarks did you use for household income?

**BOSTAR:** To the, the childcare tax credit provision?

**LINEHAN:** Or maybe there is none. I'm sorry.

**BOSTAR:** But, I'm sorry.

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**LINEHAN:** OK. So, is the tax credit on the first one, is that, there is no income on it?

**BOSTAR:** There--

**LINEHAN:** I'm sorry.

**BOSTAR:** So the refundable tax credit, there is income limits.

**LINEHAN:** Okay.

**BOSTAR:** So it's, and that, and that changes how much tax credit is valued at. So at less, at under \$75,000 of household income, it's \$5,000 per child. Between \$75,000 and \$150,000, it's \$3,000 per child, and \$150,000 to \$200,000 is \$1,000 per child. So I guess, I guess you could say the cap was \$200,000 household income.

**LINEHAN:** Thank you. And that's, I didn't, I didn't ask the question accurately. How did you choose the income levels? Are they based on, like you see a lot of things that say 200 percent of poverty or 300 percent of poverty, is this 100 percent of the average wage or, so is, was there a.

**BOSTAR:** On that note, actually, it's all, all. We worked with providers to determine these.

**LINEHAN:** OK.

**BOSTAR:** But on that front, too, there is a, I think, 100 percent of poverty level. There is a tax credit that you're eligible for that functions as a child tax credit. So if you're at the poverty line or below, you can receive the, the tax, the refundable tax credit regardless of your child care expenses.

**LINEHAN:** OK.

**BOSTAR:** So even if, for example, your family, that is, you know, you have a parent that stays home with their, with their kid and you're in, at the poverty level, you can claim the tax credit occurrence.

**LINEHAN:** And that's both federal and state?

**BOSTAR:** As far as the poverty line?

**LINEHAN:** For the, for that credit that you just described, yes.

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**BOSTAR:** Well, it's refundable. So it's, it's, yeah, I mean, the state would be granting you, it could be used to offset your, your state income taxes.

**LINEHAN:** OK.

**BOSTAR:** But if your state income taxes were below that, which they certainly would be, if you weren't at 100 percent of that, then yes.

**LINEHAN:** They get Earned Income Tax Credit.

**BOSTAR:** You would get support just from the state.

**LINEHAN:** OK, perfect. Other questions from the committee? Senator Briese.

**BRIESE:** Thank you, Chairwoman Linehan. And thank you, Senator Bostar for bringing this. What is the federal poverty level?

**BOSTAR:** So I believe, I believe for a family of four, and this will be verified by the individuals who will testify behind me, but I believe it's \$27,000. For a family of four, would be the 100 percent of the federal poverty. Did that answer your question?

**BRIESE:** To qualify for the refundable income tax credit, total household income is less than or equal to 100 percent of the federal poverty level.

**BOSTAR:** That's, that's one of the ways you can qualify for the tax credit. So, again, if you just, if you're at the poverty line, you can get it regardless of your expenditures in child care.

**BRIESE:** That isn't over there, I see that now. OK. Very good. Thank you.

**BOSTAR:** Thank you.

**LINEHAN:** Thank you, Senator Briese. Senator von Gillern.

**von GILLERN:** Yes. Senator Bostar, I think on the three parts you explain the, the child care tax credit is for the benefit of the parents and the families. And then the third part, the school readiness tax credit benefits employees that are providing child care. The one in-between, does that benefit daycare provider companies or companies that provide daycare for their employees?

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**BOSTAR:** It's a mechanism to have private industry make investments in child care. And so if, if anyone essentially. If a taxpaying entity were to make these kind of contributions to support or expand and improve access to child care options, they would be eligible for the, for the tax credit.

**von GILLERN:** Okay. So that would be, that tax credit would accrue to the business that is, that is improving--

**BOSTAR:** Sure.

**von GILLERN:** --access to child care for maybe their employees.

**BOSTAR:** It's a way to incentivize.

**von GILLERN:** OK.

**BOSTAR:** In general, I mean where it's needed and that, the amount of the credit changes, depending on the circumstances of the support for the, for the childcare.

**von GILLERN:** OK.

**BOSTAR:** But yes, it's, it's a mechanism to try to bring in private money to support child care systems.

**von GILLERN:** OK. And then, I think that answers my questions. Thank you.

**LINEHAN:** Thank you, Senator von Gillern. Any other questions from the committee? Seeing none. You'll be here to close?

**BOSTAR:** I will, yes. Thank you.

**LINEHAN:** Proponents? Good afternoon.

**ELIZABETH EVERETT:** Good afternoon. Chair Linehan and members of the Revenue Committee, thank you for allowing me to testify today. My name is Elizabeth Everett, E-l-i-z-a-b-e-t-h E-v-e-r-e-t-t, and I'm the deputy director of First Five Nebraska, a statewide public policy organization focused on promoting the care, education and well-being of Nebraska's youngest children. I am here today to testify in support of LB318. I would like to thank Senator Bostar for his leadership in championing this important bill. Now more than ever, we know how heavily our state relies upon high quality, affordable and accessible child care. Working parents depend on it for the financial

stability of their families. Employers depend upon it so workers can be fully engaged and productive at their jobs. Our state as a whole depends upon it to ensure economic vitality and quality of life. But the demand for child care throughout Nebraska is rapidly outpacing the supply. 75 percent of Nebraska children under age six have all available parents in the labor force. We ranked sixth in the nation for children under age six who are being raised by a single mother who participates in the labor force. For these families, child care is not an option. It is a necessity. Despite the demand, the availability of child care in all parts of the state is getting worse. Compared to 2019, there are 10 percent fewer child care programs serving children ages 0 to 5 in Nebraska. This is particularly true of our family child care home providers who make up nearly 70 percent of all licensed programs serving children between, below school age. Since 2019, these providers have decreased by 12.2 percent in greater Nebraska and by 13.7 percent in metropolitan areas. Why is the gap between supply and demand in childcare growing? Childcare offers neither financial stability nor easy career paths, whether you own a program or work for one. Delivering reliable, developmentally appropriate child care services is extremely costly. Most child care programs operate on extremely thin margins, while childcare workers earn less than half the statewide median earnings for all occupations. As a result, a growing number of early childhood professionals are seeking employment opportunities elsewhere. With the 40 percent turnover rate among child care workers, programs of all sizes are struggling to stay fully-staffed and time that should be spent providing quality care to children is relegated to hiring and training. Difficulties facing providers also means that parents work harder than ever to find affordable, reliable childcare. I can personally attest to this. Despite the relatively availability of childcare in Lincoln, my husband and I cannot find an open slot in a quality program until eight months after my daughter was born in 2021. With a second on the way this spring, we are facing the same challenges while bracing for the enormous impact this will have on our household finances. Even with secure jobs and resources, we find it far from easy to navigate this challenge. Far too many other Nebraskan parents are much less fortunate. On its own, LB318 cannot fix Nebraska's broken childcare system, but it does move us in the right direction by addressing three main concerns. The first is the financial burden on parents raising young children. The bill offers a refundable tax credit to parents and guardians with one or more child being cared for by a licensed provider or license-exempt provider who participates in the childcare subsidy. The amount of the credit varies according to the family's household income. Second, the bill

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addresses the financial burdens on providers by offering a nonrefundable tax credit to encourage private sector investment. The nonrefundable tax credit would be available to any individual or employer who makes a qualifying contribution to strengthen childcare options. This includes establishing new programs, helping with the operating expenses of existing programs, or funding professional developmental opportunities for childcare staff. Qualifying contributions must be monetary in the size but nonrefundable credit varies according to the nature of the contribution, locations it benefits. Finally, LB318 reauthorizes a school readiness tax credit, which offers a tiered refundable credit to eligible childcare professionals and a tiered nonrefundable credit to elig, eligible childcare businesses, especially those serving children through the childcare subsidy. The overall goal of these credits is to make it easier for more programs to keep the doors open and help early childhood professionals remain engaged in this critical area of our statewide workforce. You may have heard the saying that everyone depends upon someone who depends upon childcare. This is especially true in Nebraska where working parents are critical to a dynamic labor force, a business friendly environment and a thriving economy. In a larger sense, this bill also addresses the quality of life Nebraska's children and families deserve. Nebraska's public and private sectors have a common state in fixing Nebraska's broken, severely underfunded childcare system. LB318 is a meaningful step in that direction. Thank you for the opportunity to testify today. I'd be more than happy to answer any questions.

**LINEHAN:** Thank you, Ms. Everett, Are there questions from the committee? Yes, Senator Dungan.

**DUNGAN:** Thank you, Chairman Linehan, and thank you for being here today. I appreciate your testimony, both personal story as well as the professional sort of aspect of that. One thing that struck me in your testimony was the conversation you had briefly about the decrease in providers in both metropolitan areas as well as Greater Nebraska. We hear a lot in the Legislature about urban versus rural issues. This seems to me like something that would be an issue statewide. Can you speak a little bit more to some of the challenges that you're aware of with regards to Greater Nebraska in more rural areas and child care. Is that, it's an issue that affects them as well, correct?

**ELIZABETH EVERETT:** It is, yes. Childcare capacity across our state is a huge issue right now. As Senator Bostar mentioned, we have right now around 20,000 children who do not have any access to licensed

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childcare programs, which means that if the parent did want to go in to work, there would be no available slot right now for them. We've seen a huge decrease, especially in family home providers, which rural communities especially rely upon, especially since COVID has happened. A lot of family home providers in rural Nebraska had to shut down because they were unable to financially meet their needs. Child care centers as well. We've seen a decrease in those numbers. I actually have a graph that I can share with the committee that shows specifically the amount of programs that have decreased both family and child care centers in urban and rural settings.

**DUNGAN:** Thank you.

**ELIZABETH EVERETT:** Yes.

**LINEHAN:** Thank you, Senator Dungan. Are there other questions from the committee? Seeing none, thank you very much.

**ELIZABETH EVERETT:** Thank you.

**LINEHAN:** Other proponents? Are there other proponents?

**ANDREW DUNKLEY:** Apologies, and spilling things all over the place. Good afternoon, Chairman Linehan, and members of the Revenue Committee. My name is Andrew Dunkley, A-n-d-r-e-w D-u-n-k-l-e-y, and I'm with the Nebraska Farm Bureau. I'm also testifying today on behalf of the Nebraska Cattlemen and the Nebraska Pork Producers. So, Senator, I, Senator Dungan, I appreciate your question because we're, I, I hope to be able to address some of the concerns that rural Nebraska has. This is a really big issue that has really come into our, our, our radar in the last couple of years, specifically, the impact that the lack of child care has had on rural Nebraska is, is really devastating and it's hurting rural economic development opportunities throughout the state. And the lack of viable childcare is, is definitely discussed. We, when I go out to meet with county Farm Bureaus and I talk about opportunities and in these communities that support our farm, farmers and ranchers, we hear, yes, we need rural workforce housing, we need, we need programs. We, there are, there are things that we need, but, you know, we can't attract people to come and live and work in these small towns half of the time because they don't have, they don't have viable childcare. It's been a driver of, of many issues facing childcare industry workforce has been. When, when there's an 11 button when you know that you're making \$11 an hour and you're a child care professional, why, why work as a child care professional when you can go to McDonald's and

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make a couple, a couple bucks more an hour or, or somewhere else. Nebraska has the lowest unemployment in the nation and people have options. So we want to, we believe that LB318 provides incentives for employers to, to deliver more options for, for that workforce and some tax incentives for, for, for parents. Tax incentives for, for people who work in the industry and that they can stay in that industry and recruit good people to the industry. And we support the bills for that issue. This was first brought to us by one of our regional managers who serves on a board of a child care facility in Eustis, Eustis, Nebraska. They serve, I believe, about 55 children in that facility. And, and, her, her, they actually recently had to move to a system where they created a lottery and, and whoever was chosen from that lottery had to keep their kids home that day because otherwise they had too many kids and could not provide for them. When they had, when they were granted ARPA dollars, they would have loved to have hired more people to, to be able to watch more kids, but they couldn't do that. They, or excuse me, they wanted to, to upgrade their facilities, but they had to hire more people in order to facilitate the need in that, in that small community. We're seeing similar situations throughout the state like that and in areas that aren't fortunate enough to have a facility like Eustis. And so the other thing that we're looking at is some of these issues are regulatory and there are fixes to those. A big one is background checks, and we're thankful that in the Governor's budget, he upped the budget for background checks that, that will increase the time that child care workers can get their background check done possibly sooner than four weeks so they're not waiting for four weeks. We're, we're hopeful that, that, that will improve. But in the meantime, finding a way to incent how, how, how this industry is, is, this industry workforce is supported throughout the state in rural communities is really important. With that, I'm open for any questions.

**LINEHAN:** Thank you very much, Mr. Dunkley. Are there questions from the committee? Seeing none, thanks so much for being here.

**ANDREW DUNKLEY:** Thank you.

**LINEHAN:** Are there other proponents? Welcome.

**TOM VENZOR:** Afternoon, Chairman Linehan and members of the Revenue Committee. My name is Tom Venzor, T-o-m V-e-n-z-o-r. I'm the executive director of the Nebraska Catholic Conference, which advocates for the public policy interest of the Catholic Church and advances the gospel of life in engaging, educating and empowering

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public officials, Catholic laity, and the general public. I'm here to express our, the Conference's support for Section 3 [1] [c] of LB318 that provides a tax credit for adults who are raising dependent children. So as the Conference considers these types of details of tax policies that have a positive impact on the family, we certainly encourage the committee to seriously consider proposals like the child tax credit portion in LB318. When cultural, political and economic trends negatively affect marriage and family life, it is crucial to consider how public policy might better support these irreplaceable social institutions. For us, Catholic social teaching recognizes that every society that intends to serve the good of man must not overlook the centrality and social responsibility of the family. In the relationship to the family, society and the state are seriously obligated to observe the principle of subsidiarity, which means that public authorities may not take away from the family, tasks which they can accomplish well by itself and free association with other families. But these same authorities, like the state, have the duty to sustain the family, ensuring that it has all the assistance that it needs to fulfill properly its responsibilities. So we believe here that, you know, empowering mothers and fathers to better live out their obligations to each other, their children and their communities is among one of the most worthy goals that public policy can help realize and we think that this tax credit eases some of the burden of raising children, especially in larger families. And that's, and this is one strategy, I think, getting that done. So to that end, the Conference supports the child tax credit portion of LB318. And I appreciate your time today and thanks for your consideration and happy to take any questions.

**LINEHAN:** Thank you very much, Mr. Venzor. Are there any questions from the committee? Seeing none. Thank you very much, Mr. Venzor.

**TOM VENZOR:** Thank you.

Other proponents? Don't be shy, folks, once you can move up front. We've got plenty of room.

**DIANE TEMME STINTON:** Good afternoon.

**LINEHAN:** Good afternoon.

**DIANE TEMME STINTON:** Chair Linehan and members of the Revenue Committee, my name is Diane Temme Stinton, D-i-a-n-e T-e-m-m-e S-t-i-n-t-o-n. I am the owner and chief executive officer of TMCO based in Lincoln. I'm here today on behalf of the Nebraska Chamber of

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Commerce, the Lincoln Chamber of Commerce, the Greater Omaha Chamber of Commerce, the Columbus Chamber of Commerce, the nearly 300 members of the Nebraska Economic Developers Association in support of LB318. TMCO is a contract metal manufacturing company founded in 1974. We're a second generation, small family business with the sales revenue of about \$50 million and 230 employees. In visiting companies in the United States and around the world, I can attest that our competitive advantage is our workforce. Nebraska has an unparalleled work ethic and pride in labor that's worth its weight in gold. The insufficient child care infrastructure threatens this advantage. The increasing costs and lack of available childcare are real concerns that have caused people to leave the workforce. And this is at a time when unemployment is at historic lows. In a recent survey, labor ranks as the top challenges businesses across the state faced and on the other hand, childcare ranks as one of the biggest areas of opportunities for business to attract and retain the workforce. Also, just in company surveys that we've done, you know, the concerns of affordable housing and affordable child care consistently rank one and two in terms of employees concerns as well. Innovative solutions are needed in cooperation by public and private sectors to address this problem and this is why I'm here to support LB318. It is designed to support working parents and child care providers by offering this tiered refundable tax credit for parents, by offering the tiered refundable tax credit to individuals, companies or other taxpaying entities who make financial contributions to increase the availability of quality childcare options. And finally, it reauthorizes the school readiness tax credit program, a refundable tax credit to support our child care employees and providers. As a business owner who has been engaged with this issue now for the past few years, it's apparent that the child care system is really broken and that child care does not follow the traditional economics of for-profit businesses. This really boggles my mind as a business owner. Child care providers are operating on razor-thin margins with some of the lowest paid employees, often without benefits. My conversations with providers about the sustainability of their business model and attracting and retaining their talent really raises grave concerns for the future, especially as childcare is critical to workforce participation. This is a statewide issue which is key to building our workforce and being an attractive option for people considering a move to Nebraska. TMCO is committed to supporting our employees and their families through innovative programming. We are currently in partnership with a high quality childcare provider and we offer early enrollment and subsidized tuition to our families to help them with the availability and affordability. In the near future, we have plans to offer

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financial support for all children aged 0 to 5 to support the young parents who work for us. We are not only helping to fund the solutions, but we are actively fighting to keep our employees. Businesses across the state are fighting to keep their employees and keep their people employed and the support of Nebraska families and our critical childcare providers to LB318 is one way in which the public sector can help us in this fight. Investment in childcare infrastructure will mean better opportunities for economic growth and more income for working families. Data clearly shows that investment in early childhood education creates tremendous societal returns on investment as it impacts educational attainment, employment, health and criminality. It also has the potential to address equity in our communities as quality opportunities for care can be extended to more children and the families that need them. The burden of child care and those forced to make a decision between care and employment are also disproportionately women. This threatens to worsen gender inequalities, wage gaps and opportunities for women in the workplace, not to mention exacerbate the higher rates of poverty experienced by women. So in consideration, I think it's necessary to look hard and deep of what the future could be and consider that research shows that a rising number of adults in the U.S. are unlikely to have children because of the cost. And we're also seeing challenges in countries with the low birth rate problem because they're not incented to have children. So this could have drastic effects on the labor and economy. And we're in a position to address this problem proactively. LB318 is a step in the right direction. So I'd just like to reiterate that Nebraska has an unparalleled work ethic and pride in labor that's really worth its weight in gold. We need the support to attract and retain it. It's in everyone's interest to help out our hard working families and the providers who make it happen. Thank you.

**LINEHAN:** Thank you. Are there any questions from the committee?  
Senator Dungan.

**DUNGAN:** Thank you again, Chair Linehan and thank you for your testimony. One of the things that we've heard, I think, from both yourself and some of the other testifiers that I wanted maybe you to expand upon a little bit to make sure I kind of understand how these three different prongs interplay. We've talked a lot about workforce and workforce, increases in the workforce and benefits to the workforce. My understanding of this bill, like I said, is there's three separate prongs, essentially, or components that we're talking about. Do you think that each of those three different prongs will benefit workforce and if so, how?

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**DIANE TEMME STINTON:** Yeah, absolutely. Because I think through my testimony, I hope to show that, you know, there's, there's brittleness in the system. And I think that, you know, we're, we're, we're built on a stack of cards. If the providers fall, then the businesses fall. So, you know that, that prong needs to be strengthened. A direct prong for, for parents to be able to, to, to support their families and children, absolutely. And then for businesses to create the incentives to also invest into this infrastructure, I think is also critical. So it really is strengthening all of those prongs that I think are, is going to lead to a productive solution.

**DUNGAN:** Thank you.

**DIANE TEMME STINTON:** Sure.

**LINEHAN:** Thank you, Senator Dungan. Senator Murman.

**MURMAN:** Yes. Thanks a lot for testifying. I'm not familiar with your business, but I appreciate you working with the families that work for you to, for child care for their, their kids. Does, is there any families that are able to bring their children to work with them? I mean, do you allow that or is it even possible? Like I said, I don't know your business.

**DIANE TEMME STINTON:** Yeah, we're a, a heavy manufacturing company. You know, we have a lot of sharp objects.

**MURMAN:** Yeah. [LAUGHTER] Yeah. And then my next question is, the child care providers that you support are, they're not near the business or, I mean, what I'm thinking is, can parents visit their, their kids like when they have their breaks or?

**DIANE TEMME STINTON:** Yeah, they are lucky. So the childcare provider that we intentionally partner with is located about half a mile from our business. It's intentionally very close. And we encourage parents also to take the time out to volunteer and be active in their child's classroom as well. So yeah, unfortunately as a small business, I mean there's not a lot that we can do in terms of investment into building our own child care, for example, just because of the prohibitive costs and the regulations then.

**MURMAN:** Sure.

**DIANE TEMME STINTON:** Yeah.

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**MURMAN:** And I assume that to get the credit for, or the support for child care, they have to be full-time, the employees have to be full-time?

**DIANE TEMME STINTON:** Yep.

**MURMAN:** Okay. Thank you.

**DIANE TEMME STINTON:** Yes. Thank you.

**LINEHAN:** Thank you, Senator Murman. Are there other questions from the committee? Could you just go again through your opening? I didn't catch how you spell your last name and I didn't get for sure who you are representing.

**DIANE TEMME STINTON:** Oh, I'm sorry. Yeah. So my last name is Stinton, S-t-i-n-t-o-n, and I'm representing the Nebraska Chamber of Commerce, the Lincoln Chamber of Commerce, the Greater Omaha Chamber of Commerce, Columbus Chamber of Commerce and the Nebraska Economic Developers Association.

**LINEHAN:** Thank you.

**DIANE TEMME STINTON:** Thank you.

**LINEHAN:** Any other questions? Thank you very much for being here. Good afternoon.

**MAGHIE MILLER-JENKINS:** Hi. My name is Maghie Miller-Jenkins, M-a-g-h-i-e M-i-l-l-e-r, hyphen, J-e-n-k-i-n-s. I'm here just as an average citizen to kind of give you a real life beat on what this would look like for an average person to be able to receive something like this and how that would play into a household like mine. I do mutual aid, so I work with teens, youth and young adults. So I would see exactly how this would be able to benefit a lot of the people that I work with. A lot of my youth are telling me that they don't want to grow up and have kids because they see the struggle that all of the parents are going through right now. With inflation going up, the cost of groceries is astronomical. They are looking, a lot of my youth are looking at how expensive it would be to move out as a young person with an average job, with an average paycheck, and with them just on their own, seeing how much it would be to pay rent and groceries and a car payment. They don't see a world in which being able to have children is feasible because they couldn't afford it. They can't afford to be able to pay for anything on their own now. So adding a whole nother person to their life is unconscionable at this

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point. So for something like this, to be able to give a family the opportunity to have a job that would support you having child care because a few of my teens already do have children, so them attempting to be a part of the workforce is awful. I provide free childcare with what I do or I barter. So some people come in like, they clean my house or they'll exchange a meal, or I'll keep their kid for a few hours and when they get done with work, they'll go home and cook dinner and bring me over a plate. And that's what we do for exchange, because I, that's how I operate. I focus on not the dollars, but the dollars do add up and they do make a difference inside of everybody's life and having a job that would have an incentive to be able to pay for you to have your child in child care, no judgment. But from the looks of the age range that, of the people I'm talking to today, I'm assuming that you don't have small children that are in child care. But for me, I have a girl that I watch her, she's 18 months old. And for her mom to put her in child care, it would cost her approximately. \$2,000 a month. A month. For a woman that works at Taco Bell, she makes \$14 an hour. She also has to pay rent. She also has to pay a car payment. She has to buy the baby food. She's not on state assistance. She doesn't get any other forms of assistance from anybody else. And so if I didn't want her child for her for free, she wouldn't be able to afford to work as much as she works now because she literally couldn't pay for it. She couldn't pay to work. Poverty is expensive. Poverty is extremely expensive. It's hard being poor because everything that seems like it shouldn't cost that much, cost so much more. I used to be able to get an oil change for \$20. I just got an oil change and it cost me \$74. I currently don't have a job in the average workforce and I do mutual aid because I have children that it would cost me more to work and put them into daycare than what I would make back. We added up all of the numbers from my husband's job. I have a degree in Human Services. It's not like I couldn't go out and get a decently paying job. In order for me to make it beneficial for me to enter the workforce, I would have to make a minimum of \$25 an hour. In order for me to balance out how much I would have to pay in childcare after school care, transportation to and from, depending on what my work schedule was and all of that is highly unrealistic for the average person. The regular person that works at your grocery store, the regular person that changes your oil, the regular person that takes care of your grandkids, and, and as somebody that worked in the field of childcare for over ten years, I can tell you, we make nothing. We make nothing. I worked in a daycare and I spent more buying supplies for my children in my daycare than I made in my paychecks. I worked in the schools for three years and watched teachers who make barely anything

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spend up to a third of their monthly salary on supplies for their classrooms. So if we're going to say that Nebraska supports our youth, which is where our real money comes from, there our real investment, it would be lovely to be able to see you guys support LB318 and show us that you really do care because if you want to, you would.

**LINEHAN:** Thank you very much. Are there questions from the committee? Seeing none, thank you very much.

**MAGHIE MILLER-JENKINS:** Thank you.

**LINEHAN:** Appreciate it.

**ALEC GORYNSKI:** Good afternoon. My name is Alec Gorynski, A-l-e-c G-o-r-y-n-s-k-i. I'm the president and CEO of the Lincoln Community Foundation, representing the Lincoln Community Foundation in the role of philanthropy, I'd say in all of this. A number of years ago, the Lincoln Community Foundation started a project to better understand the socio economic condition of our community called Lincoln Vital Signs. And from that we identified a handful of things that we and our partners in the community should prioritize. And of all the challenges our community faces, we identified two things, or a number of, three or four things a number of years ago, but two of them as top priorities are early childhood education and workforce development, Completely acknowledging that those two things, especially in this circumstance, are not mutually exclusive. I want to point out a couple of the Lincoln Vital Signs and a additional survey that a subsidiary of ours did not too long ago to illustrate the challenge and why this is a priority of ours. As we know, Lincoln has a high labor force participation, low unemployment rate, 72 percent workforce participation rate, all of which are better than the national average. Something that isn't commonly talked about, but Elizabeth mentioned earlier, is the percentage of, of kids 0 to 6 who have both parents in the workforce, 77 percent in Lincoln. Comparable stat for the rest of the state of Nebraska, it's about 10 percentage points higher than the nation as a whole. So our parents, our families, our working parents largely rely on early childhood education to be able to work. In spite of this high workforce participation, our Lincoln families and similarly across the state continue to struggle. We have a 16 percent less purchasing power than the rest of the nation. We often talk about how we have a low cost of living, which is relatively true, but our per capita income is further below the national average than our cost of living, so it's driving down that purchasing power even further. So making matters

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worse than is the cost of early childhood education. According to Department of Health and Human Services' Child Care Market Rate survey and then reported on Lincoln Vital Signs, our data project, in 2021 the average annual child care cost in Lancaster County ranged from \$10,000 to \$19,000 a year, depending on the age of the child and whether or not that care was provided in a center or family-based care. So, for example, a toddler, or excuse me, an infant in a center would cost \$19,000 a year. The overall average annual cost of child care in 2019 was \$7,500 compared to the average in 2021 was \$14,000, a 87 percent increase in just two years. In all cases, the cost of child care exceeds the cost of resident tuition at the University of Nebraska-Lincoln, so something that people save their whole lives for. Providers, as mentioned before, have one primary expense, personnel costs, and one primary source of revenue, tuition from families. So to raise wages is to raise costs for families. Raising wages is probably inevitable at some point because as providers struggle to hire and retain employees, it's contributing to the capacity issues that we're also experiencing. A recent survey that I alluded to, 97 percent of centers have families on a waitlist, largely because they don't have, while they have the physical capacity to support the demand, they don't have the employment capacity and largely because of wages and benefits. So I, share all, and all of these points are certainly, you know, we represent the Lincoln Community Foundation and our data speaks to Lincoln, but certainly these are illustrative of a broader problem across the state. I share these with you for three reasons. Number one, working families, many of whom are just getting by, clearly rely on early childhood education in order to work. And child care costs are at a point where work may become improbable. Families here in Lincoln would largely benefit from this to be able to work. Providers can't meet demands because of wages and lower workforce themselves, and to raise wages is to raise pressure on families. Providers and their employees would benefit from this, to answer your second question there, Senator Dungan. And then finally, as I mentioned, I kind of represent the function of philanthropy here. In Lincoln, we have seen how philanthropy in the private sector playing a role through philanthropic contributions can be a part of the solution. To address these challenges a number of years ago, we established Lincoln Littles, a strategic community priority. As a strategic community priority, this organization operates as an independent organization to address these complex challenges by working with the business community, the philanthropic community and providers to address the issues and affordability. Through this, we've seen the role of philanthropy can, and can play to directly subsidize the cost of

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early childhood education for families. What we're able to do in Lincoln, and a colleague of mine here in a moment will speak more to this specifically, is a drop in the bucket. And that would be largely grown because of the incentive offered by this particular bill and is also illustrative of what's possible, the role of philanthropy, the role of the private sector in contributing to some of these solutions across the rest of the state. What we've done here in Lincoln has worked really well. So we encourage your support for LB318. Thank you.

**LINEHAN:** Thank you. Are there questions from the committee? Senator von Gillern and then Senator Briese.

**von GILLERN:** Mr. Gorynski, did I pronounce that correctly?

**ALEC GORYNSKI:** Correct.

**von GILLERN:** Thank you. Mr. Gorynski, you said that the capacity of the daycare centers is really driven by the number of employees. If I'm doing the math here right, if we're talking about a \$3,200 increase for a full-time employee, that's like a \$1.60 an hour increase. Is that going to move the needle? I mean, here, and I'll use a different correlation. We see teachers leaving the workforce and certainly pay is part of the reason for that, but it's not the entire reason for that. Is, is, is this a big enough incentive to really change things?

**ALEC GORYNSKI:** Well, one answer to that question could be the incentives could certainly be larger. Oftentimes, the narrative we hear and again, a colleague of mine can speak to this a little bit better, is that the options for employment are at fast food restaurants or at Taco Bell like the other individual spoke to. And so those employees, because those are comparable wages, those employees don't have this, wouldn't have this opportunity for this tax credit. So I think it would be an incentive to allow that person to make a different decision on a different place to work, because that's, quite frankly, the competition for employment. And I think, was that the extent of your question?

**von GILLERN:** Yeah, but again, the, the economist in me, which is a very small piece, is, just says that we're going to, it could, has the potential to drive up wages elsewhere, which is what we've seen in the marketplace now. So we're kind of chasing, I fear that we're chasing our tail.

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**ALEC GORYNSKI:** Yeah, certainly. You know, again, I think that, you know, the bottom of the wage barrel, if you will, I think there's a number of options for an employee to work. And so in the circumstances that we find ourselves in now, they could work at an early childhood education center or they could work at a number of other places that are paying \$11, \$12, \$13 an hour. And so if we can provide just enough incentive to keep an employee in an early childhood education facility, someone that decides that they do need to work, right? They need to continue to work, our preference would be that they work in early childhood education so that they can, those centers can increase their capacity and get some of those kids off the waitlist.

**von GILLERN:** Some of those fast food restaurants are often college tuition credits too. So, again, we're, this is a, this is potentially a spiral that we're on, but thank you for answering my question.

**ALEC GORYNSKI:** Certainly.

**LINEHAN:** Thank you, Senator von Gillern. Senator Briese.

**BRIESE:** Thank you, Chairwoman Linehan, and thank for your testimony here today. Kind of following up on Senator von Gillern's question there. I think you did indicate that the limiting factor tends to be the workforce. As far as facilities and programs, most families, most kids have access to facilities and programs, if the workforce was there--

**ALEC GORYNSKI:** I mean,

**BRIESE:** --in your opinion?

**ALEC GORYNSKI:** I, no, I would say that the workforce would increase the capacity of the current number of facilities that we do have, but the current number of facilities that we have still isn't sufficient probably to serve the broader challenges. But the second tax credit that's been discussed here today would increase the ability of those existing facilities to serve the families that are currently waitlisted.

**BRIESE:** You're saying we still have a shortage of facilities in some places in the state?

**ALEC GORYNSKI:** In my opinion, correct.

**BRIESE:** Thank you.

**ALEC GORYNSKI:** Yeah.

**LINEHAN:** Thank you, Senator Briese. Other questions? Senator von Gillern.

**von GILLERN:** I just have one more question. Slide the economist over into me and get to the capitalist.

**ALEC GORYNSKI:** Sure.

**von GILLERN:** If they're-- just talking sheer supply and demand--

**ALEC GORYNSKI:** Yeah.

**von GILLERN:** --do we have any sense of what the-- if, if there is such a demand that exceeds the supply we know that that costs go up, prices go up, do you have any idea what the profitability of some of these private daycare centers are. Are we enhancing the profitability of those centers? Are we really giving them an incentive to, to grow and increase their, the service that they provide?

**ALEC GORYNSKI:** You know, I don't have any numbers in front of me. I think the current system, the profitability is minimal. I think one of the testifiers alluded to that before. So the extent to which this enhances that profitability, I can't speak to that. I haven't studied that relationship yet.

**von GILLERN:** OK. Right.

**ALEC GORYNSKI:** Sorry.

**von GILLERN:** But you, you follow where I'm going with that?

**ALEC GORYNSKI:** Sure. Yeah. I mean, I think that there are probably, you know, that the system is what it is, as we described it. And so if there are other opportunities to enhance the system, to make the economics a little bit better, I'm sure anybody here would be willing to listen to that.

**von GILLERN:** Thank you.

**LINEHAN:** Thank you, Senator von Gillern. You mentioned in your testimony our salaries in Nebraska are lower than average.

**ALEC GORYNSKI:** Correct.

**LINEHAN:** Can you give examples.

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**ALEC GORYNSKI:** Median family income in Lincoln is around \$65,000 a year. Median family income nationwide is, I don't know, probably anywhere from \$15,000 to \$20,000 greater than that.

**LINEHAN:** Is that because of wages?

**ALEC GORYNSKI:** It's because of wages, yeah.

**LINEHAN:** So it's cheaper to hire people in Nebraska than in any of these other places.

**ALEC GORYNSKI:** Sounds like that's the conclusion that we could draw for sure, yeah.

**LINEHAN:** OK. All right. Any other questions? Thank you very much for being here.

**ALEC GORYNSKI:** Thank you.

**ANNE BRANDT:** Good afternoon. My name is Anne Brandt, A-n-n-e B-r-a-n-d-t, and I'm the executive director of Lincoln Littles. Lincoln Littles was established in January of 2020 as the second phase of the early childhood portion of the Prosper Lincoln Agenda, which is a community initiative aimed at improving the lives of all Lincoln residents. Lincoln Littles' mission is for all children in Lincoln to have access to high quality care and education, regardless of race or income. Our strategy is to address affordability and quality as well as inform the business and larger community about why investing in early childhood is good for the well-being of not only the children of this community, but our entire community. Today, I want to highlight the Lincoln Littles' tuition assistance program, which is our primary strategy to address affordability and accessibility issues for working families. Currently, we work with 28 child care providers here in Lincoln who participate in our quality rating system called Step Up to Quality. In addition, they must also be serving children on subsidy. In partnership with Lincoln Community Foundation, we raise money to then grant to the providers to help defray costs of care for families in the gap. And those families in the gap, the definition of that would be making too much for subsidy, but not enough to afford the high cost of quality care. Working families who income qualify at 80 percent of the median income or below are, are eligible. In the last four years, we've raised \$3.1 million serving over 600 children in Lincoln. Average assistance per child is around \$2,300 each. And we cap that funding, that grant funding at \$5,000 per child. Couple of years ago, the mayor allocated

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city ARPA funding of \$600,000 to Lincoln Littles because we have the infrastructure to get it back out through our tuition assistance program and we knew that families were in a bind due to COVID. Many reasons due to COVID. So we were easily able to get the money back out the door to children and families. Demonstrating the need is much higher than one organization can fill. In fact, we weekly hear from moms and dads in need of assistance. Just a couple of weeks ago, we got an email on a Saturday from a Lincoln Public Schools teacher contemplating leaving her position because she's recently single and can't afford the cost of care for her three young children. She was referred to Lincoln Littles by the Lincoln Public Schools social worker in hopes of receiving tuition assistance so she can remain employed. We also heard from a father with five children who had been sharing care duties with his ex-wife, and they were working different shifts so that they didn't need childcare. She was suddenly unable to care for the children during the day while he worked and he was panicked and reached out to us. We were able to connect him with one of our partner providers who had tuition assistance still available that wasn't allocated to another child and was able to enroll his, his five children into that center and then temporarily use some of our funding while he was applying for subsidy. He later, he later qualified for subsidy. But that was a relationship that we had in the community that we were able to help out for the time being until he could receive those subsidy funds. So weekly, we see examples of parents who need assistance to afford the costs of quality care. The purpose of this testimony is to share how a little bit of direct financial support for child care expenses can keep parents in the workforce. The scale of the need in Lincoln is large and it cannot be fully met by one program alone. The impact, the impact on how this program and link of this impact of this program in Lincoln is illustrative of the benefit of supporting the cost of child care via LB318. We know the child care ecosystem is in need of long-term support, and our tuition assistance program is only a temporary solution. We also support the nonrefundable tax credit for those contributing to child care, as it will further encourage community support for early childhood and supporting working families. Until there is a permanent change in the way early childhood is funded, we need the whole community and this tax credit is key to encouraging that support. Furthermore, we are also in support of the reauthorization of the School Readiness Tax Credit. The child care workforce, as you've heard, is in crisis mode. Lincoln Littles in May conducted a survey to child care workforce here in Lincoln. We had a 30 percent return rate of child care directors who answered the questions on the survey. Of the, of the 30 percent who responded at

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that time, there were 168 jobs in child care open. Long-timers with incredible institutional knowledge are leaving the field entirely. You can make more money doing almost anything other than working in childcare. Lincoln Littles is doing what we can by hiring a full-time position to address wellness and workforce needs of the childcare ecosystem specifically. Looking at ways to retain those that have stayed in the profession by looking at needs that they may have, while making \$11 an hour typically, and also design ways to recruit more to the field. To some, a \$1,500 tax credit may not seem like a big deal, but to low-wage earners, it's impactful. An example is a \$1,500 credit.

**LINEHAN:** Ma'am, I'm sorry you're going to have to wrap up.

**ANNE BRANDT:** OK, I'm almost done. An example is \$1,500 credit is \$12, and that for a \$12 an hour person working, that's 125 hours of work. So reauthorizing the school readiness tax credit could serve as one way to retain staff and encourage quality through increased training and education, resulting in a higher tax credit. And finally, the childcare workforce is the workforce behind the larger workforce. Without them, the 77 percent of children under 6 whose parents work, won't be able to.

**LINEHAN:** Thank you. Are there questions from the committee? I have one. How many in a child care center, how many adults need to be present for how many--

**ANNE BRANDT:** Children.

**LINEHAN:** --under 1.

**ANNE BRANDT:** Oh, four.

**LINEHAN:** Four, and what,

**ANNE BRANDT:** I mean, four children to one adult.

**LINEHAN:** Right.

**ANNE BRANDT:** Right.

**LINEHAN:** What, \$1,200 dollars a month for a baby? \$1,500 dollars a month.

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**ANNE BRANDT:** I mean, the average that we have is \$19,000. So I'm trying to, I, I don't remember exactly what the weekly is, but it's about \$19,000 per child for an infant.

**LINEHAN:** So it's at least \$1,500.

**ANNE BRANDT:** Mm-hmm.

**LINEHAN:** So. This was \$4,500, right. Somebody help me with my math here. \$4,500, if you have four kids, four babies, \$1,500 dollars a month times 4.

**von GILLERN:** \$6,000.

**LINEHAN:** Is how much?

**von GILLERN:** \$6,000.

**LINEHAN:** \$6,000. How can that not make money?

**ANNE BRANDT:** Well, that's the, one of the biggest questions we get whenever we do community presentations. And what I can tell you about that is that around 70 to 80 percent of your profits go directly to labor. So they aren't actually profits, they go directly to labor. So you have to have a lot. If you think about a classroom in a public school, you could maybe have 30 children in a classroom for one teacher. You just have to have, you have to staff up with more staff, based on how many children you have.

**LINEHAN:** Right. I understand.

**ANNE BRANDT:** Well, so in, I mean, so I'm just thinking like in a center, you know, you might have two baby rooms, so you've got two teachers to each four. Then you've got the toddlers that have a little bit larger ratio. Then you've got the preschool. And that's just how the numbers land with the research that we've done.

**LINEHAN:** OK. All right. Thank you very much. Appreciate it. Any other questions? Thank you.

**ANNE BRANDT:** Yeah.

**LINEHAN:** Other proponents. Good afternoon.

**DEXTER SCHRODT:** Madam Chair,. Members of the Revenue Committee, my name is Dexter Schrodte, D-e-x-t-e-r S-c-h-r-o-d-t, president and CEO of the Nebraska Independent Community Bankers. Not going to take too

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much more of your time today. Just wanted to express our support for LB13. You know, community banks are bankers that live, reside, work in their communities, so they're invested in seeing their communities succeed and vice versa. It's quite the symbiotic relationship, and when I started in this position, it was made clear that outside, of course, the normal banking issues, that we start supporting economic development issues and those two primary ones being, as you've already heard today, housing and childcare. So when we saw LB13, our members reviewed it and, and found that it was a really solid idea to spur investment into child care. Part of the, the prongs that Senator Dungan was talking about, you know, the first one goes to the people paying for child care currently. The last one goes to workforce, but the second one is one that really piqued our interest because it's finally something that encourages investment into expanding child care facilities, and particularly in our rural areas where most of our members are located. So just want to end that there. We think it's a pretty good idea to, to again, spur that investment to increase the supply and hopefully lower the cost then once the workforce catches up. So, thank you.

**LINEHAN:** Are there questions from the committee? Seeing none.

**DEXTER SCHRODT:** Thank you.

**LINEHAN:** Thank you very much for being here. Are there other proponents? Any other proponents? Are there opponents? Any opponents? Are there anyone, is there anyone, excuse me, wanting to testify in the neutral position? You have letters for the record?

**TOMAS WEEKLY:** We do have a lot of letters.

**LINEHAN:** We have 16 proponents, 0 opponents, and 1 in neutral position.

**BOSTAR:** Thank you, Chair Linehan and fellow members of the committee. An amendment is being distributed that was requested by the State Department of Health and Human Services. It's--

**LINEHAN:** I'm sorry. I'm sorry. You have an amendment?

**BOSTAR:** The amendment was requested by the State Department of Health and Human Services simply to align language. It's not substantive to the policy in the bill, but I wanted to distribute that so that way we could see it. Senator von Gillern, you asked a lot of really good questions. I think, you know, whether you're, trying to know how you put it, whether the, the economist part of you or the capitalist part

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of you, I think what's important to keep in mind when we're talking about child care is that for each additional child care provider, whether that's a center or a facility or an individual worker, that can then expand capacity, that has a multiplier effect economically. We, we can only, we want to grow our state. That means a lot of things, right? That means we want to grow our state economically. We want to physically grow our state. We want to be able to support families and we want to be able to support individuals having families and being able to support families. In this, this does all of that so that for each one of those people, you know, can, can support, you know, if it's a, if it's a newborn or an infant, you know, up to four more potentially families or individuals that can, that can go into the workforce. And if it's older, if we're talking toddlers, right, the ratios different. But, but it adds up. And this is, these are the kind of things we need to be able to do in order to continue having the state move in the right direction, and particularly for single parents, right, where, where they don't have an option. They can't, they can't just not work, right, because for families that, you know, for two-parent household, one of the parents can absolutely stay at home with the kids. And, and I certainly applaud any family that decides to do that and which is why also for families in poverty, we've made it so that they don't have to have a child in child care in order to get some of the benefits of this. But for single parents, that isn't an option. And so right now, where a single parent is, is spending more than half of their income just on childcare, this is not a sustainable endeavor. It's not a sustainable situation that we're in. And, you know, and Senator Linehan, you asked questions about how is it not profitable? You know, I, my son, so I currently have a son who will be four years old in March and we had him at a child care facility here in Lincoln that shut down. They had to close. And we were paying at least \$2,000 a month for our one kid. And so, you know, when I read the stats about how much money the, you know, the workers are being paid and I mean, they're essentially poverty wages themselves. I feel pretty comfortable concluding that there isn't, there isn't profit being siphoned out of here by some, you know, entity, because if that was the case with the amount of money I was paying, then they wouldn't have closed down if they were able to pull that off. So that's an anecdote to say that I really do think it's incredibly expensive to provide this service to the public and to do it well. And I think it's, we're at a critical point, and I think it's important that we, we do what we can to, to advance this, especially in this committee, certainly, I think, appreciate that as we look to refresh our approach to education funding across the state, in a lot of ways. I think it's critical

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that we don't leave early childhood education behind in that effort and in that conversation. So I would implore the committee to look favorably upon this legislation and I'd be happy to answer any other questions.

**LINEHAN:** Thank you, Senator Bostar. Are there any questions from the committee? Senator von Gillern.

**von GILLERN:** Yeah. Thank you for the, for saying what, maybe you're reading my bubble, applauding those that do choose to stay home. And I'm not unsympathetic to this, to this issue. I've got a, my youngest son has sole custody of two kids and they live in Virginia, and we, grandma and grandpa can't drive over and watch the kids. He's got a, he's been in training out of town all week long. He had to make, make arrangements for that. So, so I'm not unsympathetic to that. My oldest daughter has two kids and she has chosen to stay home and they live very modestly. They have one used-vehicle. And I'm proud of, of how they've taken the thing. I mean, I'm not unsympathetic to it at all. My, my question around the capitalistic issue was, do we need to incent an industry that's already profitable? And I don't know that we can answer that. I'm not going to try and trap you in answering it or anybody else, because I don't know that it's an answerable question with the data that we have here today.

**BOSTAR:** I would say from my personal experience and my interaction with the industry, it's an industry that's dying. And so I don't think there, I don't think there are great profits to be had here.

**von GILLERN:** OK. Thank you.

**BOSTAR:** And I think that the, what it contributes to us as a society is, is meaningful and impactful. And I agree, you know, parents who want to stay home and we should have a system overall that if a parent wants to stay home and raise their children that way, we should be creating environments where that is easy to do. But for a parent who wants to work, right now we have disincentives in place and see, that also seems misaligned. So we got to make sure that whatever the family structure is and whatever the preferences are, that we are able to create an environment in policy where we are encouraging the residents of Nebraska to fully maximize their potential here in our state.

**von GILLERN:** So and then just the purely mathematical question, do we need to incent households making between \$75,000 and \$150,000 and

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\$150,000 to \$200,000? How passionate are you about those top two tiers?

**BOSTAR:** I'm, I'm certainly interested in having a conversation with the whole committee, which, you know, I'm sure we will do to come to an agreed-upon framework that I think everyone can feel, feel good about. I would say that, you know, \$150,000 in household income, that's still, you know, that's middle class and it's expensive, right? I mean, you know, \$2,000 a month for each kid is a lot. And, you know, if you have a few kids, it eats that money pretty fast. So, you know, I am, I'm willing to work with everybody--

**von GILLERN:** Thank you

**BOSTAR:** --to, to come up with the right figures. But I also think that there are arguments to be made for, for ensuring that we're fully encompassing the middle class and this support.

**von GILLERN:** Thank you.

**LINEHAN:** Thank you, Senator von Gillern. Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan. You obviously heard some of my questions earlier, I'm guessing regarding workforce, and that's kind of what I'm hung up on here. You know, we've heard a lot of testimony in the last week or two about competition and a desire to sort of make Nebraska a place that's both retaining people who live here and recruiting other folks from out of state to come in. Do you know or do you have any idea as to whether or not this is an incentive or a, a tax credit that exists in neighboring states, or does this sort of put us ahead in that respect? And to put it another way, do you think this is going to increase that recruitment in terms of increasing the workforce that we've had discussions about many times over the last couple of weeks?

**BOSTAR:** Yeah, that's a good question. And directly it's a question I don't know the answer to, but I will find out, but I'll say this. There's two possibilities. Either neighboring states have something similar to this or they don't. If they do, we're behind. If they don't, we can get ahead. I like it either way. And yes, I do think that, that this is the kind of thing that matters when it comes to how competitive we are. This is, this is a piece of the puzzle that is important to families about where they decide to live, right. And we talk a lot about that in the Revenue Committee and how easy it is

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to have a family and to support a family is, I think, you know, for a lot of folks, that's the number one thing, so it's critical.

**DUNGAN:** Thank you.

**LINEHAN:** Senator Murman. Thank you, Senator Dungan.

**MURMAN:** Yeah, I have some of the same similar questions that Senator von Gillern had. The child care tax credit, \$1,000 to \$5,000, that only goes to families that put-- have their children in child care?

**BOSTAR:** So the, the, the \$5,000 credit can go to families that do not have their children in child care if they are at 100 percent of the poverty level or below. So, so in general, yes, you're right. It, it's specifically a tax credit to help cover child care expenses at a, at a child care facility, except if the families are 100 percent of the poverty level or below, they can claim the \$5,000 credit, regardless of whether or not their children are in a facility or they're at home with their parents, it doesn't matter.

**MURMAN:** OK. So 100 percent of poverty level above that.

**BOSTAR:** Above that, the child would be in a licensed care situation.

**MURMAN:** OK. Below that.

**BOSTAR:** Below that, the child, it doesn't matter. The child can be at home with their parents, they would still get the money.

**MURMAN:** And above that they won't get the money, above 100 percent of poverty.

**BOSTAR:** Correct. If their child is not in a licensed facility, they would not be eligible for this tax credit.

**MURMAN:** OK, so.

**BOSTAR:** Above that level, that's correct.

**MURMAN:** So a 100 percent poverty level was \$100,000 for.

**BOSTAR:** No. So, for, for a family of four, I believe it was \$27,000.

**MURMAN:** OK. So above \$27,000 for a family of four, they would have to have their child and children in a child care facility to get the credit.

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**BOSTAR:** To get this particular credit, yeah.

**MURMAN:** Yeah, see I have this fear of incentivizing families to put their children in child care rather than take care of themselves. I realize below \$27,000, they'd probably definitely need child care because they would have to be working and, or both be working most likely, or single parent, you know, totally agree. They need to have the support that, I just don't want incentivize families to not take care of their own children or child.

**BOSTAR:** Sure. No, no, of course, and I think so I, I think that's, that's a, that's a completely appropriate and valid position to have. I think the way I would, I would try to ask you to think about is that it's not an incentive for parents to have their children not be cared for at home. It's a tool for parents who want to work. I don't think that this bill will, will push kids out of the house. This is about aligning with what the parents want for their, for their family. And we certainly, the bill certainly doesn't do anything to make it harder for a parent to stay home with their kid. And in some cases, depending on income, it makes it easier. But I agree with you that we don't want to be, we want to be crazy, we don't want to remove any kids from houses that, you know, that's what the parents want.

**MURMAN:** Totally agree it's necessary for low-income young, debate, where that'll be more for single parents.

**BOSTAR:** Sure.

**MURMAN:** But I have another question. The nonrefundable tax credit, like the, the tiered system so that-- who does that tax credit go to, the people that donate to a fund?

**BOSTAR:** The people who are contributing to effectively to, to fund child care access, yes.

**MURMAN:** So and where do the funds go that they contribute to that fund?

**BOSTAR:** So it could go to a child. It's not, it's, they're not putting it into a fund. It would be, it would be direct contributions to, you know, a child care facility to help create. And it's either, it's a 50 percent tax credit generally, and then, or it can be up to 75 percent. You know, if the, if the child care services are in, you know, like a qualifying census tract. If the, if the child care

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facility is caring for, you know, subsidy enrolled children, which is part of the Nebraska DHHS. So, it's Nebraska opportunity zones.

**MURMAN:** So they would be contributing to a specific child care facility that qualifies.

**BOSTAR:** Yes. Yes, they would.

**MURMAN:** Thank you.

**LINEHAN:** Thank you, Senator Murman. Are there other questions from the committee? I have [INAUDIBLE]-- I'll try to make the question. OK. If-- Senator von Gillern's good at math here. There's some disconnect. I agree that I don't think if it was a profitable business, everybody would be running to it, right?

**BOSTAR:** Yes.

**LINEHAN:** They're not, so it's not profitable. But there's some disconnect between paying \$2,000 a month and person that's taking care of the babies getting \$12 an hour. It's-- that doesn't add up to 80 percent salary. So is there a, is, is there somewhere where there is a profitable daycare that is succeeding that--

**BOSTAR:** Where they all wear Rolexes and--

**LINEHAN:** Well, no, no, but if, I'll show you these numbers. I don't wanna, we need to get on to the next hearing, but.

**BOSTAR:** I understand what you're saying, though.

**LINEHAN:** \$6,000 for babies.

**BOSTAR:** Yeah.

**LINEHAN:** OK. And the, the, that woman in, whoever's in the room getting \$12 an hour. There's some disconnect,

**BOSTAR:** If that.

**LINEHAN:** Right. So what is, is it incredibly high? Expensive insurance? Could be, I would assume. I just don't know. I would like.

**BOSTAR:** I would be more than happy to speak with facilities directly and actually get a breakdown--

**LINEHAN:** Yeah.

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**BOSTAR:** --for the community,

**LINEHAN:** I think we need something because there could be, there could be something else here we're not seeing that's causing the expense and the lack of money getting to the employees and I just would like some feel for what that is.

**BOSTAR:** Absolutely.

**LINEHAN:** Any other questions? All right. Thank you very much.

**BOSTAR:** Thank you.

**LINEHAN:** We'll go to our next hearing.

**BOSTAR:** And I have to run to a different hearing.

**LINEHAN:** OK.

**BOSTAR:** Thank you very much.

**LINEHAN:** Adopt Child Credit Act, LB294. Welcome, Senator Conrad.  
Hello.

**CONRAD:** Good afternoon. Hi, my name is Danielle Conrad, D-a-n-i-e-l-l-e C-o-n-r-a-d. I'm here today representing the Fighting 46 Legislative District of north Lincoln, also battling a little cold, so hopefully my friends on the Education Committee didn't pick that up like I did yesterday. Or maybe it was my tiny turkeys at home that brought it, but who share those germs with us, so. Senator Linehan, members of the committee, thank you so much. I'm really excited to introduce LB294 today. And I wanted, before I dive into the specifics, I just wanted to share a little bit of, kind of how I came to start working on this measure and why I'm so excited about it. So as I was out on the campaign trail, knocking on all of those doors like we all do in that really meaningful experience, I just talked to family after family after family that was working really hard and finding it really more and more challenging to make ends meet, whether that was dealing with the pinch at the pump when gas prices were soaring, whether that was grappling with inflation when they were going to buy their groceries, or whether that was trying to manage the ever increasing costs of child care. And so that experience kind of parallel to the experience that we have talking with stakeholders across the state and the political spectrum, kept coming to the clear conclusion that one of the key challenges we have in Nebraska is addressing workforce needs. And so looking at what we

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could do to address the workforce, you start to kind of piece out the different solutions that are attendant there too, whether it's education, job training, transportation, child care. These, these issues just kind of, kind of started to align what I was hearing from my constituents and what I was hearing from business leaders and stakeholders in Nebraska politics about some of the challenges that we're seeing on the statewide level for business and then for families. So I just started Googling around and researching to try and figure out if there was a better model that different states had out there to address some of these issues. So I quickly came across some resources on NCSL that talked about child tax credits, and it had information about how different, how some of our different sister states had established child tax credit programs to help to address the needs for raising children, the needs of working families, the needs to address workforce. And then I started to learn more about how the child tax credit program had been expanded during COVID relief and pandemic relief. And I got to, you know, kind of dig into some of that research to see how that policy choice was able to make a really positive difference for a lot of families and helped to address child poverty in one of the most impactful and cost effective ways possible. And so all roads kind of kept coming back to this child tax credit idea and then, of course, watching carefully to see the position of our state finances and with the full knowledge and wherewithal that, you know, we would continue to see a robust debate from this committee and on the floor of the Legislature about updating and modernizing our tax code to make sure that it worked for the most Nebraskans that we wanted it to work for and ensure our competitive, competitiveness, I thought we got to put this chip on the table. We got to figure out if there is a way to start a conversation about this in Nebraska as part of that broader conversation we're having about workforce and about our revenue policy. And so I think that there's a lot to like about a child tax credit. I think it's very flexible to meet the needs of individual families as they see fit, whether it's educational cost, whether it's childcare, whether it's medical-related issues or things of that nature. I developed the, the measure itself kind of looking at different programs that were out there in our sister states. And if you look at the, the states that have developed a child tax credit, they're across the country and across the political spectrum, some red states, some blue states. And, and I think that we have some really good lessons there. But I also want to just bring my personal experience to this. As a mom with two young kids, I know very well how expensive child care can be and we've been very blessed in our family that we have resources and we have family close by to help us

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to, you know, carry out the obligations that come with the joy of starting and raising a family. But I can also tell you, having resources and having family, it's still really hard. It's still really hard to find access to good child care. And it's still really hard to figure out how to make the budget line up at the end of the day. I remember talking to my dad as we were scouting out childcare options when we had our first child and he said, I heard childcare costs as much as a college education, and I said, gosh, I wish. It's actually more expensive than that. And especially in Nebraska, we're a little bit more expensive than, than some of our sister states in that regard. And you don't get a student loan for it if you were to qualify otherwise. So, I mean, just to kind of put an example on the table in that regard, but I just jump into a little bit about the specifics of the legislation, and then I'm happy to answer questions. And I know that there's some policy experts here and there's also some impacted families here that are going to share some of their experience and ideas as well. I do think that this measure has the opportunity for very broad support across the state and across the political spectrum, and I'm really excited to present it to Revenue today. So the Child Care Tax Credit Act would provide a full \$1,000 per dependent child for families with income up to about \$75,000 for single filers, \$92,500 for head of household and \$110,000 for married, filing jointly taxpayers. Families above these incomes can still receive the credit at a reduced rate of 5 percent for each \$1,000, \$1,500 for head of household and \$2,000 for married filing jointly. Dollars above the maximum allowable income. The credit is fully phased out at incomes reaching \$95,000 for a single taxpayer, \$122,000 for head of household, and \$150,000 for married, filing joint taxpayers. It's estimated, estimated that this privat, proposal, as written, would benefit about 470,000 children. Or put another way, about 81 percent of all children in the state of Nebraska. This proposal is also estimated to help out about, their parents, about 896,000 individuals in the state or about 46 percent of all Nebraskans. The child tax credit, excuse me just a second, is a proven way to help Nebraska families manage through our current high rates of inflation. Given our state's healthy fiscal condition, I think the time is right to act, to enact a policy that provides needed support to hundreds of thousands of children and Nebraska residents. This tax credit would help hardworking Nebraska families afford necessities like food, child care, utilities, clothing and rent. It would also put more money in the pockets of hardworking Nebraskans that's increasing their local purchasing power and their ability to contribute and stimulate our local economies. The nine states that have adopted a child tax credit include California,

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Colorado, Idaho, Maine, Maryland, Massachusetts, New Mexico, New York and Oklahoma. Additionally, I understand that the Governor of Montana is also proposing a \$1,600 tax credit for every child in their state under the age of six. Again, the people following us can help us go deeper on the numbers in the policy and, and their lived experiences. But I'm planning to stay and answer questions in closing. Also happy to answer questions at this time.

**LINEHAN:** Thank you very much, Senator Conrad. Are there any questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan. and thank you, Senator Conrad, for bringing this. And I don't want to ask too many questions if other people are going to answer it as well. But one of the things that you talked about early on was that you did some research, obviously, and saw the impact that we see from this kind of tax credit. Can you just expand a little bit more on what some of the, not specifics, but the overarching sort of broad benefits we're seeing when these are implemented, whether federally or at a statewide level? More specifically, vaguely, I know that these have led to families getting out of poverty. We're seeing an even more impactful sort of progression of people getting out of poverty from marginalized populations. Broadly speaking, what kind of impact can we expect to see from this if it is implemented?

**CONRAD:** Yeah, thank you so much, Senator. And definitely there are people behind me that will answer more adeptly and brilliantly, but I can tell you what really resonated with me when I was starting to Google around and do that independent research was that there is some very compelling reports and data analysis from how the federal COVID-relief dollars worked for expanding the child tax credit. And what we saw, what really jumped out at me was how we were able to see one of the most effective investments at reducing child poverty in our nation's history. We really have such clear data and analysis to carry forward from that COVID experience that shows that policies like this really made a difference. When you look at the statistics and then, of course, when you talk anecdotally to people, it, it, it mirrors what we're seeing in the data. So really, you know, just seeing those data points really caught my eye, really resonated with me. And, you know, I started my career working as a public interest attorney and have always centered kitchen table economic issues, economic justice issues in the course of my work. And so to see those kinds of numbers come out from the child tax credit, those impacts, it was remarkable. And it was unlike other studies in data analyses that I had seen in, in regards to other programs.

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**DUNGAN:** Thank you.

**LINEHAN:** Thank you, Senator Dungan. Are there other questions from committee? Seeing none. Oh, I have one.

**CONRAD:** Yes, please.

**LINEHAN:** So did you look at all the, I mean I'm trying to pull these things together in my head, the childcare.

**CONRAD:** Yeah.

**LINEHAN:** As you know, once they get in a school, they get less, hopefully.

**CONRAD:** Yeah.

**LINEHAN:** Right? So did you think about maybe just doing it for children who were 8 and under. The 18 is kind of great.

**CONRAD:** Maybe a little bit older, right.

**LINEHAN:** Yeah.

**CONRAD:** Thank you, Senator. And I wanted to put into place that the get-go, kind of a broad program design idea just to get some more information about how that might work in Nebraska and to see what the costs might be. I would be absolutely willing to work with the committee to tailor the program if we decided to move forward, either with, you know, differences in terms of the income eligibility or the age eligibility.

**LINEHAN:** Because the fiscal note.

**CONRAD:** The fiscal note.

**LINEHAN:** And I'll read this and I've read the studies too and it's impressive.

**CONRAD:** Yes, exactly.

**LINEHAN:** But they were huge stats.

**CONRAD:** They were.

**LINEHAN:** And it didn't matter how much reading, it looks like. So just some-- I just wondered you'd be--

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**CONRAD:** Yeah. I'm absolutely willing to work with the committee on that, absolutely, 100 percent. I think that, you know, one thing I like about this approach and I got to hear a little bit of Senator Bostar's bill introduction and closing as well, which is just kind of another solution to address some of the similar issues is that this is a bit more broader and comprehensive because it doesn't necessarily impact only folks who have kids in child care, right? It might impact those families that are taking care of their kids at home, but still incurring more expenses that come with children. I think the last statistics I saw demonstrated that it's about \$300,000 per child to raise a kid from birth to 18. And so, you know, there's a lot of families that are struggling through that. And of course, the more children you have, the more expensive it is along the way. Maybe you can get some economies of scale, but. So that's one thing that I've liked about this is the potential solution that it was a little bit more comprehensive in addressing whatever individual family's needs might be, and those needs might be different. But I would be 100 percent happy to help you in terms of working on it. One thing that we identified after we reviewed the fiscal note, for example, is if you dig into that and they did a really nice job like they always do, kind of laying things out, you can see the first year is much more expensive than the years projected forward. So if we wanted to address that, for example, I think a very simple amendment just basically could address kind of the relevant time period that the program would be established for the, the first year in terms of how it was introduced, covers about a 17-month period instead of about a year period. So that would be one way to bring down the initial years cost very quickly. If that was something the committee was interested in making it fit within the larger budgetary package or revenue package. The other thing is, it is expensive. But when we look, I think compared to some of the other price tags that we'll be seeing coming through this committee or as part of the overall budgetary picture in general, I'm not sure we'll find a better bang for our buck in terms of stimulating the economy and supporting families. So it definitely, I think should, should be a part of the conversation.

**LINEHAN:** Thank you very much. Do we have any other questions? The first proponent. Good afternoon.

**DIANE AMDOR:** Good afternoon, Chairperson Linehan, and members of the Revenue Committee. My name is Diane Amdor, D-i-a-n-e A-m-d-o-r, and I'm the staff attorney for the Economic Justice Program at Nebraska Appleseed. Nebraska Appleseed is a nonprofit law and policy organization that works for justice and opportunity for all

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Nebraskans. We'd like to thank Senator Conrad for introducing this important bill. Nebraska Appleseed supports LB294 because this state level child tax credit, which is modeled on the federal child tax credit expansion from 2021 and has been tailored to fit Nebraska, would reduce child poverty and would benefit everyone in the state. The research, based on U.S. Census Bureau data from 2021 is clear, and it is impressive. The expanded child tax credit and other federal measures taken in response to the pandemic uplifted millions of people from poverty. The child poverty rate, as measured by the Supplemental Poverty Measure, or SPM, was cut nearly in half from 9.7 percent in 2020 to 5.2 percent in 2021. For black children, that number dropped from 17.2 percent to 8.3 percent. For American Indian and Alaska Native children, that number dropped from 15.2 percent to 7.4 percent. For Hispanic children, that number dropped from 14.7 percent to 8.4 percent. For white children, that number dropped from 8.4 percent to 4.5 percent. In 2021, the supplemental poverty to measure for all races and all ages was 7.8 percent, which is the lowest the SPM poverty rate has been since those numbers were first published. There's no better way to invest the current revenue surplus than to give these funds back to Nebraska's children. This bill would invest in our future, our children. Implementing a state level child tax credit is a wise investment that may even result in lower costs in the long term, in the long term. The cost benefit analysis published last year found that making the federal child tax credit expansion permanent would cost a lot, approximately \$97 billion per year at the federal level, but would generate social benefits of a net, with a net value of \$982 billion per year. These benefits include improved health of children and parents and increased future earnings and future tax payments of those children. The study also considered reductions in public expenditures, on health care, foster care, and of particular interest in Nebraska given the overpopulation crisis in our state prisons, criminal justice. Children, particularly low-income children deserve a tax credit, just as much as our ag producers and businesses. The benefit of LB294 as compared to some of the other important tax credit proposals in front of this committee this year, is that it's not tied to a specific purpose. It's simple to administer and it gives the decision making power back to the taxpayers to decide how their money is spent, whether that is to offset the costs of school tuition or child care or their property taxes or child care, oh, I just said child care expenses, or if they need to spend it on basic necessities like food, rent and clothes, which is what the research shows the majority of people spent the federal expanded credit on. This bill is about helping children. It is about helping all of Nebraska's

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children, and it is about respecting parents and guardians as the experts when they, when it comes to knowing what their children need. We appreciate your attention to this issue and encourage the committee to advance LB294.

**LINEHAN:** Thank you very much for being here. Are there questions from the committee? Seeing none. Thank you for being here.

**DIANE AMDOR:** Thank you.

**LINEHAN:** Other proponents? Good afternoon.

**CINDY MEYER:** Good afternoon. Good afternoon, Chairperson Linehan, and members of the Revenue Committee. My name is Cindy Meyer, spelled C-i-n-d-y M-e-y-e-r, and I'm testifying in support of LB294 because I think that this bill is a positive step in to providing tax relief to Nebraskans that I often hear our state leaders say is a priority. I live in Omaha with my husband and our two children. Currently, I'm a full-time student and I'm employed as a work study through my university. When I first heard about this bill, as I often do when I hear about something that's interesting and important, I shared it with my husband. What surprised me and something that has never happened before is that while chatting with our tax preparer, he shared the information on this bill. I have never heard him share this type of information with anyone, especially a stranger. I think that this shows how important this bill is and this is something that people are talking about and something that people are interested in. This bill is a positive step in helping the children of our state have their needs met. The federal extended child tax credit helped my family, and I know that it helped many others as well. I would like to share an example of how the federal extended child tax credit helped my family in 2021 and how this bill would help families like mine. Having the child tax credit helped me purchase school supplies for my children. In the fall of 2021, my youngest daughter started kindergarten. We had moved that summer, so that meant that my kids would have to attend a new school. Although I expected the need to purchase school supplies, I was in shock when I saw the amount of supplies that were needed. The school that they had previously attended had provided most of the supplies, so I had not anticipated needing to purchase things such as two pairs of headphones, but I did not panic as I might have in the past because of the additional tax credit funds. As this was a new school for both my kindergartner and her then second grade sister, it was especially important that they had everything they needed to feel confident and to be prepared to learn. The child tax credit proposed by LB294 would take the stress

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out of purchasing new clothes for my kids. An extra \$1,000 means that when one of the kids goes through-- goes through a growth spurt, as kids tend to do, going shopping for clothes is a fun experience instead of a stressful experience. In 2021, I was not only able to get everything on two separate school supply lists, but I was also able to get a first day of school outfit for them. In the past month, I began to notice that the pant legs on my 9-year-old are looking a little shorter. I keep telling her that next paycheck we'll go shopping. And as of yet, we still haven't made our shopping trip. I can't help but think how if this bill were already in place, we would be having fun finding new clothes together. Thank you for your time and for your consideration, and I hope that you will advance LB294.

**LINEHAN:** Thank you very much for being here. See if there are any questions from the committee. Were those both school districts in Nebraska or did you move here?

**CINDY MEYER:** Yes.

**LINEHAN:** OK. OK. Well, I won't embarrass the schools by asking. Thank you very much for being here.

**CINDY MEYER:** Thank you for your time.

**LINEHAN:** Good afternoon.

**ERIN FEICHTINGER:** Chairs are always shorter than I think.

**LINEHAN:** Pardon?

**ERIN FEICHTINGER:** These chairs are always shorter than I think.

**LINEHAN:** Well, I don't know.

**ERIN FEICHTINGER:** I'm glad that's going to be on the record.

**LINEHAN:** I really feel during the day they get turned.

**ERIN FEICHTINGER:** Yeah, well, maybe a morning here, we'll try it out.

**LINEHAN:** Higher in the morning. Yeah.

**ERIN FEICHTINGER:** Happy that it'll all be on the record. Chairperson Linehan and members of the Revenue Committee, my name is Erin Feichtinger, E-r-i-n F-e-i-c-h-t-i-n-g-e-r, and I'm the policy director for the Women's Fund of Omaha. We believe that economic security is foundational for achieving gender equity, and for this

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reason we offer our support for LB294, which will help families achieve both long-term stability and help them to weather unforeseen economic crises like school supplies that we were not anticipating. Low-income families, particularly those headed by single mothers, as well as black and Latino families, are disproportionately impacted by economic crises and labor market volatility. What would be perhaps a minor inconvenience in the economic circumstances of a family with means can and does quickly spiral into an economic crisis for low-income families. For these families an unexpected expense such as repairing a car so that they can get to work, can mean hard decisions about whether to buy food or pay for rent. The effect of these extreme fluctuations in a low-income household's budget is especially acute for children who, as a result, experience, can experience worse educational and health outcomes, as well as reduced future earning potential. Providing for a child tax credit as proposed by LB294 helps moms and kids. The Child Tax Credit program of 2021, as Diane so wonderfully laid out before, have kept about 3.7 million children out of poverty and reduced the monthly child poverty rate by 29 percent. Surveys show that low-income families in that program overwhelmingly used their tax credit payments on necessities such as food, rent, clothing and utilities. The economic security of women and families is critical to our future success as a state. In Nebraska, 188,003 households are headed by single women, and 34,394 of those households have children under the age of 18. Nearly one-third of all households headed by single women that have children under 18 are below the poverty level. When parents can care for their kids' basic needs and do fun things like take them shopping for a first day of school outfit, my daughter only wears Sparkles, so we're always searching for that. Children benefit from that economic security. The child tax credit should not be seen as a handout, but rather as an investment in Nebraska's future generations. If we truly care about Nebraska's children, I think we are morally obligated to help their families provide for those basic needs. When children do well, all of us do better. And I'm happy to answer any questions to the best of my ability. Thank you for your time.

**LINEHAN:** Thank you very much. Are there questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan, and thank you for being here today. One of the things we've heard about from other testifiers, as well as Senator Conrad, is there are obviously these economic benefits that we can see that are traceable, that are trackable. It seems to me that providing this tax credit could also have the benefit of like intangible benefits. And I think you kind of touched on that a little

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bit in your testimony, the security and the safety that goes into that. Can you expand a little bit more as to how that's going to support both kids and parents beyond just what's recordable in the economic sense and what other kind of intangible benefits we might see by providing them with this?

**ERIN FEICHTINGER:** Yeah. So study after study, particularly, or specifically with children who are living in poverty, who are living in economic insecurity, shows that, that instability. Right. The moving maybe because you got evicted, the food insecurity and just I think to that psychological stress of knowing that and this has been studied with the, with the child tax credit as well, that psychological stress of knowing that your parents are stressed and worried all contribute to those things that we want kids to really be able to do, like pay attention in school. I used to teach fifth grade special ed in Chicago Public Schools, so very easy. And that was something that we always learned about, right, is when we had kids who were coming from an unstable household, like economically unstable households, you know, the first thing we needed to do was to make sure that their basic needs were met when they came into the classroom. And that's one of those, I think, intangible benefits. It's much easier for a kid to learn math, to get engaged when they're not worried about, you know, their parents being stressed or if they're going to have a home to go home to that night. And, you know, so something even just that little of, of that, that breathing room, I think, for parents really ends up benefiting kids. And I'm sure that there are people who are much smarter than me, who are behind me, who would be able to help elucidate that even further.

**DUNGAN:** Thank you. I appreciate that.

**LINEHAN:** Thank you, Senator Dungan. Are there other questions from the committee? So on your numbers here, which are very helpful. So the last paragraph on the first page, 34 out of the 24.5 percent and 34,394 of these households have children under 18, and a third of those houses-- households, they're headed by single women that have children under 18.

**ERIN FEICHTINGER:** Yeah.

**LINEHAN:** So, so if it's a third of the 300-- 30-- 34,300.

**ERIN FEICHTINGER:** It's a lot of threes in there.

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**LINEHAN:** Yeah. I'm just trying to get [INAUDIBLE]. So if my math is right, it's 11,465 families, single mom who are living in poverty.

**ERIN FEICHTINGER:** That sounds right.

**LINEHAN:** OK. And when you say poverty, you're talking about 100 percent of the poverty level, right?

**ERIN FEICHTINGER:** Um-hum.

**LINEHAN:** Thank you very much. That helps to clarify that. Other questions from the committee? Thank you very much for being here. Other proponents? Good afternoon.

**GARRET SWANSON:** Good afternoon. Thanks for having me, Chairwoman Linehan and members of the Revenue Committee. My name is Garret Swanson. That's spelled G-a-r-r-e-t S-w-a-n-s-o-n, and I'm here on behalf of the Holland Children's Movement in support of LB294. The American Rescue Plan Act of 2021, which was signed into law in March of 2021, increased the child tax credit from \$2,000 to \$3,000 per child aged 6 to 17 and \$3,600 for children under six. To measure the effects of this legislation, the census, the Census Bureau reviewed the legislative, legislation in its annual Supplemental Poverty Measure Research paper. This paper found that in total, the child tax credit lifted 2.9, after implementation of the child tax credit, 2.9 million children were lifted out of poverty and according to our research, the 2021 expansion of the child tax credit accounted for 2.1 million of these 2.9 million children lifted above the poverty line. A massive success in fighting child poverty in the United States. Additionally, the expansion of the child tax credit was found to positively impact children's health, education and long-term life outcomes by providing families with more financial stability and resources. The credit helped improve children's access to healthy food, stable housing, quality child care and other essentials that are important for a child's development. Senators, unfortunately, that expansion has sunsetted, leaving millions of children that have been living out of, lifted out of poverty in the dark. Thankfully, thankfully, we have an amazing opportunity here to support children in Nebraska. Over the last several weeks, members of this legislative body have been great, have been having great conversations about what can be done to keep young people in Nebraska. I know a lot of people are throwing numbers at you, so I want to get a little bit more personal. So speaking as an uncle to five children here in Nebraska, I've had in-depth conversations with my family and what can, what can be done to best support them. An increase in the child tax credit is

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a popular proposal amongst my family members and for all families raising children here in our great state that I've had the fortune to talk to. As a newly married man that one day soon may be starting my own family, this legislation would be a strong incentive for my wife and I to start that family here in Nebraska. This is truly a proposal that can help us, once, get one step ahead of our neighboring states when it comes to retaining talent and building prosperity for working families. And we applaud Senator Conrad for proposing it. The Holland Children's Movement strongly urges this committee to vote this bill out, out to the floor. Thank you.

**LINEHAN:** Thank you very much. Are there questions from the committee? Seeing none. Thank you very much for being here.

**GARRET SWANSON:** Appreciate it.

**LINEHAN:** Other, other proponents?

**ANAHI SALAZAR:** Good afternoon. Thank you, Chairperson Linehan and members of the Revenue Committee. My name is Anahi Salazar, A-n-a-h-i S-a-l-a-z-a-r, and I am representing Voices for Children in Nebraska. Our state benefits when every child in Nebraska has the opportunity to reach their full potential. The child tax credit, or CTC, helps low-income working families by offsetting part of the cost of child rearing. This tax credit would help families with children escape poverty and achieve self-sufficiency. Nebraska, like most of the country, has faced growing child poverty rates since the end of the federal rescue plan, and households are having to pay more each month compared to last year because of inflation. Voices for Children supports LB294 because it supports Nebraska's working households and children. Child tax credits are an effective means to bring working families needed economic relief. Poverty fell by more than 40 percent across the country with the federal child, child tax credit expansion. The money helped decrease the child poverty rate-- that was 5.2 percent-- below that of the adults for the first time. With the federal CTC expansion, households were able to provide for their children by paying for food, utility, utility bills, housing, clothing and cover education costs. And the Census Bureau provided real time data on how parents were spending the monthly deposits and what it meant for children and food, food topped the list. As a result, Nebraska's poverty rate for children in 2021 was 12.2 percent, the lowest since the data has been collected. By instituting a state level child tax credit, LB294 would help maintain and hopefully push our child poverty rate even lower. Additional income, such as the child tax credit, can improve children's health,

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educational and economic outcomes. Families with, with young children also have the cost of child care. Child care annual costs in 2020 averaged about \$11,000. LB294 would provide additional support to families with young children requiring child care to remain in the workforce. Finally, there is growing, a growing body of evidence that shows a relationship between family income and academic, and academic achievement. Increases in tax credits for working families have been shown to positively impact educational outcomes. This impact extends beyond the economic. Additional research found that income from policies such as the child tax credit improve the health, educational achievement, future earnings and lifelong prospects of children. Enacting a state level child tax credit will help Nebraska children flourish. We thank Senator Conrad for her leadership on this issue, and we respectfully urge the committee to advance this bill. Thank you. And I'm available for questions.

**LINEHAN:** Thank you very much for being here. Are there questions from the committee? Where did you-- the-- so you say \$11,000. So I guess you have it, have it footnoted. I just need to read the footnote.

**ANAHI SALAZAR:** Yes, and that was in 2020. I think when they were-- with the, the bill before, they--

**LINEHAN:** More recent numbers.

**ANAHI SALAZAR:** Yes. They had more recent numbers.

**LINEHAN:** And this is average from not just the tiny of kids dropped probably up through eight or nine [INAUDIBLE].

**ANAHI SALAZAR:** Yes.

**LINEHAN:** Oh, OK. That makes more sense. OK. Are there any other-- one other thing. When you said that the federal, that's gone away, right?

**ANAHI SALAZAR:** Right. Yes.

**LINEHAN:** So we won't be able to make up, this up with \$3,000.

**ANAHI SALAZAR:** Right. Right. Yes. But we saw how impactful it was and hopefully bringing, or helping families, supporting families with an additional tax credit now would help aid in that-- in lowering that child poverty.

**LINEHAN:** Thank you. Other questions? Seeing none, thank you very much for being here.

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**ANAHI SALAZAR:** Thank you.

**LINEHAN:** Next proponent.

**ALICIA CHRISTENSEN:** Good afternoon, Chairperson Linehan and members of the Revenue Committee. My name is Alicia Christensen, A-l-i-c-i-a C-h-r-i-s-t-e-n-s-e-n, and I'm the director of Policy and Advocacy at Together where our mission is to end hunger and homelessness in the Omaha area. We support LB294 because infusions of cash income like the child tax credit pay, play a critical role in economic stabilization for families at all income levels, but are especially significant to the people that we work with every day. Services from community organizations like Together and government programs provide crucial support for many Nebraskans, but they are most effective when paired with direct financial assistance like the child tax credit. For the most part, programs and services provide specific benefits addressing foreseeable household needs, but they don't have the flexibility to address unexpected expenses. However, 40 percent of adults report that they would have difficulty or be unable to pay an unanticipated \$400 expense. And together, as case managers often work with participants whose food insecurity or homelessness can be traced back to a temporary cut in work hours, a bill that they didn't expect or a similar circumstance that upended a budget that had no room for error. For these families, a tax credit provided by LB294 would fill this gap, allowing them to cover short-term decreases in income, unexpected but necessary costs and do so before they became, before the problem snowballed and became a crisis. Opponents of cash assistance frequently voiced concerns that families will spend such assistance, direct assistance frivolously, or can often attribute financial instability to poor life choices or an unwillingness to work hard. But these objections are contrary to our experiences as service providers and dozens of studies that provide evidence of the time and effort low-income households put into careful budgeting, and that the majority of recipients income is devoted to necessities like food, rent and health care. LB294 respects the competency and autonomy of Nebraska families recognizing the parents are in the best position to know their household needs and how best to meet them. What's more, as many of those who have gone before me have mentioned, we know that this works. It's enormously effective in addressing poverty among families with children. That's perhaps obvious, research shows that poverty has an incredibly negative effect on children that can last into adulthood. Child tax credit programs ensure kids can flourish by providing the financial resources to meet their basic needs. As a result of the federal child tax credit extension in 2021, the number of children experiencing poverty

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decreased by 46 percent, and families experienced improved nutrition, decreased reliance on credit cards and other high risk financial services, and made long-term educational investments for both parents and children. Ensure the child tax credit is an effective approach to proactively address financial instability and avoid costly reactive responses to downstream effects of that instability, I ask that the committee advance LB294 to help Nebraskan families and children thrive. Thank you.

**LINEHAN:** Thank you very much for being here. Are there any questions from the committee? Seeing none. Thank you very much.

**ALICIA CHRISTENSEN:** Thank you.

**LINEHAN:** Next proponent.

**TOM VENZOR:** Good afternoon, Chairwoman Linehan and members of the Revenue Committee. Tom Venzor of Nebraska Catholic Conference, T-o-m V-e-n-z-o-r. My testimony being handed out is basically, it's the same one from the previous bill because what you saw on Senator Bostar's bill in micro that we had supported there, it's kind of the same concept here at a more macro level. So I won't repeat what's on the testimony, but just kind of wanted to get on, get in on the record and just kind of reiterate. For us at the Conference, you know, one of the key things here that we think this policy is doing is just kind of giving that preference and that favor to the family and to the family structure. So making sure that we have tax and economic policies that are favoring the families so that, like I said in my earlier testimony, that we can, you know, ease some of those burdens of raising children, especially in large families. But also we think this bill as well, LB294, you know, offers that preferential option for the poor that we think is very important at the Catholic Conference. Again, making sure that in our public policies we have a particular care and a love and sort of an attention to the poor in the situation that they're in. And then just finally, I wanted to mention, you know, as, as, you know, we're making kind of a push to this in the Legislature to just kind of have more robust pro-life laws on the books. We're also just reiterating to our legislators just really the importance of making sure that we're focusing on the family supports that we're offering so that those families in saying yes to life have those, have those various supports that they need to, you know, be able to say yes to life and to do that with sort of that joy in a lot of, with the ease of the burdens that you've heard already talked about today, so. But just wanted to identify those few kind of key principles on that and urge your support for some element

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of this, although I know the fiscal note is also very big on it, so. But thank you very much and happy to take questions.

**LINEHAN:** Thank you. Are there any questions? Seeing none. Thank you very much.

**TOM VENZOR:** Thank you.

**LINEHAN:** Other proponents?

**MATT ERB:** Good afternoon, Senator Linehan and members of the Revenue Committee. My name is Matt Erb, M-a-t-t E-r-b. I'm an 11-year educator with Lincoln Public Schools and I am speaking on behalf of the Nebraska State Education Association in support of LB294. As an elementary music teacher, I have the amazing opportunity to work with all of the K through 5 students in my building, 850 unique 5-year-olds through 12-year-olds who come to school each day from different neighborhoods, socio economic levels and cultures. In order for those students to achieve their highest potential academically, artistically and socially, there are needs that first need to be met. Financial stress trickles down to the youngest members of our society who are least able to control their situation. When even a little bit of that financial stress can be reduced, it makes a noticeable difference in a child's life. A child tax credit is a strategic and egalitarian way to help reduce child poverty and to allow parents to provide the necessities like food, rent, child care or piano lessons. LB294 is a way to provide tangible support to children and families in rural and urban areas alike. Thank you for your consideration. Be happy to answer any questions.

**LINEHAN:** Thank you for being here. Could you spell your name?

**MATT ERB:** Matt, M-a-t-t E-r-b.

**LINEHAN:** Thank you very much. Are there questions? Thank you very much for being here. Other proponents. Good afternoon.

**REBECCA FIRESTONE:** Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e. I'm here today representing OpenSky Policy Institute to testify in support of LB294 because there's a robust body of evidence about the effectiveness of child tax credits. Our finances allow us at this time to make this transformative, transformational investment in our kids. And the credit would affect many Nebraska families in positive ways. I'm not going to reiterate some of the evidence that's been shown about the effectiveness of the

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credit on the, on the federal level, but I'm happy to talk about more in questions, during questions. I will note that there is substantial momentum across the country, across the political spectrum to consider investing in the state level child tax credits at this time, including the Governor of Montana, incorporating it into the Montana budget proposal this year. At this point in time, Nebraska's current finances also present, prevent, present an opportunity to enact this proposal this year. We believe LB294 would be a wise investment to use the state's current surplus as it would grant meaningful tax savings to working families. And the way that the credit is designed, it reaches a broad range of families across the income distribution. So our modeling suggests that an average tax reduction for taxpayers in the lowest quintile of the income distribution, about \$1,283, at the top quintile, there's a tax reduction that's estimated at \$993. So the modeling that suggests that it reaches about 81 percent of kids in the state suggests that it reaches a broad range of families and we think that provides evidence that this could be support, that this is a tax credit that could support families. And it also provides a lot of flexibility for them in terms of how they manage the expenses that they have for their children. And with that, I will wrap up my comments and I'm happy to provide, to talk more during questions if you have questions. Thank you.

**LINEHAN:** Thank you. Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan, and thank you for your testimony here, Ms. Firestone. So I think, obviously, it's worth noting that I think OpenSky's come in in opposition to tax credits previously, or at least maybe that's been a position that's been taken. What, genuinely curious, what is different about this particular tax credit that you're more in support of this wouldn't, why would you think that this is maybe going to work better than some of the other tax credits that have been proposed?

**REBECCA FIRESTONE:** So this is a tax credit that has really robust evidence around its effects. And in the realm of economic federal policy, you don't often see such a close, like practically causal relationship between a particular policy proposal and its economic effects. And there's very good data on the federal level about the effects of the expanded tax credit. So, so I think what sort of put us into a position of being willing to support this particular tax credit is that there's evidence about the effectiveness, of the effectiveness. And there is an economic multiplier, which I think has been discussed so the estimates that we've seen is that a dollar of this tax credit on the federal level would lead to about a \$1.25

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worth of economic activity more broadly. So there's pretty robust return on investment for this type of credit that supports economic activity. So with that, that led us to be willing to support this credit. I believe there's also a provision in the bill that asks the Department of Revenue to be able to report out on who is actually claiming the credit, so that also provides transparency to all of us in the state to understand how this credit is actually operating.

**DUNGAN:** And so have you had a chance to review the fiscal note on this yet?

**REBECCA FIRESTONE:** I have.

**DUNGAN:** So the fiscal note doesn't encapsulate some of that potential growth that you're going to see moving forward, that \$1.25, I mean \$1.

**REBECCA FIRESTONE:** I mean, that's the cost to the state. It doesn't encapsulate the full amount of economic activity that the credit could generate.

**DUNGAN:** And to be fair, we don't know what that actually would be, but.

**REBECCA FIRESTONE:** No, on a state level, you know, we can't model at this point in time. The evidence that we have is how the federal credit works.

**DUNGAN:** OK. Thank you.

**LINEHAN:** Thank you very much, Senator Dungan. Senator Briese, to speak.

**BRIESE:** Yeah, I guess briefly. Thank you and thanks for your testimony here today. Are you very knowledgeable about the programs in other states, in nine other states, can you tell me how they compare to this proposal as far as age is being targeted, the amount of the credit--

**REBECCA FIRESTONE:** There's.

**BRIESE:** --income cut-offs, things of that sort.

**REBECCA FIRESTONE:** I can, I can speak to some of those now, and I think we can map those out in some more detail for you. There's a variety of different design considerations to think about in terms of

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a child tax credit and different states do it differently. So there's the amount of the tax credit, there's the income threshold at which the credit potentially cuts off. Some states do it as a percentage of the federal credit, so there's a variety of different considerations to work through. I mean, our understanding is that this particular credit with the thinking that Senator Conrad put into it, was about sort of trying to develop sort of a broad-based approach for Nebraska that would reach families across the income distribution.

**BRIESE:** As far as the income levels targeted there for the cut-off, do you know where-- how those numbers are arrived at the ten--

**REBECCA FIRESTONE:** Yes, those were based on pre-TCJA income thresholds at the federal level.

**BRIESE:** Thresholds for?

**REBECCA FIRESTONE:** For, that was for married filing jointly, for head of household and for single credit.

**BRIESE:** Single credit.

**REBECCA FIRESTONE:** Excuse me?

**BRIESE:** For the federal credit?

**REBECCA FIRESTONE:** Yes. That was based on, it was based on what those were at pre-TCJA because TCJA sort of changed the thresholds around a fair amount, so, yes.

**BRIESE:** OK. Thank you.

**DUNGAN:** I just have one brief question.

**LINEHAN:** Thank you, Senator Briese. Senator Dungan.

**DUNGAN:** I apologize. I promise I won't ask too many more. I realize this may be more about the next bill we're going to talk about, but I just remembered we're going to be talking about the EITC moving forward. What's the interplay between this tax credit and the EITC and how would one maybe effect the other? Genuinely, I'm not entirely sure and I may be belying my ignorance, but what would, how would those two things interact with one another currently?

**REBECCA FIRESTONE:** That's a really interesting question, Senator. And I have to say, I haven't thought about it extensively, and I think

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that, I would say that this is a more broadly-based credit than the EITC, which is going to be targeted to folks at the lower ends of the income distribution, and there is some potential possibly for, if both of these provisions were to go through for some families to be able to claim both, but I would want to actually confirm that.

**DUNGAN:** OK. I was just curious. Thank you.

**LINEHAN:** Thank you, Senator Dungan. Are there any other questions from the committee? Do you have any idea on your, if we were quartiles, so how many, I wrote down, I'm sorry.. How many of the lower 25 percent are paying income taxes now?

**REBECCA FIRESTONE:** I don't have that number on top of me right now. This is designed to be a fully refundable credit, so it would reach some portion of people who are, because of their income thresholds, are not currently paying taxes.

**LINEHAN:** Right. But it's the same as the federal.

**REBECCA FIRESTONE:** Yeah.

**LINEHAN:** I understand. I just didn't know what, it would be interesting to see the distribution for how much goes to the low, the lowest 25 and up to 50, 75 and 100.

**REBECCA FIRESTONE:** OK. I'm fairly certain that I can get those numbers to you. I'm happy to share that with you.

**LINEHAN:** That will be very helpful. Thank you very much. OK. No other questions, thank you for being here.

**REBECCA FIRESTONE:** All right. Thank you so much.

**LINEHAN:** Are there any other proponents? Are there any opponents? Is there anyone wanting to testify in the neutral position? Senator Conrad. Let me find the letters. We had 53 proponents, 0 opponents, and 0 in neutral.

**CONRAD:** Well, I'm glad the record reflects that. That never happens with my bill. Thank you.

**LINEHAN:** I think a lot of people are busy. [LAUGHTER]

**CONRAD:** I think you're right. I think you're right.

**LINEHAN:** Email or text about [INAUDIBLE].

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**CONRAD:** Yeah, I think you're right. Yeah. Briefly thank you so much to all the testifiers who did make time to share expertise and experiences today. Thanks also to the folks who wrote in. Thanks to the Committee for their rapt attention and important questions. You know, one point that I just want to put a little bit more emphasis on, which I think is really important and in thinking about this policy proposal, is that, you know, this would be a proposal that, of course, helps low-income families help to make ends meet with rising costs on the home front. But it's also broader than that in, as designed and as introduced to really help to address the needs of a lot of families that are making too much for public assistance programs. But maybe, you know, we're still having a lot of those challenges with making ends meet at home. And so it's really designed to not only be an effective anti-poverty tool, but to really help to ease the burden for middle-class working Nebraskans as well, which I think is, is something that I know the constituents I talked to in the last year were very interested in, in kind of thinking through and learning more about, because I think you've probably heard some of the same things where middle-class folks really feel like they're being left out. They feel like there's a lot of attention for, you know, families in need that are struggling with a lot of our public assistance programs and things of that nature. And they feel like there's a lot of, you know, attention to provide tax relief to some of our highest earners who have, of course, a different tax burden for different reasons. But I think that one thing that we should think about very carefully, whether it's through Senator Bostar's proposal, Senator DeBoer's proposal or something like this, we need to figure out a way how to address the needs of middle-income Nebraskans, of hardworking Nebraskans who are kind of right in the middle there. And I think that, that would go a long way to putting together a package that would meet, meet the needs of our constituents and be politically more feasible.

**LINEHAN:** Thank you very much. Are there any questions from the committee? With that we're bringing the hearing on LB264 to a close.

**CONRAD:** Very good.

**LINEHAN:** Thank you very much, Senator Conrad. Do we need a 5-minute break?

**CONRAD:** I'm fine with that if it's the committee's preference.

**LINEHAN:** Oh, you're the next. I'm sorry.

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**CONRAD:** OK.

**LINEHAN:** OK. All right, we'll open the hearing. OK, LB295.

**CONRAD:** Good afternoon, committee. My name is Danielle Conrad, D-a-n-i-e-l-l-e, Conrad, C-o-n-r-a-d, here today representing north Lincoln Fighting 46 Legislative District, and I am excited to introduce LB295 to the committee. So this will be familiar terrain for returning members of the committee and perhaps something already familiar to new members of the committee. This is a measure to increase the Earned Income Tax Credit from the state level. So Nebraska and many of our sister states have developed state level Earned Income Tax Credits over the period of years. Ours has been in place for some time and has been unadjusted, I think, since 2007. So what this measure would do, our current EITC is tied to the federal program and sits at about 10 percent. This would move it up to 17 percent and you might say why 17 percent? That seems like such an arbitrary number. We can definitely go into more details about it, but it's really pegged to where our sister states are, where our neighbors are, in our region to be thoughtful about that competitiveness that I know is an important part of our tax policy discussions. EITC is, again, I think, one of those programs that finds a very broad base of support across the political spectrum and across the state, geographically. This has been an issue close to my heart. I've had a chance to work on it before I joined the Legislature with my predecessor, Senator Landis. And then in my prior term of service, I helped to establish and continue the work forward on the EITC and much of the same reasons control today as they did then when we first established it. We have a healthy fiscal position. We need to make sure that all Nebraskans have an opportunity to benefit, benefit from that. The EITC makes work pay. It rewards hard work. It rewards people who are trying to do the right thing and play by the rules. And a slightly expanded credit would help to ensure that those families who rely on EITC, who are a bit a bit more targeted low-income than the last bill that we saw here, really can make that work pay and really help to address increasing costs at the pump, with child care, buying groceries, what have you. So I think it's a fairly modest but meaningful investment when you look at what an expansion from 10 to 17 percent might mean for our state's overall financial picture. And it's important to keep in mind that by increasing the state EITC to this level at 17 percent, you know that, that helps about 14,000 filers in Nebraska, or 14 percent of filers in Nebraska are low-income workers, which is about 100,000 Nebraskans. I passed out a chart so that you can see kind of where the current program is, kind of what that would mean for different

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family compositions if this measure were to be advanced. And I'm just going to triple-check that I covered everything in my opening, but, of course, happy to answer questions of the committee, and I know that there will be thoughtful testifiers behind me as well.

**LINEHAN:** Thank you very much. Are there questions from the committee? Senator von Gillern.

**von GILLERN:** Senator Conrad, thank you. You said the 17 percent has to match neighboring states or are those the states on our perimeter, are they--

**CONRAD:** You got it.

**von GILLERN:** -- are they all, is that the rate where they all are or approximately?

**CONRAD:** Yeah, I think it's perhaps an average. I can grab those numbers for you and bring them up on my closing.

**von GILLERN:** I didn't expect you to have it on the top of your head, but.

**CONRAD:** I should probably know. I should be a little bit sharper. But, yeah, I think if you look at kind of where Colorado and Kansas and Iowa are, this would help us to be a little bit closer to our neighboring states in regards to how they treat their EITC program.

**von GILLERN:** And then second, your, one of your comments was that it rewards hard work and this is going to sound sarcastic, I don't mean it that way. I'm looking at the numbers here, I see you get more, more credit for more kids. I don't see that you get more credit for more income for, for a greater input to the state, am I missing--

**CONRAD:** Sure.

**von GILLERN:** --something in the calculation?

**CONRAD:** Sure. So I think, probably both are true and it's not sarcastic at all. So the EITC is designed to have kind of different eligibility depending upon your income and your family size. So EITC does provide some very modest benefits to families that are low-income and working that don't have children, for example. But then you would see an increase as people work their way, as their family size increases, for example. And you would see on the flip side of that, Senator von Gillern, you would see as people work their

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way out of poverty or up the economic ladder then they would, yeah, they'd have less ability to benefit from the EITC.

**VON GILLERN:** OK. Thank you.

**CONRAD:** Yeah.

**LINEHAN:** Thank you, Senator von Gillern. Questions? Here's one that I expect you to have, Senator Conrad, now, but you would maybe for your close tomorrow.

**CONRAD:** Yes.

**LINEHAN:** Is there a cliff effect if you get to-- OK. You're married, filing jointly. You're at \$59,000. Say you have two children-- say with family [INAUDIBLE]. Is there-- when does it-- like, when is it like, I, I don't want the raise-- and I know this is probably rare, but it can happen. I don't want the raise because if I get the raise, I lose the credit.

**CONRAD:** Right. Yes, I think Senator Linehan, you're exactly right. It kind of ties in to eligibility and utilization for other public benefit programs, work support programs. You hear about this whenever you take up a SNAP bill or a housing bill or a child care subsidy bill, that people are trying to work their way out of poverty and then they hit that extra 25--

**LINEHAN:** There's a wall where you lose--

**CONRAD:** Yeah.

**LINEHAN:** Free and reduced lunch, you lose CHIP--

**CONRAD:** You got it.

**LINEHAN:** --you lose Earned Income Tax Credits. So I just want to make sure we don't build a wall.

**CONRAD:** Yeah.

**LINEHAN:** And then on I, I, too, will piggyback on Senator von Gillern's, I'd like to know the surrounding states, Iowa, Missouri, Kansas, Colorado, South Dakota, Wyoming. Is there, also their top tax rate. Do you think they've all got lower tax rates than we do?

**CONRAD:** I think that's right. And I did just see on my chicken scratch notes here that I, I have really, Iowa is at 15 percent

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today, Kansas is at 17 percent today and Colorado is at 25 percent today. I understand that the Missouri program is fairly new, and is at 10 percent similar to what our measure has been at since I think about 2007-ish or so. And I'll triple-check. Senator Linehan, but I think South Dakota and Wyoming don't have income tax. And so I don't think they have the EITC, but I will get the top effective tax rates for the other.

**LINEHAN:** But they may have something similar.

**CONRAD:** They might have something like that, yeah.

**LINEHAN:** So, and it also has to measure against the top rate and when that, and what, at what income levels.

**CONRAD:** Yes. I will check.

**LINEHAN:** OK. All right. Any other questions this afternoon? Seeing none, thank you very much.

**CONRAD:** Thank you.

**LINEHAN:** And then we'll have proponents.

**ERIN FEICHTINGER:** We meet again so soon.

**von GILLERN:** Good afternoon.

**ERIN FEICHTINGER:** Good afternoon, Vice Chairman von Gillern, members of the Revenue Committee. Again, my name is Erin Feichtinger, E-r-i-n F-e-i-c-h-t-i-n-g-e-r, and I'm the policy director for the Women's Fund of Omaha. We're here to offer our support for LB295 because the Earned Income Tax Credit has proven one of the most effective measures to reduce poverty for working mothers and their families. The EITC helps families at every stage of life through improved infant and maternal health, better school performance, greater college enrollment, increased work and earnings for the next generation, as well as increased Social Security retirement benefits. The EITC is particularly beneficial for working mothers who, as a result of this tax credit, experience higher wage growth and job stability than women who did not receive the EITC. That benefit translates to their children. The next generation of Nebraskans who, as a result of their working parents receiving the EITC are more likely to attend college, work and earn more as adults, as well as avoid the early onset of those health issues that we associate with child poverty to go back to what we talked about in LB294. There is a

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tendency to believe that anti-poverty measures are inherently government handouts. In order to claim this credit, as Senator Conrad pointed out, the recipient must have earnings from a job. Single working mothers are the group most likely to be eligible for the EITC because they are most likely to be low-income and have qualifying children, and as these mothers work more, they earn more and they receive more benefit. There is perhaps not a more clear example of the hand up, not a handout, but a hand up approach than the EITC. When the EITC was expanded in the 1990s, researchers found this expansion actually more effective at encouraging work among single mothers than any welfare reform. Furthermore, it has proven to significantly reduce caseloads for cash welfare, so that same EITC expansion of the 1990s was found to have moved more than 500,000 families from welfare assistance to work. So when it comes to reducing poverty for low-income mothers and their families, this Legislature has made it clear that it wants to increase employment, encourage work and drastically reduce reliance on cash welfare and government assistance. Providing for the Earned Income Tax Credit accomplishes all of these goals and helps to grow the health and stability of the next generation of Nebraskans. So we would respectfully encourage this committee to advance LB295 out of committee, and I'm happy to answer any questions that I can and to the best of my ability.

**von GILLERN:** Thank you. Any questions from the committee? Seeing none, thank you for being here today.

**ERIN FEICHTINGER:** Thanks.

**von GILLERN:** Next proponent.

**TOM VENZOR:** Good afternoon, Vice Chair von Gillern, and members of the Revenue Committee. My name is Tom Venzor, T-o-m V-e-n-z-o-r, executive director of the Nebraska Catholic Conference and this is my third revenue bill of the day, so I feel like I belong to like an economic think tank or something. But so, yeah, well, it looks like I've got a typo already I can see, but LB295 enhances a proven, effective and socially just public policy that assist families often overlooked when fiscal policies are considered. The Earned Income Tax Credit, as stated by the IRS, is an income tax credit which helps low- to moderate-income workers and families get a tax break. As you've heard already, the EITC is not welfare, but it makes welfare policies more effective in terms of both economic and social cost. This, this legislation has at least four positive impacts. It assists the working poor, delivering critical income support for workers in

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low-wage jobs. It supports the stability of their families, helping to lift their children out of poverty. It promotes self-sufficiency, which remains a linchpin of Nebraska's welfare reform enacted in 1994, and it helps to reduce long-term welfare dependence. When the Legislature worked on welfare, welfare reform in the mid-nineties, engaging in a great deal of diligent debate, one of the commitments made on behalf of the state was to provide supportive policies to help make self-sufficiency realistic and meaningful, authorizing an increase in the EITC at a realistic and meaningful level as it does in LB295, as a manifestation of that commitment and would be an important step forward for Nebraskans experienced, experiencing poverty. The Catholic Conference has been a long-time supporter of the EITC legislation here in Nebraska, and this support is an extension of the support that the United States Conference of Catholic Bishops has consistently acted upon at the federal level for enactment, implementation and promotion of the federal EITC. So we respectfully urge your support for LB295 and ask you to advance it to General File and happy to take any questions.

**von GILLERN:** Thank you. Any questions from the committee? Seeing none.

**TOM VENZOR:** All right.

**von GILLERN:** Thank you for coming in, Mr. Venzor.

**TOM VENZOR:** You bet. Thank you.

**von GILLERN:** Any other proponents?

**MATT ERB:** Good afternoon, Vice Chair von Gillern, and members of the Revenue Committee. My name is Matt Erb, M-a-t-t E-r-b. I'm an 11-year educator with Lincoln Public Schools and I'm speaking on behalf of the Nebraska State Education Association in support of LB295. An increase in the Earned Income Tax Credit would be advantageous to teachers in their day-to-day finances and most working families in our state. Children in families receiving the EITC score higher on tests and are likelier to graduate from high school, enroll in college and earn more when they enter the workforce. The money returned to families in the form of EITC expands economic security to those families, while also supporting the local economy as those funds are used for necessities like groceries, transportation, medical expenses, rent and utilities. Thank you for your consideration.

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**LINEHAN:** Thank you for being here. Are there questions from the committee? Senator Briese. Did you just, you didn't? I'm sorry. I just walked in, but what did you say about do better with scores?

**MATT ERB:** Yeah. Children and families receiving the EITC score higher on tests and are likelier to graduate from high school, enroll in college and earn money when they enter the workforce. Earn more money.

**LINEHAN:** Can you get me the statistics that say that?

**MATT ERB:** I can look into that for you, absolutely.

**LINEHAN:** Yeah, just so, because it would be very helpful.

**MATT ERB:** Yes.

**LINEHAN:** OK. Thank you very much for being here. Other proponents?

**ALICIA CHRISTENSEN:** It's good to be back. Good afternoon to the Revenue Committee. Thank you for hearing a different version of my testimony. I'm Alicia Christensen, A-l-i-c-i-a C-h-r-i-s-t-e-n-s-e-n, and I am the director of Policy and Advocacy at Together, which provides supports and services for those facing hunger and homelessness in the Omaha area. We strongly support LB295 because it will enhance the Earned Income Tax Credit, which is one of the most effective anti-poverty work programs for working households. And while primarily focused on providing additional income and promoting employment for low-income workers, Nebraskans at all income levels enjoy the positive effects of the economic boost that the Earned Income Tax Credit provides. This program encourages workforce participation because a workers tax credit grows with each additional dollar of earnings. The EITC also bolsters local businesses. For every tax credit dollar earned, about \$2 is spent in the community as workers primarily use tax credit funds for things like rent, groceries, utilities and health care. The EITC improves health and well-being for Nebraska families, increasing access to prenatal care, decreasing premature and low birth-weight infants, improving children's school performance and expanding rates of high school graduation and college enrollment. The EITC is a source of economic security for many households, and without this cushion, unexpected expenses may become a financial crisis, resulting in homelessness or prolonged poverty. Based on our experience assisting Nebraskans facing homelessness and housing insecurity, I can tell you it's far more expensive to exit homelessness than it is to prevent it in the

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first place. Of course, these benefits don't show up in your fiscal notes, which is impossible to do, but they are, they're benefits beyond the balance sheet that you see when a bill is introduced, of course. In short, LB295 would enhance a benefit program that already provides benefits to state residents of all income levels. And it would be particularly significant for low-income households and families experiencing poverty that we work with each day. Thus, I ask the committee to support advancement of LB295 to enhance this effective and widely beneficial tax credit. I'm happy to answer any questions.

**LINEHAN:** Thank you very much. Are there any questions from the committee? I have, I see where this part of this [INAUDIBLE] that's in your footnote, and is centered on Budget and Policy Priorities, is that a national?

**ALICIA CHRISTENSEN:** Mm hmm. Yes.

**LINEHAN:** OK. And I'm just curious, are you a rather new group, Together?

**ALICIA CHRISTENSEN:** No, we, we have been around since the, actually Together was created in the wake of the 1976, hur, hurricane. Oh, my gosh. tornado in Omaha.

**LINEHAN:** OK.

**ALICIA CHRISTENSEN:** And.

**LINEHAN:** I just-- you're new to me, that's-- all-- but you've been around a while. All right. Thank you very much.

**ALICIA CHRISTENSEN:** Of course.

**LINEHAN:** Anybody else? Thanks so much for being here.

**ALICIA CHRISTENSEN:** Thank you.

**LINEHAN:** Good afternoon.

**DIANE AMDOR:** Good afternoon. Chairperson Linehan and members of the Revenue Committee. My name is Diane Amdor, D-i-a-n-e A-m-d-o-r, and I'm the staff attorney for the Economic Justice Program at Nebraska Appleseed. Nebraska Appleseed supports LB295 for the same reasons that we supported LB951 last session. I will not read my entire testimony because it's almost exactly the same things we said last

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year on LB951. So, sorry, anyone reading this transcript, please see LB951 from 2022 and other bills for many years before that that I could read into the record, but I'm not going to. One thing, I will pull out, the third paragraph there, I believe there's a question on what other states and which of our neighbors have enacted, increased their EITCs recently. Both Colorado and Missouri boosted their EITCs in 2021, and Oklahoma as well had cut their credit in 2016. They restored the credits full value last year. I'd be happy to answer any questions.

**LINEHAN:** Thank you very much. Are there any questions from the committee? Seeing none, thank you very much for being here. Proponents.

**REBECCA FIRESTONE:** Good afternoon, Chair, Chairman Linehan, and members of Revenue Committee. Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e, with OpenSky Policy Institute. We're testifying here today in support of LB295, since it is an evidence-based effective tax credit that yields economic impacts that would be beneficial for working families in Nebraska. In 2018, the EITC brought 5.6 million people out of poverty, including 3 million children. Specifically in Nebraska, some evidence suggests that about 14 percent or a little over 100,000 of all taxpayers filed for the EITC in 2019. And among the districts represented on the Revenue Committee between 5 percent to 20 percent of these districts have taxpayers that are claiming the credit, so there are Nebraskans who are currently using the federal credit to a substantial amount. Additional research finds that the EITC benefits local economies with an economic multiplier effect that's about 1 to 1, so for every dollar spent in the EITC credit, it generates a little bit more than a dollar of economic activity. As other proponents have noted, it's designed to reward work, and a robust evidence-based indicates that the EITC has beneficial effects for children's health, parent's mental and physical health, children's future earnings, children's educational attainment and receipt of the EITC is associated with reductions in the rate of low birth weight, likelihood of child abuse, reductions in the likelihood of child abuse and neglect, and involvement in Child Protective Services. Further, senator. senators, would note that there was a question about a fiscal cliff effect and would just suggest a potential amendment to adjust to address those concerns. Might be, like, an income phase-out at the higher levels of, at which the credit can be claimed so that you can avoid that fiscal cliff effect. And with that, I'm-- [RECORDER MALFUNCTION]-- my comments and happy to answer any questions.

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**LINEHAN:** Are there any questions from the committee? Seeing none, thank you very much. Other proponents? Are there any opponents? Is there anyone want to testify in the neutral position? Letters. We have 9 proponents, 1 opponent, and 1 neutral for LB295. Next, Senator Conrad.

**CONRAD:** I know I thought twice about whether or not I wanted to press my luck, if I wanted to get back in the chair and be subjected to questioning. But I just wanted to thank the committee for their attention and the testifiers who came out here today. Definitely be willing to work with the committee if they-- on an amendment to address the factor of other program design features. If they decide to move the measure forward and Senator Linehan, you'll know from your long service in this committee, you know, these ideas, similar ideas have been brought forward year after year after year after year. If there's, the hearing go very similar to how they went today with a significant amount of support and very little to, if any, opposition from Nebraska stakeholders. So then for a variety of reasons, the measures just haven't had an opportunity to move is part of broader packages. So I'm hopeful that maybe this is the right year to get some of these ideas moving and updated and a part of our overall revenue policy. The other thing that I wanted to note, like in addition to EITC in particular, as a baby lawyer, I was working on a local campaign in Lincoln to adopt a living wage ordinance, and I was kind of part of the pro-group. And then I was frequently on the speaking circuit with some business representatives who disagreed with that policy approach. And so we would go around town and have these really interesting public forums kind of talking about how those issues might impact Lincoln voters. And it was so cool because during the course of that, not only did I have a chance to really develop deep relationships with some business leaders in Lincoln, even though we disagreed on that measure, but we found out that we actually agreed on the EITC that it was a very effective policy tool to address poverty and make work pay. And that experience has always really carried forward when I've taken up the EITC policy, because I just think it's a great Nebraska story and it shows that we can find common ground even if we, you know, have disagreements on other aspects about how to address solutions in our state. And the last piece I'll leave you with is, I'm so glad that Tom Venzor came forward on behalf of the Catholic Conference today. And he absolutely was, was very clear in his advocacy. But one thing that I do want you to keep in mind, because it will be a big part of our debate in the upcoming session is that in a post real world, more and more states are looking to expand and strengthen their safety net for families

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and for children. And the child tax credit and the EITC has been a part of those discussions in other states. So I think the time is right to revisit this in Nebraska, and maybe we aren't going to be able to see eye to eye on some of those other hot button issues, but maybe we can find some common ground here to do a lot of good for a lot of people.

**LINEHAN:** Thank you. Are there any other questions from the committee? Are you going to prioritize?

**CONRAD:** I'm sorry?

**LINEHAN:** Priorities?

**CONRAD:** I, these would be right at the top of the list.

**LINEHAN:** OK.

**CONRAD:** Yes, I was joking with the Speaker the other day, I said if I prioritized a Revisor bill, it may not move. No, in all seriousness, definitely at the top of the list, especially the child tax credit piece. I think that would be very, very exciting to be a part of.

**LINEHAN:** Thank you very much. OK. With that, we draw the hearing on LB292 to a close. Thank you.