

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate May 19, 2025

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the eighty-first day of the One Hundred Ninth Legislature, First Session. Our chaplain for today is Senator McKeon. Please stand.

McKEON: Colleagues, please join me in prayer naming the Father, Son, and Holy Spirit. Our Father, who art in heaven, hallowed be thy name; thy kingdom come; thy will be done; on earth as is in heaven. Give us this day our daily bread. And forgive us our trespasses, as we forgive those who trespass against us. And lead us not into temptation; but deliver us from evil. For thine is the kingdom, the power, and the glory, forever and ever. Father, thank you for this ble-- for the blessings of this 109th Legislative Session. Continue to put these blessings in our towns, our counties, and the great state of Nebraska, that-- this nation and this world. Lord, we know you-- we need your assistance to show more love to others, respect for others, and forgiveness to soften the hardened hearts. Saint Michael the Archangel, defend us in the battle; be our protection against the wickedness and the snares of the devil. May God rebuke him, and we humbly pray: and thou, O Prince of heavenly host, by power of God, cast in Hell Satan and all the evil spirits who prowl about the world seeking the ruin of souls. Amen.

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

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

KELLY: I call to order the eighty-first day of the One Hundred Ninth Legislature, First Session. Senators, please record your presence. Roll call. Record, Mr. Clerk.

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

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

KELLY: Any messages, reports, or announcements?

CLERK: There are, Mr. President. Bills read on Final Reading were presented to the governor at 1:12 p.m. Additionally, amendment to be printed from Senator Hunt to LB353. New A bill: LB170A, introduced by

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Senator Brandt. It's a bill for an act relating to appropriations; appropriates funds to aid in the carrying out the provisions of LB170; and declares an emergency. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR154, LR160, LR166, LR169, and LR177. Mr. Clerk, please proceed to the first item on the agenda.

CLERK: Mr. President: Senator-- LB170 from Senator Brandt, General File. Senator Machaela Cavanaugh would move to indefinitely postpone LB170 pursuant to Rule 6, Section 3(f) with MO116.

KELLY: Thank you, Mr. Clerk. Senator Brandt, you're recognized to open on the bill.

BRANDT: Thank you, Mr. President. And good morning, colleagues. So today, I'm going to present a package of legislation that is focused on one goal: delivering substantial, sustainable property tax relief for the people of Nebraska. On the board shows LB170. When we get through some of the priority motions, we will have AM1318, which-- I'm gonna start talking about that. That is actually the bill this morning that we're going to be talking about. Across this state, from the farms in rural Nebraska to homes in Lincoln and businesses in Omaha, Nebraskans are asking us for help. Property taxes remain one of the most painful burdens our residents face, impacting everyone from family farmers to first-time homeowners. This legislation is a responsible, targeted effort to address the burden by broadening Nebraska's tax base. We are not raising sales tax rates. We are not creating new categories of taxation. What we are doing is cleaning up the tax code, removing outdated exemptions, and ensuring everyone pays their fair share so that we can deliver real property tax relief for everyone, urban and rural alike. Sections 1 and 3 of this package come from my bill, LB169, which was prioritized by Senator Murman. This eliminates sales tax exemptions on a list of 18 discretionary services that have historically gone untaxed-- not because of principle but because of outdated carve-outs in our tax code. These are all services people choose to purchase. We're not talking about food, medicine, or essential needs. We're talking about optional, lifestyle-based services that many Nebraskans never use, such as chartering jet planes. Yet, they are currently exempt from the same sales tax that applies to purchasing a pair of work boots or a baby stroller. Here are the proposed services that would be subject to the regular state sales tax and the amount they will bring in: pet grooming-- parentheses, not veterinary services-- \$666,000; chartering a flight,

\$5.2 million; dry cleaning, \$1.6 million; dating services, \$342,000; interior design and decorating, \$3.2 million; lobbying, \$264,000; limousine and luxury vehicle rentals, \$1.2 million; telemarketing, \$5 million; dance, golf, and tennis lessons, \$1.7 million; ground sightseeing tours, \$232,000; swimming pool cleaning and maintenance, \$47,000; telefloral delivery services, \$1.1 million; travel agency services, \$3 million; massage therapy, \$433,000; nail care, \$1 million; skin care, \$389,000; tattoo and body modification, \$1.5 million; weight loss services, \$1.4 million. Each of these services-- massage, nail care, skin care, tattoo and weight loss-- would remain exempt when prescribed for medical purposes. Together, these 18 provisions will raise over \$28 million annually. Section 2 increases the cigarette excise tax from \$0.64 by \$0.72 to a total of \$1.36 per pack. This will bring us in line with Iowa. This change is projected to raise \$42 million annually and aligns us with most of our neighbors who currently are: South Dakota, \$1.53 per pack; Kansas, \$1.29 a pack; Colorado, \$2.24 a pack; Wyoming, \$0.60 a pack; and Missouri, \$0.17 a pack. And I'll note Missouri is the lowest in the nation primarily because their cigarette tax is in their state constitution. This is both a revenue measure and a public health measure-- but again, the goal is property tax relief. Turning our attention to Section 4 of LB170, this provision provo-- proposes removing the existing sales tax exemption on pop and energy drinks, thereby subjecting these beverages to the standard state sales tax rate. This adjustment is projected to generate \$25 million annually in new revenue for Nebraska. Currently, fountain pop pays sales tax. It is important to clarify that this is not the introduction of a new excise tax on sugary drinks as seen in some municipalities across the country. Instead, it is a matter of aligning our tax code by eliminating a specific exemption that these sugary beverages currently enjoy. The majority of our neighboring states do tax soda and energy drinks either at the full standard rate or at a reduced rate depending on their classification of these items. Nebraska's current exemption is an outlier in this regional context. Section 5 of the package comes from LB212, which was introduced by Senator Wordekemper. And this addresses a gap in our current cigar tax structure by ensuring that online cigar purchases are treated the same as purchases from Nebraska retailers generating \$100,000. Section 6 comes from LB712, which was introduced by Senator Hughes and prioritized by Senator Dorn. This replaces our bifurcated vape tax structure with a straightforward 40% wholesale tax projected to generate \$15 million annually. These updates bring fairness to the system while helping us fund needed relief. The most important piece of this legislation is found in Section 7, which increases the transfer to the School District Property Tax Relief Credit Fund by

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\$100 million annually. This means real dollars flowing into direct relief for taxpayers, relief that will benefit a young family in Omaha just as much as it will a fifth-generation ag landowner. Colleagues, this is a serious proposal. It doesn't ask more from the people who are already stretched thin. It asks more from areas of the tax code that have been shielded for too long so we can finally do what we've promised Nebraskans: lower the property tax bills that come due every year no matter what else is happening in their lives. We do that by broadening the tax base and updating the tax code, by prioritizing relief not for any one group but for all Nebraskans. I will urge your support on LB-- on AM318 [SIC-- AM1318] when it comes up and LB170. I'd like to ask Senator Hughes a question.

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

HUGHES: Yes, I will.

BRANDT: Senator Hughes, can you tell us what your portion of this bill does?

HUGHES: Sure. My piece of this bill is the 40% wholesale excise tax on vaping products. Right now, we have a bifurcated system, which means we do-- under 3 milliliters of vape is a set amount per milliliter, \$0.05 a milliliter, and anything over 3 is a 10% wholesale. What this bill does-- and this was LB712 by itself-- and I would have brought this bill regardless of the budget situation we're in-- we're, we're getting us where we should be with the vaping tax: a straight wholesale percent across the board. When you look at the states, there are 13 states that, that do a wholesale percent on vaping products. And of the 13 states, the average is 56%. So I think that 40% wholesale here is a very reasonable number. Another added benefit to this is that for each 10%-- this is from American Cancer Society information-- for each 10% increase on a wholesale price of the vaping products, it reduces youth usage by 7%. And let's just be clear: these products are definitely targeted to a group of, of people that have not ever smoked cigarettes but are now getting addicted to nicotine through, through the vaping products. So this is the right thing to do with the vape. Thank you.

BRANDT: I'd like to point out that there was a handout-- a colorful handout that came out, and this shows all 50 states and the sales tax, how they sales-tax these 18 items that we're talking about. If there's a green line all the way across, there's five states that have no sales tax. That makes for interesting reading. You will be getting a handout that shows how property tax is allocated by the state of

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Nebraska. Today, 53% of all property tax goes to homeowners, 23%-- excuse me-- 24% goes to ag, and then 23% goes to business and corporations. Would Senator Wordekemper be available for a question?

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

WORDEKEMPER: Yes.

BRANDT: Senator Worde--

KELLY: 27 seconds.

BRANDT: Can you quickly tell us about your portion of the bill?

WORDEKEMPER: My bill is closing a loophole on excise tax for cigars sold to an individual bought online. And I will update more on this as I'm in the queue. Thank you, Mr. President.

BRANDT: Thank you.

KELLY: Thank you, senators. Senator Machaela Cavanaugh, you're recognized to open on your priority motion.

M. CAVANAUGH: Thank you, Mr. President. Obviously, with MO116, I stand in opposition to LB170. But I'm in the queue, so I'll speak on that more. I'd like-- Mr. President, I'd like-- yield my time to Senator Dungan.

KELLY: Senator Dungan, you have 9 minutes, 43 seconds.

DUNGAN: Thank you, Mr. President. And good morning, colleagues. I do rise today in favor of Senator Machaela Cavanaugh's motion to indefinitely postpone and, respectfully to my colleague, Senator Brandt, opposed to LB170. So colleagues, we're gonna have a little bit of time here today to discuss the ins and the outs of the bill. I know we're going to have some back-and-forth on some of the individual services that are, that are contained in here, but I wanted to start today's debate by situating us with a historical perspective since I came into the Legislature of what we are dealing with here and kind of how we got to this point today. So I believe that LB170 represents maybe the third or fourth effort that we've seen since I've been in the Legislature in 2023-- when I started-- to increase the burden of the tax on the backs of everyday, working people. So yet again we are seeing an effort and attempt to expand the sales and use tax and the service taxes which we know ultimately represent a larger effect and disproportionate harm on the backs of everyday, working Nebraskans. We

have seen time after time diff-- excuse me-- different lists of certain services and taxes that have come before us, and we have each time in a bipartisan manner pushed back on this and said to the constituents in Nebraska that we represent that we do not want to see an increase in these taxes. Now, I understand that there is a desire by some to increase the amount of things that are taxed. I know that this effort here with Sections 1 and 3 that Senator Brandt outlined for us are intended to be targeted at particular industries that I think prey on people's sensibilities and sensitivities and try to make it sound bad if you are opposing taxing those services. But what this represents as a whole, colleagues, this represents as a whole an expansion of a sales tax and a service tax that will affect every Nebraskan the same. And so at a time when we are simultaneously having debates and discussions over the last two weeks about a budget that has been incredibly difficult to balance and at a time where we continue to nickel-and-dime agencies in Nebraska, where we are literally heckling back and forth or haggling back and forth over \$10,000 here, \$10,000 there-- we are cutting cash funds to things that literally just pay for picking up litter along the side of the road in small communities. We are telling veterans that they don't have access to problem-solving courts. We are nickel-and-diming the people of Nebraska day in and day out and refusing to make corporations and other entities pay their fair share but instead are saying to everyday Nebraskans with LB170 that we wanna increase your share of the burden of taxes. And it's not just limited to these services that-- again, we're gonna get into more details about later-- but it's also an increase on tax on things like pop and energy drinks. And again, I know there are some people in here who are gonna say things like, oh, well, it's a soda. It's a want. It's not a need. But at the end of the day, colleagues, it is food. It is a consumable item. And in a state where we see food deserts across the entirety of Nebraska and at a time where we are refusing to make corporations pay their fair share, it seems wrong to me that we should be talking about increasing the tax on food and drink. And I understand that maybe candy, I think, has allegedly been cut out of this. I-- I'm looking through this here today. I think it's just on pop and energy drinks, and that raises the \$25 million. But I got a call this morning, colleagues. I was sitting in my office getting ready for today's debate, and we got a call at about 8:45 a.m. from a constituent who said, please don't raise tax on my pop. And I, I just-- I cannot in good conscience and in good faith support a bill that I think is going to have a disproportionate effect on everyday, working Nebraskans. On top of that, we have to have a discussion about where this money goes. As many know, I sit on the Revenue Committee. And when we originally had LB169 and LB170 come

through the committee, there was a discussion about where the money would ultimately be funneled to. You know, hypothetically, if LB169 and LB170 were to raise income or were to raise revenue, where would that revenue go? And myself and a number of other people on the committee-- it was not just me-- were very clear that the money that was raised off of this would need to go to the general funds in order to be able to pay back our debts and to help balance the budget. And I was ultimately not supportive of LB169. I was not supportive of LB170 coming out of committee. But I was very clear that, in the event that these were to come out of committee, it would be important to ensure the money raised off this would go into the General Fund. And again, we just spent the last two weeks bickering back and forth and bargaining with ourselves about which cash funds we can nickel-and-dime and where this is all gonna ultimately go. And yet here with the current AM that we're trying to see attached to LB-- LB170, there is yet again funneling of that money away from the General Fund. And so to have this entire debate about whether or not we have a balanced budget and to go on and on and on with our constituents and with each other about our deficit and how we can fill in those holes and then the next week turn around and try to increase the taxes that everyday Nebraskans pay in an effort to provide potential property tax relief which is not targeted and specifically does benefit large, wealthy landow-- landowners is problematic. So colleagues, I have a number of objections to this bill. I know that we're going to get more into the individuals of this, but I want to take a little bit more time on this open to speak a little bit about my concerns with regards to regressivity. So if you've paid attention to the Legislature for a while, if you listen to me talk quite a bit about taxes, you know I often do talk about the difference between a progressive and a regressive tax. And progressive and regressive taxes technically don't even have any positive or negative connotations assigned to them. It is just a technical term in trying to understand the dynamic of how they work. A progressive tax-- for example, like income tax-- takes into consideration your ability to pay and has the ability to pay-- pull different levers in an effort to essentially make it more equitable. So somebody with a larger income, for example, in a higher tax bracket would hypothetically pay a larger portion because that is part of their fair share. Senator Brandt said in his opening that people need to pay their fair share. I absolutely agree. But there are certain kinds of taxes that are progressive, which take into consideration an individual's ability to pay. In addition to that, progressive taxes have the ability to pull different levers and use different things to then take other things into consideration with regards to equity. For example, with an income tax, there are certain

deductions and credits that can be applied based on situations. Whether it's a child tax credit or an earned income tax credit-- both of which are means-tested ways to pull people out of poverty-- or other deductions that we grant, you are able to essentially see a sliding scale when looking at things like income tax in an effort to achieve an equitable goal and make sure that people are in fact paying their fair share. Unlike that, there are other taxes that are regressive. And the regressive taxes-- like sales tax-- essentially represent a larger-- the, the-- it's a flat tax across the entire board. And by virtue of it being a flat tax, it represents a larger share of an individual's income or of a household's income because it makes up a larger portion of that because it's a flat tax applied across the board. For example, if you were to say-- let's apply a \$10 tax to a family that makes \$100 a week versus a \$10 tax to a family that makes \$500 a week. That \$10 tax is the same across the board applied to both families, but it represents a larger portion and therefore a disproportioned impact on our first family that's only making the \$100 a week. That is the core problem that we run into when we talk about sales tax being the core stream with which we're going to try to raise revenue. It is regressive. And when applied flatly across the board, it results in a larger impact on everyday, working people. So whether we're talking about dry cleaning services or golf lessons or dance lessons that you may get or massage therapy for those who feel like they need it, any of-- all of these are small businesses here in Nebraska that are going to be negatively impacted by LB170. And we've debated this before. We're probably going to keep debating it again, it sounds like. But I think it's important that we do everything we can to show everyday Nebraskans who own and operate these small businesses that we care about them and that we care about their industries. I sat through this hearing-- and I will tell you, colleagues, these individual people who own these small business came to us and they said to our committee this is going to be a negative impact on not just their bottom line as a company, but it's going be a negative impact on their industries as a whole. And so I think we are sending the wrong message with LB170 and I think that we need to be doing everything we can to support these businesses and encourage growth of the economy here in Nebraska. Thank you, Mr. Pre-- President.

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

MURMAN: Thank you, Mr. Lieutenant Governor. I stand in support of LB170 and in opposition to MO116. As Senator Brandt mentioned, LB17 does contain the bill, LB169, and I have made that my personal

priority. When I ran for Legislature seven years ago now, I said property tax relief was my number one priority, and that does continue to be my number one priority. I think it's the number one-- by far, the number one tax problem in the state. One of the biggest criticisms I hear whenever sales tax is mentioned is that sales tax is regressive, harming the poorest consumers, as Senator Dungan said. But the reality is that depends on the product or service that is taxed. For example, LB170 removes the sales tax exemption on pool cleaning services. To this I would ask, who predominantly owns swimming pools? Is it the lower class or fixed income-- people on fixed incomes in small apartments or houses with a small or no backyard? Is that the people that are taxed with pool cleaning? Or is it the upper class? LB170 removes the sales tax exemption on dry cleaning services. To this I would ask, who predominantly takes their suit in to get dry cleaned? Is it usually servers, custodians, and trades workers, or is it lawyers, bankers, and businessmen? LB170 removes the sales tax exemption on golf lessons. To this I would ask, who are the big golfers in the state? Are they predominantly low or high income? LB170 removes the sales tax exemption on chartered flights. To this I would ask, how many Nebraskans have even been on a chartered flight? This is a high-cost service that most Nebraskans will likely never use except for some of the wealthiest Nebraskas. These exam-- examples aren't exceptions. Our current sales tax system picks winners and losers, and many of the-- many of the so-called winners-- the services who enjoy a sales tax exemption-- are enjoyed by predominantly high-income Nebraskans. Next, some might object to the raise of the sales ta-- of the cigarette tax. But how do our neighbors compare? \$1.36 would bring us to an identical rate to our neighbor, Iowa. Kansas charges \$1.29. So we, we would be quite comparable. But even with LB170, we would still charge less than South Dakota at \$1.53 and Colorado at \$2.24. The reality is that most of our neighbors, the cigarette tax would be comparable if not lower. Finally, for many of the other tax exemptions such as pop and energy drinks being removed, here the consumer has an easier choice compared to income or property tax. The homeowner doesn't get a say when their valuation skyrockets and their property taxes go up. But for many of these services, the consumer can pick and choose. That's a fair system, and that choice doesn't exist with other taxes. In other words, it is better to eliminate some sales tax exemptions on luxury items, or at least nonessentials. Or should we continue to tax Nebraskans out of their homes and out of, out of their property taxes with pro-- high property taxes and make farmers less competitive in this state? Or should we modernize our tax system in Nebraska? LB170 would, would make-- people traveling through the state or visiting the state would also contribute by paying taxes on-- sales

taxes now that are actually exempt. And by the way, pop is not food. And with that, I will yield the rest of my time. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. So as I said, I rise in opposition to LB70. And I do appreciate-- I've actually had some good conversations this morning with a few of our colleagues about why I oppose LB170. I have pretty consistently been against increasing taxes across the board. The only time I've ever even proposed a tax increase has been the tobacco tax, and the reason for that is that I wanted to improve health outcomes. And if we don't increase the tobacco tax by a certain amount-- which this bill does not do-- then we aren't increasing the health outcomes and we're just regressively taxing low-income people to backfill other caches, cash funds, resources, et cetera. So-- without the health benefits. If we were to increase the tobacco tax by over a dollar to \$1.64 or more, that would be different. But really, anything less than a dollar increase is not going to result in tobacco tax-- or, lower smoking rates. And ideally, we would be raising it by \$1.50 to \$2.14, which is what I have proposed in the past, which would decrease smoking. And so-- and I don't even really, like-- generally speaking, I don't want to place value judgment on people's habits, but smoking has been proven to cause cancer. And it costs the state a lot of money for the treatment of cancer. And resources can be put into smoking cessation programs and cancer research, which I think are much better uses of the resources from that particular tax. So I just wanted to, like, level-set that that's where I'm at. But then the other taxes that are in here that are removing tax exemptions-- and, and as Senator Brandt said, he's speaking to AM1318. I am also speaking to AM1318, I believe. So the tax exempts-- some of them on here for, like, massage, nail care, tattoo services, those are, those are services by an individual. Those are oftentimes an individual provider. Like, if you go to get a tattoo, you're going to a tattoo artist and you are paying that tattoo artist. And when you pay that tattoo artist, they pay income tax on that money. So that money is taxed beca-- for that service, you are already paying that tax in that that individual's paying income tax. So adding a service tax on top of that is a double tax for that service, which is why services like that were eliminated to begin with. Now, the swimming pool cleaning is a real favorite one to talk about. Like, oh, who ha-- luxury? That's a big luxury, is to have a swimming pool. But the person who is cleaning your pool is the same as the tattoo artist. You are ta-- double-taxing their service

because they are get-- paying income tax on the revenue that you pay them. And then we are taxing the service that you're already paying them that's already taxed. Pool cleaning chemicals, there's a sales tax on those. You go to Ace Hardware and you buy your pool cleaning chemicals and you pay sales tax on it. So the service itself has been exempted because it's-- would be a double tax. The same for interior design. Interior de-- designer, you, you-- you're paying the interior designer for their talent, for their eye, for their talent. Any of the furniture or furnishings that you purchase at the direction of that interior designer is taxed. So you're just taxing the service that's already taxed through income taxes, and on and on. And all of this double-taxing is, is to fill poor budgeting on our part. And I don't agree with that. We should have done a better job with the budget. I mean, we did technically pass a balanced budget, so now why are we even entertaining the conversation of increasing taxes? If we don't need them for the general funds because we passed a balanced budget, why are we having this conversation today? I don't agree with increasing taxes, period. And, and I, I kind of thought that we were a fiscally conservative state, so I'm confused why we're entertaining a massive tax increase in this package today. How much time do I have left, Mr. President?

KELLY: 7 seconds.

M. CAVANAUGH: Oh, OK. Well, thank you, Mr. President. And I hope everybody's having a good morning.

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

DUNGAN: Thank you, Mr. President. Good morning again, colleagues. I do rise again in favor of the IPP motion and opposed to LB170. So I wanted to pick up from where I was talking and speak a little bit-- and I think Senator Machaela Cavanaugh actually touched on this, so it's kind of a good segue-- about some of my issues with getting rid of these exemptions for the service taxes that we're talking about. So, you know, the list that was given out here with AM1318 includes certain things-- I know that people get their, their red flags about, like chartered flights or limousine and luxury rentals, those kind of services. But the vast majority of the ones that we're talking about are actually small businesses that are owned by sort of just your neighbors down the street. Whether we're talking about pet grooming services, dry cleaning services, interior design services, massage therapy, nail care, skin care, tattoo and body modification services. All of those-- dance lessons. All of the things that we're talking

about here are small businesses that are almost exclusively usually just a few people working together to provide these, these services. And I thought it was really interesting during the hearing because we had people come in from each of these industries and explain to us sort of what the impact would be of these kind of taxes on their particular industry. And, you know, the discussion in the committee was about wants and needs. And I anticipate that we're going to hear more about that today-- oh, well, is that a want or is that a need? But what I found particularly compelling was the individual that came in, who owns a small business-- I believe it's a tattoo parlor-- and in the conversation about wants and needs responded-- I thought very articulately-- that it's not a want for him to feed his family and it's not a want for him to make a paycheck. This is his livelihood and this is his job. And whether or not individuals approve or like the kind of services that, that are being provided here: for those people providing the service, these are essential. It is their business. I remember last year when we were debating some of the other taxes-- one of them was lawn care. And-- you know, I, I had gotten up and said that I opposed the expansion of the sales and use tax specifically when it pertained to lawn care. And an individual reached out from my-- my constituent, my neighbors-- who owned a lawn care business and was sort of explaining to me the kind of people that he works for, the kind of people that he is doing lawn care for. And it's not the uber rich. It's not the super wealthy. It's people who are maybe on a fixed income. It is, you know, our older neighbors who can't necessarily get out and mow their own yard. And it's people-- just everyday folks who for whatever reason need to hire that kind of lawn care service. And what I thought was illuminating about that was he was highlighting that even though these services sound sometimes like wants and not needs, the reality is that these are essential businesses to Nebraska. And I understand that it's easy to go down a list and, and pick each one of these based on how they look on paper, but what we need to do as legislators is take pause and to analyze what exactly the impact is gonna be on our constituents by expanding the sales and use tax and service tax base. Not only is it going to represent a larger impact on our lower income and working-class people, but it's also going to represent an extra burden that we are placing on these Nebraskan businesses. And so I, I guess I am opposed to that. I am opposed to increasing the sales tax. I am opposed to increasing the, the base with which we are, we are adding these taxes because I understand the impact that it's gonna have on my neighbors. And I understand the impact that it's going to have on our constituents when they are saying, I'm already struggling to make ends meet. I'm already struggling to pay the bills. And now we want to increase the amount of

things that they have to pay taxes on. In addition to that-- I might punch in again and talk a little bit more about this. I want to be very clear: the problem with these so-called luxury taxes is threshold amounts of being able to benefit or utilize these services does not equate affluence. Right? Like, we assume that it's only because you're super rich that you would get to benefit from any of these services. But in fact, the use of these services is essential to a number of people who are seeking to better their lives or to perhaps get a job, whether it's dry cleaning services or other things like that. These are not sort of over-the-top luxury taxes. These are everyday services provided by everyday Nebraskans, and I think it's incumbent upon us to make sure that we are not harming their business or, frankly, colleagues, balancing our budget on our neighbors simply because we're afraid to, for example, tell larger corporations to pay their fair share. So I think the goals that we're looking at with LB1170 big picture are laudable. I just don't think that this is the way to get there. Thank you, Mr. President.

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

RAYBOULD: Thank you Mr. President. Good morning, colleagues and fellow Nebraskans. I, I truly appreciate all the hard work that Senators Brandt and Hughes have done to come up with solutions to our current budget deficit and future budget deficits. I think Senator Dungan has made a, a, a very good case that some of these sales taxes are truly regressive and will certainly hurt hardworking Nebraska families, especially the pop one-- which, according to our SNAP benefits, is classified as a food for SNAP benefits. I, I, I supported Senator von Gillern's LB650, Revenue bill adjusting incentives that had demonstrated limited return on investment but are estimated to still help our budget deficit. I know Senator von Gillern had mentioned that everyone should have skin in the game for both the long-term and the short-term solutions. I, I do support some of the sales tax exemptions like to-- tobacco, vaping increases. Of, of course, I do not support the exemption of pop. However, I, I do want to remind colleagues, if we look at the General Fund financial status that we see in the next biennium, we're going to be starting out with another deficit. And we-- considering all the conditions in our economy going on right now, a lot of chaos, a lot of uncertainties, a lot of funding from the federal government being slashed, grant money being slashed, there's a lot of uncertainty with Medicaid being proposed to be slashed. How are we going to be able to make up the difference if we're not in a fiscal-- fiscally sound situation? And so-- I have a handout before you and I wanted to explain it. So if you could just flip over to the

side of the summary of income tax rates. And I just want to put in a plug for two of my amendments that will hopefully be coming up. But I did want you to have a better understanding of where we are and what has contributed to our budget deficit and will continue to contribute to our budget-- budget deficit if we don't take steps this year or next year on this. So if you look on the side that has the color pages, you can see LB873 at the top-- that was passed in 2022. LB70-- LB754 was passed in 2023, which was the accelerated income tax rate reduction. So you can see there's all negative numbers. And if we look at next year, the-- it shows a, a loss of revenue of \$575 million. LB171 is something that Senator Brandt introduced during the special session. He reintroduced it this session. And you can see he put a pause. He put a pause on the accelerated income tax rate starting this year and going into next year. And you can see that-- immediately we would see some relief this year of \$100 million. Following next year, \$395 million-- \$95 million of increased revenue. And you can see how that compounds. AM1232 just replicates what Senator Brandt had introduced, LB171. And the AM1406, that one on the right-hand column, really was something that I plagiarized from Senator Hughes and Senator Storer. This is a suggestion that they made: instead of halting it, just slow it down. So you can say that there is an option for us getting increased revenue of \$75 million, and then next year \$250 million. And '27-28, \$300 million. And in 2028-29, \$150 million. If you look down at the very last line where it says AM1406, you can see it, it shows that-- currently, 4.90%. And then next year, 4.6%, and 4.29%, and then ultimately getting to 3.99%. So you can see that that is truly beneficial. And if you combined it-- it was some of the sales tax exemptions, and I'm hoping that my colleagues can come up with a deal on some of these. Does it mean that we eliminate pop? Does it mean we eliminate some of those luxury tax? Do we increase the tobacco tax? I think there's discussions to be had and hopefully solutions that we can collectively agree on. On the other side, it just has a map and gives you a comparison what sales tax are charged in the other states and also the corporate and individual income tax rates. So I hope to hop on again and have additional discussions on what type of solutions we can work collectively together on. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Wordekemper, you're recognized to speak.

WORDEKEMPER: Thank you, Mr. President. As I stated in Senator Brandt's opening, I, I would give a little more of a in-depth brief on my portion of this bill. Colleagues, I rise today in support of AM1318 and LB170, which includes a white copy version of my bill, LB212. I

want to express my gratitude to Senator Brandt for allowing me to join this important package. My portion of this bill was brought to me by a constituent in, in my district. Nebraska has maintained a 20% excise tax on all cigars, cheroots, and stogies sold in our state for many years, which our local retailers diligently collect and remit to the state. However, as our economy has evolved into the digital age, a significant tax loophole has emerged that puts our Nebraska businesses at a severe disadvantage. Currently, any Nebraskan can purchase cigars online and completely bypass paying our state's 20% excise tax, allowing them to buy these products at substantially lower prices than what our local businesses can offer. This situation creates multiple serious problems for our state. First, it puts Nebraskans' small businesses-- many of which are family-owned, operated, and serve our communities for generations-- at a severe competitive disadvantage against out-of-state, online sellers who aren't playing by the same rules. Second, the state of Nebraska is losing rightfully owed tax revenue, estimated at \$100,000 annually, money that could be funded-- essential services for our citizens. This legislation offers straightforward solutions to address these issues. This amendment will require all remote retail sellers-- specifically online cigar retailers-- to collect the same 20% excise tax that our in-state retailers already pay and remit those taxes back to Nebraska. I want to emphasize: this is not a new tax. It simply closes a loophole to ensure that existing tax law is applied equally and fairly to all sellers regardless of whether they operate from a storefront in our state or through a website. There are two major benefits under this legislation. First, by ensuring online sellers collect the same tax as brick-and-mortar shops, we cover the tax revenue that is rightfully owed to Nebraska. Second, this legislation would level the playing field for our Nebraska retailers who are following the law while being undercut by online competitors. Nebraska would join 11 other states that have already successfully implemented this similar legislation, including neighbor-- neighboring states like South Dakota. This amendment would take effect July 1, 2025, giving businesses adequate time to prepare for this change. Thank you, Mr. President. I yield the rest of my time.

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

JACOBSON: Thank you, Mr. President. Well, I'm a little surprised at what I've heard on the floor. I shouldn't say surprised. I'm, I'm a little flabbergasted by what's been said on the floor thus far. OK? We're talking about everyday Nebraskans who are evidently chartering private jets, who are evidently hiring limousine services, paying

lobbying fees. That doesn't sound like the everyday Nebraskan to me. And then we've heard the argument that the pool cleaner and the landscape person, that we're going to put them out of business. Trust me, if you have a pool, you're going to pay the bill, no matter what it is. If your pool came-- cleaner came tomorrow and said, I'm going to raise the price by 7-- 7%, you would pay it. They will pass that onto the owner of the pool. I mean, it's ludicrous to think that people are going to quit cleaning their pools, quit renting private jets, quit doing landscaping, quit having their lawns mowed, and that we're impacting everyday Nebraskans. Let me tell you how we're impacting everyday Nebraskans with this bill. We're lowering their property taxes. Oh, that's right. The one issue that everyone of us heard that knocked on doors when we ran for office was, my property taxes are too high. They didn't say, I can't afford to rent a private jet. They didn't say, I can't afford to hire a limousine service if you raise-- if you put sales tax on it. They said, lower my property taxes. Don't make me sell my home. Don't kick me out of my home. That's what you heard from everyday Nebraskans. What happened to them? Don't tell me you're representing your constituents when you say you don't wanna lower property taxes. Because you aren't representing your constituents. You're representing some ideology. Last summer, LB34, we had a conversation, several of us did, late in the session. And I remember Senator Wayne was kind of leading that group on what kind of sales taxes could we add to the list and we could all agree to. And this was the list that he came up with. Senator Justin Wayne. But now suddenly we're opposed. Now suddenly this is all bad. It's impacting everyday Nebraskans. We're told that it's a regressive tax. No, it's not. It's not going to have any impact on the low-income people. None. That's why this bill was put together the way it was. If you have a problem with an item on the bill, then say so. Remove your blocking motions, amend the bill to what you want. But the-- clearly, the three blocking motions are in place just to simply waste eight hours of time and then vote against the bill. So there's no serious effort here to lower property taxes. There just isn't. And let's-- don't kid ourselves. I'd also like for somebody to point out to me where the pop deserts are at in this state. Where is it that you could go in this state and you can't find soda pop? Please point that out to me. Please tell me why there's a sales tax on a fountain drink but there's not sales tax on a bottle of pop that you get out of the case. Please tell me why that is. Furthermore, tell me if you went into a convenience store and you were traveling and you bought several items at the convenience store, could you point out to me which items were taxed and which ones were not subject to tax? And would you even care? And lastly, it was pointed out earlier, if we want-- if we can't get more

people here-- which is really what this state needs, is more people here paying taxes-- the next best thing is to be able to get tax from people that are driving through the state. We always hear about the people out of state are getting a free ride. You know what? If you charge them a sales tax, they'll leave some money here. It's the easiest way to bring in out-of-state money. So let's, let's seriously debate this issue. Let's-- don't talk about, I hate raising tax; that's why I'm opposed to it. What we're trying to do is lower property taxes. And evidently, you're opposed to it. Don't be fooled, Nebraskans. That's all this is about. This bill was carefully crafted to be able to bring in items that aren't going to impact everyday Nebraskans, and that's the way it was crafted. Thank you, Mr. President.

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

HUGHES: Thank you, Mr. President. And I'm just going to say this right now: thank you, Senator Jacobson. Well done. I'm going to kind of speak on, on some of the things he said. We're hearing a lot this morning about regressive. You know what's regressive? Is a property tax on someone on a fixed income that has owned their house for 50 years and now can't pay that property tax. Grandma, grandpa, retired, veterans, whoever. Doesn't even have to be retired. Somebody that owns their home, have been in there 40-- 30, 40 years that they own and that property tax keeps going up and up and up, and they have to pay for it no matter what. Their income didn't increase, but they still have to pay the bill. It's not a choice like it might be on the sales tax exemptions that we're talking about. I have a choice if I'm going to rent a limousine or have a choice if I'm going to hire an interior decorator and then have to pay that sales tax. I don't have a choice. When that property tax bill comes to my house, I have to pay it. And by not voting for LB170 today, you are voting against property tax relief for exactly these kind of folks. These are the Nebraskans that we're here for. There was a handout given out to the body, and it shows, in 2024, property tax that were levied by tax-- or, by sector. And 53% of property taxes go to residential. Every single one of us represents around 40,000 individuals, and those individuals are living in a residential property. So that is who this affects. I mean-- I, I haven't heard it yet today, but I'm sure we will, that, oh, this is property tax relief for rich farmers, et cetera, et cetera. Well, 20-- 24% goes to ag ground. Majority, 53% to residential. And that is what this will go through. I'm going to talk about a couple other little claims that we've heard. Again, the re-- the regressive. A regressive tax by definition is one that impacts you less as your income

increases. So regressive taxes are especially important when they're applied to things that you have to purchase to live-- groceries, gas, rent, mortgage-- sales taxes-- taxes on these would be, by definition, regressive. For items that cost way beyond the reach of a lower or middle-income family are not regressive. Those, those families aren't paying that tax. Upper middle-income families are not going to charter a flight or pay for lobbying services. Those are a regressive tax, if you will, on the wealthy. None of these sales tax exemptions we are considering eliminating for services are necessary for your life, for your work, or your function as an adult in this economy. These exemptions were put in place initially-- and again, it's an exemption-- and they should not be there. And, and an important thing to note: if it's massage therapy, skin care help, nail-- tattoos, et cetera, that are for medical reasons, then those will not be sales taxed. There's also a claim that excise taxes are regressive. So we know that increasing an excise tax on nicotine product drives more lower income consumers to quit altogether. We know that excises taxes on these im-- products impacts our youth. This was the entire point to why LB712 was introduced in the first place. A comprehensive study published by the American Journal of Preventative Medicine, an increase in excise taxes significantly reduces youth usage of nicotine products. For every \$0.50 of an excise tax on nicotine products, youth usage dropped 6%. This study clearly showed that excise taxes are effective in con-- curtailing underage usage. There's also a claim that, oh, we need to keep the bifurcated system of taxing vape. No. The bifurcated system protects big tobacco's disposable vape products by taxing the competitor's product, which hold more product than the 3-milliliter threshold at a higher rate. The \$0.05 a milliliter per ounce that we tax right now will not go up or down based on the cost of the product. A percentage of wholesale can actually decrease if the cost of the product decreases or will increase as the product increases. The vifur-- bifurcation also incents youth usage of the small, easy-to-conceal disposable products that costs less than the larger prod-- products taxed as a percentage of the wholesale.

KELLY: That's your time, Senator.

HUGHES: Thank you, Mr. President.

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

von GILLERN: Thank you, Mr. President. Excuse me. I rise this morning in lukewarm support of LB170 and a couple of the amendments that are

coming. And just as a reminder, LB170 is not the bill that we are really discussing. And Senator Brandt opened on, on-- I, I believe it's AM1318 that-- that's coming. And if you look at the, at the website, there's a number of motions that are filed ahead. There's a number of amendments that are filed ahead. There's some withdraw and substitute motions that are coming. So I know everybody wants to get out of here earlier rather than later, but it looks like it could be a long ride today through all the procedural things that need to, need to happen here. There's a couple things that I'm, I'm fans of with, with regard to the, to the assembly of the amendment and the bill. One is I've, I've never not voted for property tax relief. So if, if anything I say indicates that you feel-- think that I feel differently, then, then that's certainly not the case. I'm not happy about how we got to the property tax relief portion of this bill, and I'll talk to you-- I'll talk a little bit about that. Originally, when LB169 and LB170 came to the Revenue Committee, they were the, the rollbacks of, of these exemptions-- these sales tax exemptions. And, and today, that package looks a lot like one-- looks like it did then. But then these other pieces were added in, which began to, to change things. Most notably was the addition of LB564-- which, by the way, was not voted out of the Revenue Committee-- and that is the piece of the bill that now takes us from General Fund to property tax relief and puts \$100 million a year into the property tax relief fund. Again, don't hear anything I'm saying to say that I'm opposed to property tax relief, because it's-- it's important to me. It's important to every Nebraskan that we talked to. But again, how we got here is a little bit frustrating to me. I had numerous conversations with, with individuals all across the spectrum, whether it's from-- in this room, whether it's lobbyists, whether it was the Governor's Office, whether it was the sponsors of these bills and said that, that I was a proponent of these bills as long as they were going to the General Fund because I was concerned about filling the hole for the General Fund. I'm not thrilled about the fact that we had to pull \$147 million out of cash reserves to fill the hole. But be that as it may, thankfully we're in a, in a strong financial position as a state and we're able to do that and still maintain a strong financial statement. So again, I don't think that guts us, but it-- knowing what-- that the-- knowing what we don't know or not knowing what we don't know about the federal government and what changes might be coming there, I think anything we do to the General Fund should be done-- taken with great caution. Senator Brandt in his opening stated that this bill was sustainable property tax relief, and, and I respectfully push back on that statement. This is push-- this is putting dollars into the top of a bucket that has a hole in the bottom of it. And, and, yes, we are

funding more additional-- more property tax relief-- and we need to do that because we keep paying out property tax relief. And if I, if I recall the numbers-- and Senator Clements can jump in if he's inclining and punch in and, and clarify this-- but if I'm remembering the numbers rightly, between the-- all of the property tax relief funds, the state pays out about \$1.7 billion dollars in property tax relief this year. So it's not insubstantial or unsubstantial. It-- it's a big part of our budget. And that-- and we'll continue to do that. And, and again, we need, we need to do what we can to offset property tax when and where we can. But it's a, but it's a big number, and we need to recognize that. I'm just looking at my notes here. The-- property tax, we've talked about just the importance of that. I, I-- I've talked with Senator Hughes. Her bill, LB-- I think it was LB303-- which I-- intended to close the distance between the, the levies for the school districts I think is a-- is maybe a longer term answer to this. And we'll talk about that more over the summer and more over in the next session about how to close that gap. And if we need to do this this year to, to, to continue to keep the ball rolling until we can fix the systemic issues of property tax relief, then, then so be it. But-- and I'll talk more when I get on the mic next about my concerns about the income tax-- rollback of the income tax relief. And, and I've got a bunch of-- I've got piles of information that I'll hand out here that show that around 60% of Nebraskans received those income ta-- the income tax relief with what we've done since 2023 and plan to do up until 2027. So I'm con-- very concerned about Senator Raybould's amendments that would remove that pri-- that income tax relief for so many Nebraskans who-- and, and again, I'll share the numbers-- who earn more. The, the cutoff is about \$30,000 a year. So good news is if you make more than \$30,000 a year in Nebraska, you're rich, according to the testimony that we've heard recently. So I'll continue to get on and share more information. Thank you, Mr. President.

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

HALLSTROM: Thank you, Mr. President, members. I, like Senator von Gillern, would rise in tepid support of LB170 and the proposed amendment, AM1318. I would like to note we have already balanced our budget with the action taken last week. So LB170 is not, as has been suggested, going to be balancing the budget on the backs of hardworking Nebraskans. The amendment that's proposed to this bill would direct any revenues that we would ultimately approve to go to the School District Property Tax Relief Credit Fund or the tier two property tax credit fund. I would prefer-- and I've shared this with

Senator Raybould-- that she keep her paws off of the income tax rate reduction that we have coming down the line. But in looking at this bill, I just note we have cigarette tax increase. We have a, a cleanup of the cigar tax from Senator Wordekemper. We've got a proposed imposition of sales tax on sales of soda and a sales tax on various so-called luxury items. Any one of those issues-- and, and we've a 40% wholesale tax Senator Hughes has proposed on vaping. Any one of those proposals could get 25 votes. That's a total of 125 votes. But I'm not sure that combining all of those together is going to ultimately result in 33 votes if we need that to overcome a motion for cloture. I myself have talked to Senator Hughes about possibly looking at a smaller percentage increase in the vaping tax from the 40% that she has proposed for health-related issues, as some have commented. I am not opposed to an increase in the cigarette tax or the soda tax. So those are things that independently I am inclined to support. But I, I fear that what we're looking at-- the opponents to the bill, whether they're inside the body or outside the glass, are going to want this bill to be as heavy as possible in terms of the tax proposals contained therein. My preference would be to take each of the issues up independently, vote up or down for 25 votes on each of them at this stage of the debate to see what type of package we can put together that may ultimately be sufficient to get 33 votes for the package. I would agree with Senator von Gillern's comments with regard to the issue of throwing money at the property tax problem. If we don't have a complete package to address the end result of meaningful and sustainable property tax relief, we will continue to throw money down that proverbial rat hole. And with this bill, I think the issue-- as many have commented-- that I heard loud and clear on the campaign trail is that folks want property tax relief. I think stemming the tide of increases in property taxes does provide relief. But make no, no mistake, it does not provide for a reduction in property tax burden that is faced by individuals. And with that, I would refer the rest of my time to the chair. Thank you.

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

DORN: Thank you. Thank you, Mr. President. I, I really want to thank Senator Brandt and Senator Hughes for working on this bill, this package of bills, and all the other senators that have helped with it and brought this bill to the floor to have a discussion. One of the things that-- I've been up here now in the seventh year-- property taxes has been a big, big, big issue. Excuse me. I think as many of you have walked doors and had ran for election, you find out that, yes, property tax is a big, big issue. One thing I've always been

amazed at, I guess-- part of what Senator Dungan always comments on is about how we are raising taxes, we're-- by this bill, we're raising taxes. And yet, I've never been able to understand since I've come up here, property taxes have increased anywhere from 5% to 20% most years-- or, valuations have. It depends on what the property taxes increase-- but yet most people don't have a concept that that's also raising taxes. When you're paying your property taxes one year and the next year they go up 10% that you have to pay, that's a raise in taxes. Couple weeks ago, I got sent a-- from-- I meet with a group of superintendents, and one of them already had-- and this was the first time I'd seen it-- it's called the Nebraska Department of Revenue, Property Assessment Division 2024 to 2025 Real Property Value Percentage Change by Counties. Most of us-- I think most of the people, the end of May, that-- we always talk about Memorial Day-- that's when you get your valuation, your new valuation notice for any property you own, whether it be rental, ag land, whatever. And I just wanted to point out some numbers on here. This is what is coming down and what is going to be happening statewide. Total real property percent change excluding new growth this year in the state of Nebraska will be 9.21%. What does that mean? If nobody changes their levy-- which we have put in LB34 some restrictions on there for their, I call it, their budget and stuff at 3%. But if nobody would change their levy, your property taxes would just go up 9.21%. That is statewide. That's an average. There are some that are up in the 20% range. There are some that-- I don't remember if I saw any in the negative range, but they're as low as 2% or 3%. We always talk about ag land and what it does-- or, is what-- happening to ag land. Ag land in the state of Nebraska's going up 14.3%, total agriculture land. Residential and recreational and ag residential-- that's houses, property owners, houses-- they're going up 7.44% the valuation in the state of Nebraska this year. Like I said, if those cities, those schools, those counties, if they don't change or adjust their levy-- which now they probably have to-- but for years they didn't have to-- they would-- Lincoln Public Schools was fantastic at it, that they always left their levy at \$1.05. They didn't change their levy. And yet if valuations go up 10%, your property tax bill just went up 10%. I don't understand how people don't-- why some people don't recognize that, in the state of Nebraska, when your property taxes go up by 10%, that is a tax increase. It's plain and simple. It is a tax increase. About a month and a half ago, met with-- there was a group of realtors had an event over here at Hruska. They were all sitting at a table-- all from-- people in Omaha, renters. And I asked them, what was the number one issue? What was the number one issue for them being renters? Every one of them said the same thing: property taxes. It wasn't bed bugs.

It wasn't condition of the houses. It wasn't-- none of that stuff. It was property taxes and how they've been going up. That was their number one issue for all of those people that rented facilities over there. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Well, I think I'm currently opposed. I know there's a lot of amendments up that are coming on this bill. And this bill doesn't have a committee amendment, which is unusual. But then there's some other suggestions to it. And I've heard folks complaining that we should just-- everybody should throw up their suggestions and see what they are, which is-- you know, I do that a lot. I'm always willing to actually put pen to paper and come up with constructive criticisms. My issue here is the, is the tax increases. I don't think that we should be increasing taxes on small businesses and working Nebraskans. We shouldn't be increasing taxes on food, whether you like that particular foodstuff or not. I don't think that's the way that we should be doing this. I have suggested periodically throughout this session and before that we should find other places where we can save money and we can direct that money to property tax relief. So the \$61 million from the oversized portion of the canal-- the Perkins County Canal for those of you who have forgotten-- \$61 million is the difference between building a 500 cubic feet per second canal-- which is what the compact allows and requires-- and the 1,000 CFS canal which this Legislature has appropriated funds for. So that's \$61 million that we are-- have already appropriated for a project that we should not be building at that size. We should build a smaller size. So I've continually talked about that, and one of the reasons I've talked about that is when we're coming and asking to raise taxes on Nebraskans, we shouldn't do that. And we certainly shouldn't do that until we have exhausted other opportunities to be more efficient and more economical. And so the folks who get up and, you know, are very angry that we've even suggested that we take away that \$61 million are equally angry that we're standing in the way of increasing taxes on working people to pay for that. And so I will always continue to stand up in opposition to reckless spending but also in opposition to increasing taxes on working people to pay for that. And so that's my-- the crux of my opposition. I did do a little quick math here when Senator Hughes was talking about the little, old lady problem, which is what I always ta-- call it. There are people who, through valuation increases, have lived in their home for 40 years. My folks have actually lived in their house for 44 years because they bought it right before I was

born. So they've lived in the same house for my entire life. And it has-- of course, the valuation has gone up a lot in those 44 years. And people buy houses based off of lots of projections. And they look and say, OK. How much income do I have? What are the taxes? What's insurance? And-- so I think that there-- that is a legitimate thing to say, is that somebody who's bought a house does get priced out of that house by rising costs and rising property taxes and rising insurance costs. And so I think that is a real thing that happens. And I have continued to talk about that issue and the way we choose to address it. So the way that we have chosen to direct property tax relief in the state is to throw in that little, old lady with massive landowners who pay a huge amount of property taxes but also are not being priced out of their homes. And so I have suggested ways that we can do targeted property tax relief. So my homestead exemption bill-- which I have now brought twice and has yet to get any traction-- is a bill that, as currently written, would take the first \$100,000 of owner-occupied homes and have the state pick that up. So in my district, midtown Omaha, that would be about \$2,100 per person. My quick math on this bill-- I'm gonna run out of time, but I'll get to the-- get to this-- would be we're raising all these taxes on folks. And somebody in my district would, under my system, get \$250 under the taxes raised by this. And under this current way it's apportioned, I haven't gotten an answer to how much that is that they would be getting under this system. So I will continue to look at this and have that conversation. I'll push my light to talk about it a little bit more. But there are more targeted ways. If you really care about those folks being priced out of their homes, there are other ways to do this. And there are ways to do it with the money that we currently appropriate for property tax relief that would be more targeted to actually help those people. But there are ways, if you choose to increase taxes, you could direct it that will be more efficient delivery mechanisms to give actual targeted tax relief to the people that you talk about. So thank you, Mr. President. I'm out of time.

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

HOLDCROFT: Question.

KELLY: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 36 ayes, 1 nay to place the house under call.

KELLY: The house is under call. Senators, please record your presence. All unexcused senators outside the Chamber, please return and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Hansen and Armendariz, please return to the Chamber and record your presence. The house is under call. All unexcused members are present. The question was, shall debate cease? The vote was underway. Senator Holdcroft, will you accept call-ins? Mr. Clerk.

CLERK: Senator Moser voting yes. Senator Dover voting yes. Senator Armendariz voting yes.

KELLY: Record, Mr. Clerk.

CLERK: 25 ayes, 8 nays to cease debate, Mr. President.

KELLY: Debate does cease. Senator Machaela Cavanaugh, you're recognized to close.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, this motion to IPP, it needs 25 votes. So if people want to move on to the next item on the agenda, vote green on MO116. I did want to speak to some of the things that have been discussed so far this morning. They-- maybe they weren't in response to what I was talking about, but they seemed like they were. So I thought I would just clarify that I never said that people were going to go out of business. I didn't say that pool services were going to go out of business. I didn't say that people were going to stop buying luxury cars or whatever items are on here. What I said, to be clear, is that this is a double tax on services, and that's wrong. I do not believe that even if you can afford to have a pool and have it cleaned that you should be essentially taxed twice for property tax relief. That's wrong. That's not equitable. You should not be taxed twice for tattoo services so you can pay for property tax relief. That's my opposition. My opposition is taxing Nebraskans so you can get property tax relief, increasing taxes on Nebraskans so you get property tax relief. Tax exemptions on services exist because they are already taxed through income taxes. So all you are doing here is double-taxing for property tax relief, and that is wrong. If you wanna talk about parity in taxes, about tobacco tax and cigarette tax and vape tax and parity in those, that's a different conversation. But eliminating tax exemptions on services-- they're not actually tax exemptions on services. Those services are taxed through income taxes. Direct services for individual company, individual

workers who provide a direct service are taxed. They're already taxed. So it is a lie to say that these are not taxed. They are. They're taxed through income taxes. It's a double tax on the backs of working Nebraskans. We have a huge fight over who can afford sick leave and who can afford paying different levels of minimum wage. But at the same time, those small business owners that you are fighting for so hard for the sick leave are the same small business owners that you're gonna double-tax their services. And that's wrong. For property tax relief. And that's wrong. So colleagues, if you want to be tax-and-spend conservatives, then be tax-and-spend conservatives. But don't lie about it. You didn't want to cut things from the budget. You didn't want to be fiscally responsible with the budget. And now you want to raise taxes on working Nebraskans to pay for property tax relief for agriculture. And that is wrong. And I'm going to stand here in opposition to that. That's why I have this motion. That's why I have the next motions. And I filed these motions a long time ago, as you can tell by the numbers, 116. And I don't know-- last week, we were up into the 200s or 300s. Can't even keep track anymore. So that's where we're at. And we're going to stay on this until it gets to cloture. And we're going to see how many of you think that it's OK to double-tax people in Nebraska for property tax relief. Because that's what this conversation is truly about. And you can try and gaslight me. You can try and gaslight the Nebraskans by raising your voice and saying that people are crying out that we're going to go out of business. I don't know if people are going to go out of business or not. But I don't think that it's fair to tax individuals that are providing services to Nebraskans twice. That's just not right. And I'm not going to stand for it. Instead, I'm going to stay here and I'm going to block it. I'm gonna be opposed to it at every turn. How much time do I have left, Mr. President?

KELLY: 10 seconds.

M. CAVANAUGH: Thank you, Mr. President. I will be asking for a roll call vote.

KELLY: Thank you, Senator Cavanaugh. Members, the question is the adoption of the motion to indefinitely postpone. All those in favor vote aye; all those opposed vote nay. There's a request for a roll call vote. Mr. Clerk.

CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar. Senator Brandt voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh not voting. Senator Clements

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voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan not voting. Senator Fredrickson not voting. Senator Guereca. Senator Hallstrom voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop not voting. Senator Quick not voting. Senator Raybould not voting. Senator Riepe not voting. Senator Rountree not voting. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey not voting. Senator Storer not voting. Senator Storm not voting. Senator Strommen not voting. Senator von Gillern not voting. Senator Wordekemper voting no. Vote is 4 ayes, 28 nays, Mr. President.

KELLY: The motion is not adopted. I raise the call. Mr. Clerk.

CLERK: Mr. President, Senator Dungan would move to reconsider the vote just taken with MO260.

KELLY: Senator Dungan, you're recognized to speak

DUNGAN: Thank you, Mr. President. Good morning again, colleagues. I do rise to offer a motion to reconsider on the vote to indefinitely postpone, and I would encourage your green vote on both the reconsider as well as the underlying IPP. As was evident, I think, from the board that we just saw, this bill presents a really interesting dynamic. I've been having conversations off the mic with a number of people here today, and it's rare that we have a bill before us in the Legislature that does not fall at least somewhat upon party lines. And this bill, I think, really does get to the core of what a lot of folks are concerned about with regards to increased taxes and who the burden falls on. But what I find particularly interesting is that there really is, based on the conversations I've had, some bipartisan opposition. And, you know, when you talk about this with people, it's kind of funny because sometimes people on different ends of the political spectrum kind of come back together for different reasons. Sometimes you see people on the far left agreeing with people on the far right for, for different issues. But I, I think that the core of the opposition that we see to LB7-- LB170 is not political. It's not partisan. It's really, if nothing else, I think populist. I think that the opposition that we see is this idea that there's a number of folks

on the left and the right who don't want to see just everyday people bearing the brunt of-- whether it's general funds or bearing the brunt of paying for property tax relief for the wealthy. And so, you know, I've been getting emails all morning and, and phone calls about opposition to this bill. And not a single one of them has been, in my opinion, partisan. They've all said that they disagree with the idea that we should be transitioning or shifting the burden that is ultimately felt by a number of Nebraskans onto what I would say is more or less just average folks. And again, I think the bill is aimed to identify a number of services that on paper look difficult to defend. You know, we've already heard it here today on the mic. There's some people getting up and highlighting the limousine rental or the chartered flights exemption elimination. But at the end of the day, what this larger list represents are small businesses in Nebraska. Pet grooming, dry cleaning, interior design, dance lessons, swimming pool cleaning-- which frankly is a small business that a lot of folks around the neighborhood probably work in-- massage therapy, nail care, and skin care. I mean, how many nail salons do you have in your district, colleagues? I know that in northeast Lincoln we have a whole host of them. And it's not some mega corporation, right? It's not some massive chain of nail salons. It's local entrepreneurs who start up these nail saloons and are trying to make a name for themselves. And so, you know, we're talking about upwards of \$28 million, hypothetically, in additional revenue, which I know looks like a lot when we're sitting here talking about shaking the money out from all the couch cushions. But that's \$28 million that we are raising off of local business. And that's \$28 million that is going to be felt either by the consumer-- so the individual that goes to ultimately benefit from the services has to pay more money out of their pocket-- or it's going to be felt by the small businesses that have to absorb that impact. And we've already seen this on the national level, obviously, with tariffs and that whole conversation. But there's been this encouraging recently, I think, from the federal government for businesses to simply absorb the impact of the tariffs, right? We saw that in a tweet, I think, this weekend. Maybe if you're Walmart you have the ability to absorb that. But if you're a small business, if you're a pet groomer that operates in, for example, Lincoln, Nebraska who's just barely skating by on certain margins, if you're a nail salon where that is your business that you built from the ground up, you're not going to be able to absorb those costs, which does mean you are going to pass that onto the consumer. But part of the problem here, colleagues-- and I highlighted this my last time on the mic-- is that a sales tax on certain services-- which I do agree with others who have said this-- it is a double taxation-- but a

sales tax is not representative of whether or not somebody has the affluence to pay that. So if we, for example, have a sales tax on dance lessons, you know, we don't know if that's \$100 per hour private dance lesson or if that's a \$10, you know, community dance class that somebody, you know, saved up a little bit to make sure their, their kids could go to. So it-- it's not representative of the affluence markers that I think we're trying to determine when we're trying to figure out whether or not somebody should pay their fair share. I, I got a call actually, colleagues-- just now I stepped down to my office to grab some paperwork before I came back up here. And while I was down there, my phone rang. And somebody was speaking with my staff and it was somebody talking about dance lessons and how important those are to them and how, you know, that was a vital part of sort of their, you know, upbringing. And we all see that from time to time. And I just-- I struggle, I struggle to see the virtue in the shifting of the taxes when there are other options. Now, some have gotten up here today and said, you know, why are we-- why are we debating it like this? Why do we have the IPP motions? Let's just throw up other idea-- ideas and see if they stick. I, I reject the narrative that what's happening here today isn't real debate. My opposition to LB170 is principled and it is consistent. I was opposed to the sales and use tax expansion in my first year. I was opposed to the sales and use tax expansion in my second year. And I was opposed to the sales and used tax expansion during the special session when the governor and other folks came forward with LB1 and ultimately a couple of other bills that sought to expand the tax base and, and I think disproportionately hurt everyday, working Nebraskans. I opposed it regardless of who brought it. When Senator Justin Wayne came with an amendment that had a list of services, I opposed that. When other senators came with the original list of services, I opposed those. What my argument, colleagues, has always been is if we want to get rid of some of these exemptions, if we want to broaden the sales and use tax base-- which does mean paying taxes on more things-- then we need to marry that with an also-- a reduction in the sales tax rate. And I believe that there is a sweet spot where you could potentially broaden the base and lower the rate in such a way that you ultimately recognize larger state revenues. But the problem is there's not the votes in this body to reduce the sales tax rate. And I said that during the meetings that happened this interim when I was meeting with members of the Appropriations and Revenue Committee and the Governor's Office. And I was asked, what is your line in the sand? And I said I would be at least open to the possibility of an expansion of the sales and use tax base but only if it meant reducing taxes on every Nebraskan across the board. Because these sales taxes represent a disproportionate impact

on everyday, working people. And I've had a couple of colleagues get up here and say that these are not regressive because look at the services they're taxing. I'm a little bit disappointed that those colleagues haven't listened when I've explained regressivity or others have explained regressivity multiple times. It doesn't matter what the service is that you're talking about. It doesn't matter who is the one benefiting from the service or purchasing the service or the item. It's how the tax is applied. A flat tax that is applied at the point of sale is inherently regressive. And again, I think people get defensive because they say, oh, well, you know, it's not regressive because it doesn't actually hurt poor people. I'm not ascribing negative or positive connotations to regressivity. I do think it's bad. I don't think we should support regressive taxes. But a sales tax is, across the board by every economist, by every definition, a regressive tax. And now, you can say you're OK with that. You can get up and say that you don't-- you aren't concerned about the applicability of these regressive taxes because you are supportive of expanding the sales tax on these items. And that's fine. Reasonable minds can disagree. To me, this is not a debate where we need to get super upset with each other. I think this is a, a principled policy discussion. And I simply have always had the North Star on the Revenue Committee in my now three years there that an expansion of the sales and use tax base is problematic and it is regressive, and I will not support a bill that includes expanding what our constituents have to pay sales tax on. Now, I also reject this false narrative that this is the only solution and LB170 is moving down the tracks and you got to hop on board and offer your solutions and patch it all together and, and fix the boat as it goes down. But this is it. You got to support this. And if you don't support this, then all of a sudden you're for property taxes being increased? That's just-- I reject that narrative. There have been a number of other suggestions that have come forward both this year and in past sessions that I think do offer actual property tax relief. Senator Hughes and Senator Brandt actually both had really great bills this year that I think offer true property tax relief when you talk about buying down levies, when you talk about freezing the corporate income reductions to make sure that larger corporations can pay their fair share. And so this is a, a debate that I think everybody across the spectrum can engage in. This is a debate that I do not think falls onto left or right ideology. What this falls on is what do you think is the proper avenue with which we should tax Nebraskans. And I would venture to guess that there's colleagues of mine who also oppose LB170 who disagree with me about what the solutions are. But I do know that we all come to the table with solutions, and we all do come to the table wanting property tax

relief. I simply think there are avenues to achieve it that are targeted, that do not disproportionately impact working people, and that truly do address the problem that we all hear about, which is an older person being priced out of their home. Thank you, Mr. President.

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

BRANDT: Thank you, Mr. President, we're having a very productive debate. I just want everybody in Nebraska to know that, next year, property taxes based on the average for the last several years will be going up \$283 million. And I think it is great that the people that clean swimming pools are, are going to get double-taxed because that's not how this works. How this works is they bill their customers and the customer pays the tax. And if they make a profit at the end of the year, they pay income tax. So don't buy into everything that's being said today. Senator Wayne, Senator Linehan at the end of the special session when we were all exhausted and we were ready to go home, I thought Senator Wayne gave one of the best speeches on the floor that I ever heard. And it listed line by line by line on sales tax exemptions and whether that was something they could live with or something they couldn't live with. And that's what I brought today. These 18 sales tax exemptions have been pared down from about 30. We took out haircuts. We took out film rentals. We took out zoo admissions. We took out museum admissions. And before that, we took out a multitude of other things. Nebraska leads the nation in sales tax exemptions. If everybody wants to keep going down this road, that's great. We do not have a lot of revenue sources in this state. I like what Senator Jacobson was saying before-- I guess that's kind of the camp that I'm in-- on how we tax pop and some other things in this state. Most people go into a convenience store and they buy a cup full of ice and pop, and they are paying sales tax and they don't even know they're paying a sales tax. They buy a can of pop or a bottle of pop, they don't even know they're not paying a sales tax. You know, when we talk about affordability of things, is the \$0.055 per dollar that the state charges on a can of pop gonna be the deciding factor on whether somebody buys that? No, it is not going to be a factor. So Nebraska property tax burden-- you all got a copy of this on your desk. And if you take a look at this, 53% of all Nebraska property taxes of-- go-- paid by sector-- levied taxes paid by sector-- so the refunds go back-- on this proportion-- 53% go to housing, residential; 24% to ag; 20% commercial, industrial; and 3% to railroads. So how is this distributed? When you turn the page and you look at the chart there, in the state of Nebraska, out of 100%, Douglas County gets 23%. Lancaster gets 13%. Sarpy gets 8%. The other 90 counties in the state

of Nebraska will receive 56%. So this property tax relief that my urban friends are so against would go to primarily the urban communities in the state of Nebraska. We have, in Nebraska, when we look at the effective tax rate-- which is that third page on that handout-- Nebraska's effective tax rate is 0.83%; South Dakota, 0.52%; Wyoming, 0.34%; Colorado, 0.39%; Kansas, 0.49%; Missouri, 0.43%; Iowa, 0.40%. While this appears to be a big number for \$100 million-- which I think it is-- it's not in the scope of moving these numbers very far. We are barely treading water if we pass this bill today. So I'm just asking everybody to have an open mind. If you do not like something in the bill, please come talk to us. If you, you want to see us take pop out, if you want to see us increase tobacco, if you want to see us reconfigure, come talk to us. We are willing to do that. We want to find a solution here. So that's all I've got. Thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President. And good morning, colleagues and Nebraska. I really appreciate the conversation that we are having. And have been on the floor the whole time listening because I think it is really important and I think that there are some important discussions that are in front of us. I do just want to state and name my predecessor is Senator Wayne, and I appreciate all of the work that he has done in the body. And I just want to uplift that, just last week, he was called a thief on this floor around his negotiations and his support and advocacy around ensuring that disinvested neighborhoods had an opportunity to try to rectify systematic disinvestment through ARPA funding. And now he is being hailed as a leader in what is in front of us and that because he did it we should listen to him. And so I just, one, want to uplift that, and, two, say that-- again, I, I appreciate Senator Wayne. And there's things that we have disagreed on. And that's OK to disagree. And so while Senator Wayne did work on this while in the body and while folks are working on this now, that doesn't mean that there cannot be discourse and disagreement. And that's why we have debate and why we are here. So right now, I don't know where I sit on LB170. I do appreciate folks that are supporting LB170 that have had conversations. I know I've talked to Senator Hughes about parts of the bills that I don't like, parts that I do like and could get behind. And so I do think that that conversation is happening not just in the-- on the mic as we talk about where we stand but also on the floor as we are working through amendments and the negotiation process. As stated before, I think how we get to where we're going absolutely makes a difference. And the conversation around

property tax relief has come up. In Appropriations, we have talked about that and what does it mean as taxes impact the budget. And it feels like we're having conversations in very siloed fashion where sales tax are over here or income tax are over here, property tax relief, how we budget is over here-- and really, it's all integrated and works together. And there needs to be a comprehensive conversation around our approach, our philosophy in what we're because it all ripples into each other. And so then we get into places where we're trying to balance a budget. We don't know what's happening over here on Revenue. We have different perspectives and approaches to how we're taxing in our tax system, and I think that is the misstep and why we see some of the motions up and why were having the-- a lengthy debate today, because our process needs to be just as important as the product that we put out. And so I do support targeted tax relief. Actually, Senator John Cavanaugh took one of your circuit breaker bills from before and updated it. That did not make it out of committee because of-- my belief in targeted property tax relief. And I also added in a portion for renters. So to Senator Dorn's point, in my neighbor-- in my district specifically, there are a lot of renters. And they are seeing increased rents that they are unable to afford. Some of that is due to property tax being passed onto the renters. And we also know that once a property owner or manager gets property tax relief they're not passing that savings on as well. And so I also added in renters to my circuit breaker bill because it is important to think about housing in its totality and what does that mean for someone to have a place that they can afford and live in as well. And so I think that as we have this conversation, some of the points that are bringing-- brought up by folks that oppose the bill-- again, I am in a gray space of I don't like a majority of the bill and am willing to listen and talk and dialogue with my colleagues that are in support because of this. And so I think the conversation is important. And I will continue to be engaged and work with my colleagues offline. I see that my light is on, and so my-- in my last minute, I would like to take a point of personal privilege and acknowledge my administrative assistant, Isabel, who unfortunately is leaving me because she is a Henry Foster Distinguished Scholar awardee at UNL. She is going to law school and is going to do amazing things. It is a full ride scholarship. She is brilliant and has been such an impactful part of my team in our short few months together. And again, I am so sad to see her go, but I'm excited that she is going off to law school. She actually was a page before she became my administrative assistant, so she has been engaged in the Legislature in policy and advocacy. And I'm excited for her next chapter in her book of whatever this will bring for her. Thank you, Mr. President.

ARCH: Senator Riepe would like to recognize some special guests. There are 55 fourth grade students from Holling Heights Elementary in Omaha. They are located in the north balcony. Students, if you would rise and be recognized by your Nebraska Legislature. Returning to the queue. Senator McKinney, you are recognized to speak.

McKINNEY: Thank you, Mr. President. I rise in support of the motion to reconsider. But before I get to why, I would like to say happy 100th birthday to Malcolm X and also happy Malcolm X Day. Today is the first year in the state of Nebraska that we are celebrating Malcolm X Day statewide. And I think it's great. I, I think it's amazing that he was inducted into our state's Hall of Fame and I could leave this room and go look at his bust. But also just the fact that he's being acknowledged as a human and a human being that was born in the state of Nebraska and had to leave to, you know, horrible circumstances. But although in spite of that, he still rose to become a great man until his untimely death. But overall, happy birthday, Malcolm. And happy Malcolm X Day. But onto this bill. One of my issues with this is it's-- all of it is not going to the General Fund. You know, last week, we passed a budget and we cut a lot of things out the budget, and a lot of things that affect my community. And then I'm being asked to support this bill that isn't going all to the General Fund. I mean, if we're in this big budget deficit and we need to take money back from communities and those type of things, why aren't you sending all this to the General Fund to make up for that gap that, for whatever reason, you guys had to vote to support to take money from north and south Omaha? So that's a big reason there. Another thing is that, you know, this tax conversation-- and then somebody stood up and said that, when we campaigned, all we heard was the need for property tax relief. That's not what I heard at the doors. What I heard at the doors is the need for this state to meet the be-- basic needs of individuals: affordable housing, you know, adequate transportation, access to better day care, you know. Those type of things. I wasn't hearing property tax relief because I represent a district that is primarily renters. And we all know that we could keep saying, like, property tax relief helps everybody, but it honestly doesn't because the rents are going to continue to still go up and they're going to be-- and whatever relief we give to the, the landowners, they're not passing that relief down to renters. And people might disagree, but it's just a fact. Like, rents don't stay stagnant. And then even so, this Legislature passed a bill to prevent any type of rent controls. So when we talk about relief and those type of things, I think renters get overlooked. And this false notion that we'll give relief to homeown-- home-- landowners or landlords, or whatever you wanna call

them, and that they're gonna pass relief onto the renters, that's not true. Rents continue to go up every year. And this Legislature passed a bill that will prevent any type of rent controls in the future. It was really a preemption because currently there's no place in this state that's proposing that. But people are aware that rents are going to go up and wealthy landowners need to continue to make more money and charge higher rents every year because we have a housing shortage. So the market is the market and people are buying basically just out of demand. We have a supply problem that is long overdue that we haven't really addressed. And it's been horrible since the Great Recession. And we haven't picked up our pace of, you know, building more homes for a lot of reasons: permitting, zoning, cost, all those type of things. So when we talk about this bill, I just have a fundamental issue with-- we have a budget deficit. You guys voted to take money from my community, but you're not putting all this back into the General Fund because every year we just need more property tax relief. But the rents keep going up in communities like mines and yours as well. And the renters are not seeing any benefit from any of these bills that have been passed since I've been in the Legislature. Thank you.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I rise in support of M0260. I guess that's where we were at, because I believe Senator Dungan just filed that motion. Earlier, I was saying M0116. So we've-- since I filed my motion, M0116, there's been 144 motions filed. I think that's right, my math. We'll see. I'm sure somebody will correct me if I'm wrong. One of the things that I didn't talk about previously was the tax on lobbying, as we have a whole Rotunda full of examples of people who are here lobbying for various interests. And I know that it's probably popular to think about, you know, what a lobbyist is and, like, sure, let's tax those guys or gals. And-- yeah. I mean, it's a business. They make money off of lobbying. Some make substantial amount of money. Others make a modest amount of money. Kind of depends who they are lobbying for, to be honest. And there's not really a distinction between lobbying for a big tobacco corporation and lobbying for a, a food pantry. So if we're going to tax those services, we're taxing both of those industries. And just like the other services, they're already taxed through income taxes. So adding on a-- another tax to that is double-taxing them. And those advocacy lobbyists are going to be double taxed. And that's going to cause more harm to the, the communities that they are here to represent, the underrepresented. So I just wanted to lift that up as part of this tax loop-- loophole, as it's being described, tax exemptions. They're not

actually exemptions. This is-- this would be adding a tax to something that is currently taxed. I had a conversation off the mic with both a reporter and colleagues about what I meant by that double tax. So at the state level, we, we have income tax. We collect income tax. And we also collect sales tax. We do not collect property tax. So if the state is collecting a tax on a service via sales tax and collecting tax on a service via income tax, then the ta-- state is double-taxing that service. That is the problem for me on these particular taxes. I also just, generally speaking, don't believe in increasing taxes to pay for other taxes. That doesn't really make any sense to me. I think we can do a much better job of budgeting for our state's expenses if we're willing to have those conversations. And those conversations are hard. It would be a reevaluation of what it means to be funded by the government and what is a public good. And I realize that that conversation is not going to happen in this biennium while I am still here. I hope that maybe future legislatures will entertain what is the public good and what should taxpayer dollars be going to because I genuinely believe if we had that hard conversation we would cut a lot of wasteful spending while funding essential government services fully and possibly ultimately reducing our tax burden. But that's not the conversation we're gonna have because that's not politically expedient for campaign mailers. It's not a wedge issue to actually do things the right way. It eliminates that friction, and we don't wanna eliminate friction in politics. We wanna create friction. So that's where we're at. I don't want to create friction. I want to eliminate friction. I want to fund things properly. I want to have good, solid public policy. I want to engage in robust debate and come to good conclusions. And I want to have back-and-forth and learn from my colleagues. I'd like to see more of that, but maybe next year. I think I'm just about out of time, so I will get back in the queue because I do intend to be on this bill until cloture. And I look forward to hearing what others have to say both for and against. I am listening to the arguments. So I hope that-- you know, maybe you-- maybe you'll persuade me to think differently. Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. Good morning again, colleagues. I, I do rise in favor of my motion to reconsider. So I would encourage your green vote on that, which again would allow you the opportunity to vote green on the indefinitely postpone as well. So I, I wanted to shift a little bit of my focus here this time on the mic to other states that it seems like we often sort of hold out as the gold standard. You know, I, I know a lot of times in state-level politics

you look for other states that have done things or haven't done certain things to see whether or not they work. And obviously, that's kind of the intention of federalism, right, is that there's all these sort of laboratories in the state where people can kind of see what does work or what doesn't work. And in looking at our, our sister states that are around us, you start to get a good indication, I think, as to which policies often succeed and which ones cause more problems than they solve. Obviously, we can look to Kansas and the Brownback tax cuts and see just a complete disaster. That is pretty unequivocal. And that's not really even a political statement to make because, at this juncture, looking at Kansas and seeing the insanely large drastic tax cuts they implemented, it, it really ran the state into the ground, specifically their schools. I went to undergrad down at the University of Kansas, and I know people who live down there still and have stayed there since I graduated many years ago. And in talking with them, it's evident that the continued effort to reduce, reduce, reduce taxes across the entire spectrum in what really is a wanton effort to just cut, cut, cut without actually being fiscally responsible resulted in literally schools not being able to open on time. It resulted in textbooks not being able to be purchased. And it resulted in the, the Kansas Legislature and Senate-- and ultimately their, their governor as well-- having to completely switch course and essentially make up for the mistakes they've made over the span of, of years. And colleagues, I do not want to find myself in that same situation. I'm not trying to be hyperbolic. I understand that we are not currently in quite the same predicament. But my entire time in the Legislature, I've been on this Revenue Committee saying that I am concerned that if we continue to go down the certain path that we are going down, we are gonna find ourselves a situation where those of us who are left in the Legislature are gonna have to pick up the pieces. And I, I understand that, you know, shifting from the south to the north, our Legislature and, for whatever reason, our, our state sometimes tends to point to South Dakota and say, well, South Dakota's model, that's what really works. And I just wanna, you know, pump the brakes on that a little bit for a couple of reasons. Obviously, South Dakota, like a couple of other states, doesn't have an income tax. And getting rid of the income tax sounds really great to people who especially make quite a bit of income. And in order to make up the difference by not having an income tax, what you see in South Dakota is a very broad sales and use tax base. You see them implementing a sales tax on various goods and services that we don't do here in Nebraska, nor do some other states in the surrounding area do as well. And they have to do that because they don't have an income tax. And what I think is interesting is oftentimes we sort of hear

people talk about South Dakota in this heralded fashion of, like, see how well it works. When if you actually dig into the information and if you dig into the data, you see that South Dakota finds itself in very similar struggles to what we find ourselves in and has an incredibly disproportionate amount of their annual income as a state coming off of really the incomes of everyday, working people. And, you know, South Dakota, in addition to just having a different tax structure, is a different kind of state. One of the things we always have to look at in, in, in analyzing what is and what isn't working in terms of bringing in people to the state is what else they have to offer. The studies are, are very, very unclear as to whether or not tax policy has much, if any, influence on people deciding to move from one state to another. Certainly those who are affluent and those who have the ability to make such decisions can, can take that into consideration. But South Dakota has tourism that Nebraska doesn't have. Florida, other places that often get held out as places we wanna be more like, offer different things than Nebraska offers. And so we have to keep, keep that in mind. But I'll probably punch in again and talk a little bit more about South Dakota. The schools often rank in the bottom, I think, five-- if not even lower-- of teacher pay. They continue to struggle with increasing property taxes. And the increased property taxes often result in larger burdens on the back of everyday, working people because it's the state and local taxes, the sales tax, on top of the increased property tax. So I think we cannot simply hold South Dakota out to be the bastion ideal tax policy--

KELLY: That's your time.

DUNGAN: --and we should be a little bit more judicial as well. Thank you, Mr. President.

KELLY: Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. And I do appreciate all the comments this morning. I'm not sure I support the reconsideration motion. I just want to talk about sound fiscal policy. I, I firmly believe we cannot create sound fiscal policy in a vacuum. We cannot manage our budget deficit without a consideration and balance to our three-legged stool-- you know, income taxes, property taxes, and sales taxes. Good government continuously strives for this balancing act, particularly in a crisis. Right now, the state has stepped in, in a serious way on funding public education, finally, after years of shifting the funding of public education responsibility down on the local communities and on local property taxes. This effort at sales tax increases-- on the surface, it looks exactly like what people have

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been saying. It's a cost shifting in a way that several have been speaking out against. And so I do have a couple of questions to ask Senator Brandt, but-- if Senator Brandt would be willing to take a few questions.

KELLY: Senator Brandt, would you be willing to yield to some questions?

BRANDT: Yes.

RAYBOULD: Yes. Thank you, Senator Brandt. I absolutely love your sales tax exemptions handout, but I did notice that you, you happened to omit the, the reference how other states are trending when it comes to pop and the sports-- energy drinks.

BRANDT: Yeah. That one didn't make it on there. That takes a little more research. What-- I do not have the exact numbers, but I can tell you when you look at the surrounding states on what we classified as sugary drinks, South Dakota, Colorado, and Kansas all charge sales tax on them. Missouri is at a lower rate than their standard sales tax. So for example, if, if our sales tax-- and some states do this-- if our sales tax is 5.5%, they may tax groceries at 2%. And, and you see that quite a bit in other states. And Wyoming does not have a sales tax on that. And we aren't sure on Iowa. We kind of thought maybe Iowa had moved to remove that from, from sales tax.

RAYBOULD: Thank you very much. You know, I'm, I'm looking at the handout. And, you know, on-- I think it is very telling as well because it seems like most of the states do not charge sales tax or were in the mo-- there is a very small minority of those that do charge sales tax. So for example, on personal instructions, only 3 out of 50 states charge that. I would say the one that garners the most, the Teleflora delivery, 42 out of 50 states charge a sales tax. Swimming pools, not so much, 17 out of 50 states charge a sales tax. Lobbying, 7 out of 50 states do. Interior design, 9 out of 50. Telemarketing, 5 out of 50. So we're really, truly in, like, the low minority-- or, I guess maybe the-- other-- reverse. We're in the majority of the states that do not charge a sales tax. So that's probably the correct way of saying-- we're in the majority of the states that do not charge it. The other-- there are two more outliers I would like to point out. There are-- 27 out of the 50 states do charge a sales tax for pet grooming. And also 28 out of 50 states do charge a sales tax for sightseeing. And then 23 out of 50 states do charge it for dry cleaning. And so one, one question, you know, we hear-- you know, I provide the nice, little map of comparison. But

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Senator Brandt, do you worry that, you know, by charging a sales tax, is this going to make us less competitive?

BRANDT: No, and let me tell you why. When a customer is billed for something, they pay the bill. I mean, who looks at the sales tax? It's pretty rare. Maybe when they get home they'll, they'll take a look at that. But when you, when you get billed for a service-- and as a farmer and a small business owner, you, you get billed for stuff all the time. That's the bill, I write the check, we live to fight another day. I, I guess the argument that this is going to bankrupt te-- people and force them out of the state is a little disingenuous.

KELLY: That's time, senators.

RAYBOULD: Thank you, Mr. President.

KELLY: Thank you, Senators Brandt and Raybould. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. I just want to touch on a couple of issues and I'll pass my time on to Senator Hughes. First, I just wanna talk a little bit about the idea that we need to cut spending. I wholeheartedly agree. We need to cut wasteful spending. I would like to see, when people get on the mic, please give me ideas of, of wasteful spending that we ought to cut. Give me your ideas of what that is. OK? And, and if you say the Perkins County Canal, that is an investment. If you like having water, you might think about investing in our future and preserving our rights to the water that we deserve. So I thought we put an end to that, but evidently we have not. But I would like to know the definition-- several definitions. Fair share of taxes, what is that definition? Please tell me what that is given the number of people who pay no tax at all when we talk about income tax. What is your fair share of income tax? What is your fair share of property taxes? When, when we look at rental properties-- rent controls. There's a great idea. If you want to stop any rental building at all, that's why you do it. You put rent controls in place so any investor says, there's no way I'm building a home because-- or, building an apartment complex because I can't-- if [INAUDIBLE] gonna be rent controls put in place, I can never get a return. People forget that many, many homes and apartment complexes are built by borrowing money and leveraging that investment. With that investment, you have taxes, you have insurance, you have principal, you have interest. What has happened over the last five years that would cause rents to go up? Well, number one, interest rates have gone up. So when interest rates go up, you have more expense on that investment and you have to pass

that through to the renter. Insurance has gone up. Every-- lot of reasons for insurance going up, but insurance rates have gone up. That's why rents have gone up. No one's going to build an apartment complex if they can't get a positive return. They're just not going to do it. And, and property taxes are a huge part. Anywhere from 15% to 20% of what that rental payment is goes to your property taxes. If your property taxes goes down, your rents may not go down, but it may offset the increases in other things like insurance or interest rates that caused it to go up. I would invite people who think that something needs to be done there, go out and spend your money, borrow money, spend your money, invest in a rental property, and you'll have a completely different idea of how this works. It's very easy to say on the microphone that it's these greedy landlords that are putting down people and, and gouging them on rent. I would, I would just say this: educate yourself. Educate yourself before you do that. So with that, I'm going to yield the re-- balance of my time to Senator Hughes, who has a couple things to say in the meantime.

KELLY: Senator Hughes, 1 minute, 24 seconds.

HUGHES: Thank you, Mr. Speaker. I just wanted to stand up and talk about what I'm hearing is a double tax on a service. So I guess we're double-taxing when you pay a tax at a restaurant. You're paying to have that food prepared. So we're double-taxing there. And I would disagree. I don't think income-- when somebody pays an income tax on what they do is a double tax. And here's the reality: today, we buy services. In the '50s, '60s, '70s, we bought things-- cars, TVs, appliances. But do you know what we buy today? We purchase services. And we are so dang lazy we can't even go to the McDonald's drive-thru by ourselves to go pick up our food. We hire someone to pick it up. And that's a service. And we're not even talking about taxing that service here. People hire lawn service. They hire house cleaning. They hire services now, not things. And we as a state need to modernize our tax code to include these services. And here, we're trying to pick 18 things to start with. And we are getting a lot of pushback. So I just want to be clear that we need as a state to modernize our tax code and, and look at some of these things because that is the reality today. We buy services. Thank you.

KELLY: That's your time. And you're next in the queue, Senator Hughes.

HUGHES: Question.

KELLY: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all

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those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 29 ayes, 0 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return and record your presence. All unauthorized personnel, please leave the floor. The house is under call. All unexcused members are present. Members, the question is, shall debate cease? The vote was underway. Senator Hughes, would you accept call-ins?

CLERK: Senator Hansen voting yes. Senator Dover voting yes. Senator Moser voting yes. Senator Kauth voting yes.

KELLY: Record, Mr. Clerk.

CLERK: 25 ayes, 3 nays to cease debate, Mr. President.

KELLY: Debate does cease. Senator Dungan, you're recognized to close on the motion.

DUNGAN: Thank you, Mr. President. Good morning again, colleagues. We come now, I think, to the end of the morning. At least, we're close. I do encourage your green vote on the motion to reconsider and ultimately, if that's successful, your green vote on the indefinitely postpone motion. As I've indicated, there's a number of different reasons I think that folks in this body find themselves opposed to LB170. Certainly, everybody in this body believes that property tax is important. I mean, every single person that was out knocking doors, running for office, heard that from constituents. Whether you're talking about northeast Lincoln-- where I represent-- or out in Cherry County or Scotts Bluff-- no matter where you are, we all hear that property tax matters. This bill does not represent property tax relief. This bill represents a tax shift. And there's not really any two different ways you can cut it. If this bill passes in its current form, it is going to result in a tax shift moving into the sales tax arena. And I cannot imagine that any of our constituents are going to call us and thank us for continuing to put a Band-Aid on a problem without actually being addressed. You know, we've done a lot in my three years here to address property tax. And I was supportive in my first year of what I think is one of the largest property tax relief packages in Nebraska history. And yet we continue to hear time and time again from constituents that something else has to be done. There

has been a number of solutions that have been proposed this year alone. As I indicated earlier, Senator Hughes had a, a really good idea that I know Senator Brandt and others have worked on for quite some time and others brought in the, the past as it pertains to the buying down of the levies. There's a number of different options out there. But if we continue to just try to put a piece of tape over the hole in the boat, it's not going to fix the actual problem. And when I talk to my constituents-- and again, every time I'm on the mic, I've, I've said that people have reached out to me. I have gotten emails, texts, calls this morning by everyday Nebraskans who are watching this debate or paying attention, which-- it's far more than people realize-- who are dismayed by the efforts that are being made in LB170. And similar to people in this body, I hear different complaints about the bill from different people, whether it's somebody who owns a dance studio and it's a family-owned business that they built from the ground up and they're concerned about the impact this is going to have either on their bottom line or on their customers, whether it's something-- again-- from, like, a lawn care industry or a pool cleaning industry where it's them and a couple of people and that's their livelihood and they built that from the ground up or it's people talking about taxes on things like soda, which-- again, whether or not people in this body think it's important or not, it represents an impact on everyday people who are just trying to make ends meet and want to grab something at the gas station maybe on their way to work. And if we say to them we're going to increase that tax on you because we don't think you care, we don't think you notice-- I will tell you, colleagues, they do notice. I remember during the interim we were talking about sales tax and there was a meeting I was in where some folks were sort of expressing the general belief that constituents or the people of Nebraska don't notice the sales tax they pay, that the sales tax is invisible to them, that they don't understand what they're actually paying for and if it goes up. I've talked with a number of my friends-- again, people outside of this world, outside of the [MALFUNCTION] who are also concerned, yes, about property taxes and rents going up. All of that's true. [MALFUNCTION] maybe one or two jobs [MALFUNCTION] cost of something goes up. This entire last presidential election, colleagues, all we did was talk about eggs for, like, three months leading up to the election. And it's because costs were going up. We continue to see a concern nationwide that costs are going to go up. And the one thing that everybody in this body says is they want to make sure that they're not increasing the cost for their constituents. They want to do what they can to bring down inflation. They want to do what they can to bring down the overall prices of things. But literally what we are voting for with LB170 with the AM is

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an increase in cost on everyday services and on everyday items and, in addition to that, calling it property tax relief when in reality it represents a tax shift. So colleagues, again, this is not a political issue. This isn't a personal issue. We can disagree and we can, we can argue about that. My objection as it pertains to this bill is broader than one or two simple line items. It is an objection to the idea that we are going to increase the amount of money that comes out of people's pockets when I know that a number of us who came here promised people that we were going to fight to keep money in their pockets. And so I know it may not represent a large portion of money to some people in here, but to the everyday folks who are paying attention, who are calling us and texting us right now and telling us to fight this, these increased costs do matter to them. So colleagues, I-- again, encourage your green vote on the motion to reconsider. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Members, the question is the motion to reconsider. There's been a request for roll call vote. Mr. Clerk.

CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar. Senator Brandt voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan voting yes. Senator Fredrickson voting no. Senator Guereca. Senator Hallstrom voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop not voting. Senator Quick not voting. Senator Raybould voting no. Senator Riepe voting no. Senator Rountree voting no. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey voting yes. Senator Storer voting no. Senator Storm voting no. Senator Strommen not voting. Senator von Gillern voting no. Senator Wordekemper voting no. Vote is 7 ayes, 35 nays to reconsider, Mr. President.

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

CLERK: Mr. President: LB10, introduced by Senator Brandt. It's a bill for an act relating to revenue and taxation; amends Section

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77-2704.24; defines and redefines terms; eliminates the sales tax exemptions for candy and soft drinks; harmonize provisions; provide-- provides an operative date; repeals the original section. The bill was read for the first time on January 13 of this year and referred to the Revenue Committee. That committee placed the bill on General File. There are no committee amendments. Senator Machaela Cavanaugh would move to bracket the bill until May 30 with MO114.

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

M. CAVANAUGH: Thank you, Mr. President. I don't know why I picked May 30, but there we go. So this is my motion to bracket until May 30. Whoa. I have 10 minutes to open on this. Oh, boy. I'm also losing my voice. Oh-- yeah. OK. So I do-- I, I could talk a little bit, but you know what? I think we can listen to the, the, the more pleasant voice this Monday morning of Senator Dungan, so. Mr. President, I'd like to yield my time to Senator Dungan.

KELLY: Thank you, Senator. Senator Dungan, 9 minutes, 15 seconds.

DUNGAN: Thank you, Mr. President. I saw Senator Cavanaugh opening and mentioning that she was losing her voice, so I motioned to her that I would take her time if she so chose. So I do appreciate this time. And I-- I'm sure that a number of folks in here, you know, see us talking and they, they get up and they start walking around. But I do, I do hope that people are listening to some of the concerns that are being brought up here today. I think that there's a lot of different philosophies into-- that go into whether or not we should raise this tax or lower that tax. But when we go out and we talk to our constituents and knock doors, the one thing we hear a lot about is wanting to lower taxes. And I absolutely think that that is something we should be looking at doing, especially when you're talking about lowering the taxes and the burden of the tax on the sort of average Nebraskan as opposed to maybe somebody else. And so, you know, I-- talking about tax shifts. That's a, a thing that gets brought up a lot in this discussion. And I, I guess I don't really see it any other way. I think that when you talk about expanding the sales and use tax base and you talk about saying we're going to raise money off of, you know, for example, these 14 different industries that are being targeted here in addition to a new sales tax on pop and energy drinks, what you're saying is we need the money in order to pay for something else or at least try to shift that from something else and so we got to raise it somewhere. And so if this wasn't new taxes, it wouldn't pay for what it says that it pays for. So in order for this to do what it says it's going to do, it inherently needs to raise money, which

means it is gonna be people paying taxes. Now, one of the things that came up a lot during the special session was this idea of taxing services. And I understand that that's sort of a broader conversation that's happening in the country as a whole, where we talk about the fact that our economy's evolving in certain ways. How do you capture revenue for an economy that is moving maybe from a goods-based economy, to a certain extent, to a more gig-based or broader service-based economy, especially one that's, that's predicated on operating online? And so I do think there is merit in the broader discussion over how do we modernize our tax structure in such a way that we can capture revenue that is appropriate and certainly equitable with regards to ability to pay by some people. I think the wrong way to do it is to simply go through and pick winners and losers and say these particular industries we can target, these particular industries look easy on paper, so we're going to strike out their sales tax exemption and we're gonna raise money off it. I would indicate that a number of the industries that are being targeted with this, to the best of my knowledge, are ones that don't have lobbyists and don't have people advocating necessarily on their behalf. And so, you know, you're talking about homegrown businesses, your neighbors that have a partic-- a pool cleaning service or your neighbors who have a dance studio. Maybe you have a couple of friends who own an interior design business. These things are not large corporations or entities. These are small, family-owned, locally operated businesses who, if this bill were to pass, suddenly are gonna have to start remitting that sales tax. Now, that's a burden, again, for a couple of different reasons. One, it is a burden for them to functionally have to collect that tax. And I understand some people in here will say, oh, it's not that hard. There's software they can use. There's equipment they can use to do that. And, you know, that's, that's true. There is certain software out there nowadays that makes it easier to collect sales tax perhaps than it used to be, but it's still a burden. It's still us shifting a tax and shifting a burden and, and, and a whole obligation to adhere to state statute onto a local small business. And, you know, during the Revenue Committee hearing, that is what people came and said to us as well, was not only is this going to impact our bottom line if we try to absorb that cost-- which many of them can't do because these are small businesses that don't have a margin-- not only is it also probably going to affect the consumer in the event that they pass on the cost of that service or of that goods to the consumer thanks to the new sales tax-- but in addition to that, it's a burden of time. And, you know, in some of these small businesses, if they're unable to collect this sales tax and, and, and properly document it and remit it back to the state, there's also been

a concern that's been expressed that they may have to hire somebody additional. They may have to actually go use an accounting service or a CPA or something like that for their small business-- which, maybe they do already. But again, what we are saying is in order to make up this money, we want to put it on the backs of those people. And I was very persuaded by the individuals that came in and talked at the committee hearing. We talked about it a little bit earlier, and it-- it's one that I think is particularly kind of interesting because it's an area that a lot of, I think, my colleagues don't know much about. And it's, it's the, the, the local business owners that came who owned tattoo shops. And to the points that have been made here today, one of the things that those owners said was, we already pay taxes on the things we buy, the, the goods that they buy in order to do their job, like ink and a tattoo gun and things like that. They also pay taxes of the income that they get. And now there's going to be this added burden, this added sort of hoop that has to be jumped through, an additional tax, a double tax-- perhaps even a triple tax in some circumstances-- on some of these small businesses that only employ maybe a couple of people. And so it does strike me as potentially problematic that those are the individuals this is gonna be affecting. And it was that-- it was that tattoo artist who owned the shop who, who said, it's not a necessity for me to-- or, it's not a want, rather, for me to pay my fam-- or, feed my family. It's a necessity. The-- this is their lifeblood. This is their entire work. And so I guess that is part of where I have the issues here. I want to go back a little bit to South Dakota and talk briefly about some of the issues they've seen there too. One of the problems that we see when you shift an economy more to a use tax or a sales and use tax is the volatility in the revenue. So obviously, if, if the base of your entire economy is predicated on whether or not people are purchasing something, during times of economic downturn, a lot of econo-- economists have concerns that a sales tax ultimately is just more volatile and is something that, if that's the main basis of where you're getting your income, can fluctuate far more from year to year as opposed to something a little bit more steady, like an income tax or something like that. In addition to that, that sales tax-- that volatility makes it difficult in order to plan for some political subdivisions to know exactly what the future's going to bring. And so I think the volatility in the sales tax is one that has been particularly talked about with regards to the issues that South Dakota has had. In addition to that, my understanding-- and I'm not a South Dakota expert. I'm doing as much research as I can over the weekend and here today-- is they've had chronic underfunding issues much akin to what we see in other states that have sought to continue to cut, cut, cut,

cut, cut. And so because we often hold South Dakota out as this gold standard, I think people just say we love the way that their economic system is structured. But it doesn't always then look into what is the actual impact of that economic system. So for example, education, I believe in South Dakota, has been chronically underfunded for a long time. And they often find themselves-- at least when-- with regards to teacher pay-- at the bottom of the list. Public services, various rural infrastructures, things that we in Nebraska absolutely need as well also often find themselves on the chopping block due to resources that are essentially stretched thin, which has a disproportionate impact on rural communities. So if you're talking about, you know, urban areas perhaps as maybe a little bit easier of a time with regards to having access to things like mental health resources-- something we've talked a lot about in here over the last couple weeks-- or other various services that are essential, I think, to creating an infrastructure that supports people-- but as you get closer-- or, further out, rather-- into rural communities, you really do start to see a lack of those resources. Having an economic structure that is based entirely on these kind of consumption taxes places a lot of those essential services-- road funding, bridge funding, things that our out-counties in greater Nebraska rely on-- at risk, both due to the volatility and due to inability then for the state to sort of work with those political subdivisions and make sure we can find funding. So colleagues, I do-- I, I remain concerned about LB170. I don't think it's the kind of thing that can be fixed with striking one or two different parts. I do think that there have been discussions, obviously, about various facets of this bill. But my opposition remains broad insofar as if we continue to shift this tax base from essentially into this sales and use tax base, we're going to find ourselves disproportionately hurting your constituents by both putting the burden of raising this money on their backs and ultimately finding ourselves in a situation where the services they need are not available. Thank you, Mr. President.

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

FREDRICKSON: Thank you, Mr. President. Good morning, colleagues. And good morning, Nebraskans. I rise today-- I'm, I'm listening to the debate. I don't know exactly where I'm going to land yet on LB170. But I appreciate the conversation that's been had so far. I did have a couple of questions related to the bill itself. And I've been speaking with Senator Hughes a little bit about this. It's funny. I was-- you know, we're kind of at that end-of-session period where we're all sort of looking what's ahead of us and what bills are ahead of us and-- I

don't know about all of you, but I sometimes feel like I get a bit caught up and almost obsessed with bills. Like, I have dreams about them. I was actually at a social event in Omaha over the weekend with Senator Hunt, and we were talking about this bill, actually. So it's-- they kind of become all-consuming. But I wanted-- I had a question for Senator Hughes-- this is a bit in the weeds-- and I'm wondering if she might yield to a question.

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

HUGHES: Yes, I will.

FREDRICKSON: Thank you, Senator Hughes. So one, one question I have for you as it relates to this bill-- I was reading through it, and from what I understand, is, is the funds that we would be-- or, the revenue, I should say, that we'd be bringing in if this bill were to pass, you have it going directly to tier two. Is that-- am I understanding that correctly from this bill?

HUGHES: Yeah, that is correct. That's where the, the revenue-- anything that would be generated from this. Right now, it states it'd be \$100 million each year would go into tier two property tax--

FREDRICKSON: OK.

HUGHES: --relief.

FREDRICKSON: And can you share a little bit more just why-- why did you decide to do that?

HUGHES: So tier two is what folks would have seen-- what we passed last summer session is-- we called it front-loading the property tax relief. So when you get your property tax statements, it actually shows the amount less that you're paying that this, this-- so-- let me back up. Prior to what we did in summer session, you would be able to capture some property tax relief. You would pay all your property tax bills, but then on your income tax, you would ask for a credit back from your income tax. So you pay it early, and then six, seven months later you'd be-- it's like you paid it and then you ask the government for your money-- the state back for your money. We front-loaded it so that directly on your tax-- prop-- property tax statement, it is, it is line-itemed out what-- the less amount that you're paying. You get that credit. You don't have to apply separately for it. It's automatically on that. So this \$100 million would funnel into that. And so basically, you would just get more of a credit on that property tax statement. Thereby, you would be paying less in for property tax.

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FREDRICKSON: Right. And, and help me understand why tier two and why not back to the General Fund, for example.

HUGHES: Well, I guess technically the money does go to the General Fund. And then from the General Fund, there'll be \$100 million moved from General into that tier two property tax. But we thought if we're going to use this as true property tax relief, putting it right-- if you just did the General Fund, there's no guarantee from General it would go into tier two. So we wanted it that-- if you're voting for these ex-- you know, getting rid of these exemptions, that you are also voting for that to actually do some property tax relief. If you had two separate bills, what if one passed and the other didn't? This way if they both pass, we automatically get it, if that makes sense.

FREDRICKSON: Got it. So, so in a way that-- that's sort of-- it's your way of sort of safeguarding or almost earmarking this specifically for property tax relief.

HUGHES: I would say that's exactly what this bill does. It safeguards it, that if we're going to capture additional revenue-- and it is automatically going to go into property tax relief.

FREDRICKSON: All right. Thank you, Senator Hughes.

HUGHES: Yep. Thank you.

FREDRICKSON: That makes me think a little bit-- I didn't ask-- but I'm wondering if Senator von Gillern might be willing to yield to a question. Sorry I didn't give you a heads-up.

KELLY: Senator von Gillern, will you yield to a question?

von GILLERN: Yes.

FREDRICKSON: How are you doing, Senator von Gillern?

von GILLERN: Doing well. Good to see you, Senator Fredrickson.

FREDRICKSON: I wanted-- you came to mind because, obviously, as the chair of Revenue. I, I just wanted to hear if you had any thoughts on that. I, I don't know if you were listening to Senator Hughes' and I's conversation. I see we have our light already, but. Tier two versus general funds. Do you have any kind of quick thoughts on, on that?

von GILLERN: Yeah. And Senator Hughes is correct that it would-- the funds will go into the General Fund and then get dispersed to tier

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two, but that's a little bit like saying your paycheck goes into your checking account and then your mortgage is automatically withdrawn. I mean, it's-- the General Fund is a vehicle to get it to the tier two tax relief. Does that make sense?

FREDRICKSON: It does. It does. OK. I appreciate it. Thank you, Senator von Gillern.

von GILLERN: You bet. Thank you.

FREDRICKSON: All right. I will yield back the remainder of my time. Thank you, Mr. President.

KELLY: Thank you, senators. Senator Clouse, you're recognized to speak.

CLOUSE: Thank you, Mr. President. And good morning, colleagues. With this particular bill, I've had a lot of thoughts going through my mind as I've read all the information that's been handed out, which is good data, good information, and then also weighing in on the experience that I've in a number of years as an elected official dealing with property tax and levies. And when I campaigned, I campaigned on real property tax relief-- and I emphasize the word real. And what I'm seeing on this is this is not real property tax relief. This is simply increasing revenue streams, moving it around. And I don't believe it's sustainable. The other thing too is, as I look at my property tax statement, I'm trying to figure out and find in my property tax statement where my allocation of property tax goes to the state. And I don't believe that it's there. So the state budget is challenging enough without spending a lot of our programming dollars to offset what our local taxing entities should be doing. And they're trying and they're working hard, but the fact still remains: we are taking this on to address spending needs that they have. And the bigger challenge is valuation increases. We can't keep up. And the-- with the caps on local spending. And they can't keep up with the, the caps and the valuation increases. And the question you have to ask yourself, has anyone lowered their levy? And as you look around the state and you read articles, you find out that, well, you had the potential to lower our levy, but you know what? We have these needs, so we'll keep the levy the same and then we'll build this new building or we'll do this. And nobody's really lowering their levy. And the valuation keeps going up. And it ke-- it's a huge impact on our property owners. So when I came down here, I thought that what we would be spending a lot of time on and our focus should be or would be-- and as a new person in this body, I can tell you that that's what my focus is going to be. It

should be, how do we handle our runaway property valuations? And I know there are some bills that were introduced and never saw the light of day. How do we handle unfunded mandates to the counties and the schools and the cities? What are those unfunded mandates? Are they even legitimate? Should we still even be worrying about them? What are the rules and regulations that really have no value but have a cost? We should be spending time looking at those types of things. The fee updates, we've talked about that. We've had a few bills that we've passed that-- you know, modernization of some of the fees. And that goes to the different agencies. And then, you know, small sales tax increases or things like that. So we, we don't have a revenue problem. We have a spending problem. And that's been said time and time again. And it's not just at the state level. It's at the local level. And I think we need to help-- work with our local entities. And the forementioned things that I've talked about is that's how we can help them. What are the unfunded mandates? What are things that we're requiring them to do? And what are some of these things that-- they could lower their levies and they could do a better job at managing at the lower level than what we-- have given them the opportunities. So the increase in, in the taxes-- so the question that we always had when I was, you know, with my previous elected position with the city of Kearney is when we had tax increases, what did we do or how did we offset and mitigate the impact of those taxes on the ones that could least afford it? And we did things by looking at, well, here's some quality-of-life things that don't cost you anything. Or here's, you know, splash parks instead of building pools where you have to have all your fees to-- just to go use a swimming pool. Or we did things with our library-- free access, things like that-- so that if there were things that were impacted by property taxes that we could offset those to a certain degree. And the sales tax, the city of Kearney made no question about it. We lived on sales tax, and that's how we're able to keep our, our levy the lowest in the state for Class I cities. And it's significantly lower. So the valuations still had impact. And I remember having discussions with our city manager many times every, every year when we talked about budgets. I said, OK. Live on your valuation crease. Whatever that is, live with it. We don't want to be the highest on services. We don't want to be the lowest. So pick a middle of the road [INAUDIBLE]. There's water or sewer or, or whatever. And so that was just kind of the mindset that I've always had as we looked at how do we manage our business, how do we manage what we're doing with the taxpayers' dollars. Because it's not our dollars. Somebody's always-- it's always somebody else's dollars we're spending. So we need to be cognizant of that and we need to good-- be good stewards of that. So with that, on this particular bill, I

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don't-- I'm not a fan of it. I'm-- I can't-- there's some pieces of it that I'm OK with. But in its entirety, I can't support it. I, I think that we have some other issues that we need to be tending to and we need to be holding out on some of these items for General Fund later on. That's, you know, my view on how this should play out. And--

KELLY: That's your time.

CLOUSE: --I-- thank you.

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

VON GILLERN: Thank you, Mr. President. Senator Clouse, well said. Hit on a lot of the same points that I've got here. And, and I'll go through my notes. I've kind of been scattering notes, so hopefully I can pull the-- my comments together here in a logical fashion. But appreciate what Senator Clouse said. Appreciate the question from Senator Fredrickson that was in a conversation regarding-- he was having with Senator Hughes about the dollars going to tier two property tax relief. And my comment was it's kind of like your, your paycheck goes into your-- automatically gets deposited into your checking account and then your mortgage is automatically withdrawn. It's an obligation within the fund for those-- where the-- the dollars would go through the General Fund in order to arrive at property tax relief, and then, of course, eventually arrive on our property tax statements. So that's, that's kind of the mechanism. What, what I had indicated in my, in my previous comments-- and I'll reiterate again-- is that I would have preferred that the, the General Fund not be obligated with that property tax relief burden. I believe it goes for the next four years. I'm not saying I don't want it to go there. I would lo-- I love the fact that it will go there. I love the fact that we will see property tax relief through this. But, but seeing what we just went through with our budget situation here, I would have preferred that those funds not be obligated within the General Fund to go to that property tax relief, that that would have been a budget decision made by a future led-- well, this body next year and in future years, that that could-- that decision could be made year over year depending on the revenues of the state. So I think it-- I think it would have given us greater flexibility in order to make those decisions. But, but, but this is the bill that we have before us today. And I appreciate him having some great conversations with Senator Brandt about a few ways that I think we can maybe improve the bill or make it a little lighter. It's, it's got a lot in it. It's, it's weighed down by a lot of things, and hopefully we can shed some

of that-- some of that weight and get it to a point where we can possibly move something forward that's, that's agreeable to at least 33 on the floor. I do need to correct something I said in my earlier time on the mic about the property tax relief in the state. The exact number-- thank you, Senator Brandt-- \$1.467 billion is what the state funds for property tax relief. A substantial amount. It's about 25% of our General Fund budget. So when people tell you that the state's not doing enough for property tax relief, feel free to at least share with them the numbers-- the real numbers-- about what is being done. Now, the challenging part of that-- and to Senator Machaela Cavanaugh's point that she talked about earlier, those are dollars that are coming from other tax areas. Obviously, the state income-- state revenue is income tax and sales tax. So, so those have to be higher in order to fund this property tax burden. So there's, there's no getting around that. That's just the, the, the math that, that, that we have to work with. Now, I did talk earlier about the-- you know, really striving for property tax reform. This bill is not reform. This is a way to continue putting dollars in the top of the bucket. And frankly, we do have a hole in the bottom of the bucket. And we've obligated-- we've made the obligation to taxpayers that we'll continue to have dollars flow through to, to fund those things. So we've got to keep filling the top in order to, to fund the commitments that we've made. So it's a little frustrating. I, I don't think it's a good long-term solution. And we'll work this summer Senator Hughes's bill and others. I know that there are many others that are motivated to try and revise that property tax system, particularly with regards to school levies, and try and draw the top levy and the bottom levy closer together and maybe encourage some efficiencies in our school systems, which is the majority of your property tax burden, and, and I think everybody understands that. Excuse me. Allergy season arrived this week, in case nobody noticed, particularly with the wind this weekend. So talking about the, the current financial situation-- I'm an optimist. I don't, I don't think that we're going to continue to see a decline in Nebraska's revenue numbers. I think-- in fact, I'm optimistic we'll see an increase and we'll see some improved numbers when the forecasting board meets next time. I think there'll be more certainty around the federal situation. There's certainly more certainty around the stock market and tariffs and other things. And the-- frankly, the, the last-- the, the last date of the last forecasting board meeting probably could not have come at a worse or more pessimistic time. So I'm confident that we'll see better numbers going forward and we'll adjust accordingly. And I'll, I'll have more to say later on. Thank you, Mr. President.

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KELLY: Thank you, Senator von Gillern. Mr. Clerk.

CLERK: Mr. President, amendments to be printed from Senator Hansen to LB676. Committee report from the Nebraska Retirement Systems Committee concerning two appointments-- two gube-- gubernatorial appointments to the Public Employees Retirement Board. New A bill: A bill LB13A, introduced by Senator Machaela Cavanaugh. It's a bill for an act relating to appropriations; appropriate funds to aid in the carrying out the provisions of LB13. LB150A, introduced by Senator Bosn. It's a bill for an act relating to appropriations; appropriate funds to aid in the carrying out the provisions of LB150. LB306A, introduced by Senator Murman. It's bill for an act relating to appropriations; appropriate funds to aid in the carrying out the provisions of LB306. Notice that the Referencing Committee and the Exec Board will meet in Room 1524 at noon. Referencing and Exec Board, noon in Room 1524. The Health and Human Services Committee will have a confirmation hearing at noon today in Room 202-- in Room 2102. Health and Human Services Committee in Room 2102. And the General Affairs Committee will meet in Room 1525 on May 22, 2025 rather than Room 1023. Room change for General Affairs-- Thursday, Room 1525 instead of Room 1023. Finally, Mr. President, a priority motion: Senator DeKay would move to recess the body until 1:00 p.m.

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

[RECESS]

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

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

ARCH: Thank you, Mr Clerk. Do you have any items for the record?

CLERK: I do, Mr President. New A bill, LB538A, introduced by Senator Hardin. It's a bill, for an act relating to appropriations. Appropriate funds to aid in the carrying of the provision of the LB538. That's all I have at this time.

ARCH: Thank you, Mr. Clerk. We will now proceed to the first item on the afternoon agenda.

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CLERK: Mr. President, LB319. Senator Rountree would move to-- would move that the bill becomes law notwithstanding the objections of the Governor.

ARCH: Senator Rountree, you are recognized to open on your motion.

ROUNTREE: Good afternoon and thank you, Mr. President, good afternoon colleagues, good afternoon to all of those that are watching online today, and most importantly good afternoon to the families who are impacted by this Legislature. This is a historic moment for the 109th Legislature. We haven't been at this point before but we're here now. And now presents us an opportunity to take care of the people of Nebraska. This legislative body is filled with Bible scholars. As I prayed and stayed before the Lord this weekend, I asked, how should I go? But most of us went to church only yesterday, so you've already had a sermon. So I won't go that way today. But I do recall in the Book of Kings when the great men came to make David king of Hebron, the great men of all the 12 tribes. But of the tribes of Issachar, the word tells us that they understood the times, and they knew what Israel ought to do. Well, we understand the time and the season that we're in now, and know what we should do to take care of the people of Nebraska, and specifically, these over 1,000 families that are impacted. Nebraskans leaving incarceration need to meet their basic needs to successfully reintegrate into their communities. Without access to food, it is difficult for them to thrive. And in this current SNAP ban for drug felony convictions would promote successful reentry. It would reduce recidivism. It will help prevent hunger among children and families. It would also reduce the administrative burden on state officials. We recognize that access to food is key to a successful reentry. As I look around this Unicameral, I recognize that everyone needs to eat, everyone. Denying a stable food source to those reentering their community does not support long-term stability, finding work, and gaining independence. We've heard all of this in the hearings. We've heard the testimonies and they are now a part of the record. But today, we come to take this bill to its final step. And that is a passage so that those that have been excluded for mistakes that have been previously made, they can be forgiven and grafted back in. I thought a lot this weekend about forgiveness and restoration. I listened to the invocation that was given this morning and I listened with great, great care as I considered every word of the Lord's Prayer and then the words that followed. I asked the Lord, that's how we should live our lives. I want to read one passage of scripture, and this may be the only part that I have today. For you that know it, it says, "Then Peter came up and said to him, Lord, how often will my brother sin against me, and I forgive him. As many as seven times?"

Jesus said to him, I do not say to you seven times but seventy times seven. For you that want to go back and read, it's Matthew 18: 21 and 22. I recognize today that forgiving is hard, and doing it over and over again can seem impossible. But with God, anything, right now, anything is possible. But what I want to have you take from this is that Jesus is clear in this passage that there is no final straw. No final straw that warrants us withholding forgiveness. But many of us have come to a final straw in some of the debate earlier on this bill is to how many times? How many times. Well, I want to let you know that if God has said, Victor, you want to get two times or three times, you and I would not be meeting today. You would not have known me. Because 1 John 1:9 tells us that, amen, that if we confess our sin, he is faithful and just to forgive us of our sin. And not only that, but he would cleanse us of all of our unrighteousness. We make mistakes. I inadvertently cut somebody off on the highway this morning and I waved my hand and said I'm sorry and they gave a thumbs up. We were all right. But you know what? It made me pull my speed back and I stayed in the right lane because I didn't want to transgress anyone else in that time. The members that we are talking about on today, I could go back into a lot of testimony, but our nonprofits, our law enforcement, many and so many of our religious establishments, have come and testified to this bill. We've talked a tremendous amount about mental health. Our social workers, our mental health advocates all have come and testified that this is a major, major, major step that we can take to help our families. We talk so much about safety in our communities. But when law enforcement comes and says if we pass this and give this ability back to those who have been incarcerated and are transitioning back, that's going to make the interactions between my officers and them much better. Takes away the opportunity that they could go back to jail. How many times? My fellow senators, there's not a final straw in the forgiveness of God and his kingdom. And we say we want to be like him. Let us stand today and take this move. Now, there's been a lot that's been said about the bill, loopholes, that would allow people to continue. We worked in good faith here in this body to try to bring forth a bill that could help our members get help. We talked about drug conviction or drug addiction. So we made the amendment, and the amendment said if you had three or more, three or more convictions, then yes, you need to have completed your sentences, completed a drug treatment program, and if drug treatment wasn't needed, we talked about one that was under the Uniform Credentialing Act that could state that this person does not have a drug use problem but may have a drug selling or whatever their issue may be. Now, I trust in our medical establishment. I trust in our credentialing. Someone said that, that it's possible that one that

does nails could say that this person doesn't need a drug treatment program. I said, well, by scope of practice, if I have that license, I have signed that I am only authorized to operate within the scope of practice that this license gives me. And I trust our Nebraskans. I trust that they wouldn't walk outside of that. I do. However, going forward, if this bill goes forth today, and when it does, we can come back and we can clean that up. And we can tighten it up so that there is no question. There is no opportunity. But those who can, by scope of practice, make that decision and that definition, it limits it there. We're willing to continue to work to restore those that are fighting their way back into society to be productive members. He said, how many times? Not just 7, but 7 times 70. So if you even get to 490, it still goes beyond that. He was saying that forgiveness and restoration, that is eternal. And that's where we are. And I see that my time is about to go. And I have more to say when I come up to close. But I do want to say to those that have voted with us in the General, the Select, and the Final, 32, 31, and 32, I ask you again today to continue to stand with us for--

ARCH: Time, Senator.

ROUNTREE: --our members. Thank you.

ARCH: Turning to the cue, Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I rise in support of the motion to override and in support at LB319 and in solidarity with Senator Rountree. I think the quote that I said earlier fits this well from Malcolm X. You can't legislate goodwill. That comes through education. And you know, thinking about this bill and thinking about the veto which happened immediately, it, it hit me like we're in a sad state of affairs in this state and in this country where old worn out talking points are still continue to be used to continue to uphold barriers for individuals who are trying to return back to society and try to, you know, be good individuals. You know, a lot of people stand up and talk about public safety and the need for public safety and the needs to emphasize it. But when it comes to things like this, it shows me that you really don't care about public safety unless it's an overly punitive measure or you're throwing people in prison or you're voting to build a prison that's going to be overcrowded and over budget. That's what it says to me, that you really don't care about public safety. Because if you did, you would vote for this and you would be standing up in support of this. Because if you make sure people's or individuals' basic needs are being met, then that increases public

safety. That's why law enforcement supports this bill. Because if we're making sure individuals have a bite to eat, they may not return back to their old ways, but you don't care about public safety. You care about upholding punitive laws, punitive measures, and, you know, not telling the governor when he's wrong. None of us is always right. We all make mistakes. And in this case, I believe the governor made a mistake in vetoing this bill. And you should all, honestly, I would feel the same, that we should be making sure that individuals' basic needs are met, making sure that we don't continue the cycle of criminality and the cycle of when somebody comes back home, it's a thousand barriers in place for them to even, you know, get back into society in a real way. You know, they already have a lack of access to transportation. We're releasing them with a \$100 check and telling them to figure it out, while also saying, we're not gonna give you access to food. If you apply for an apartment and you got a felony, you probably won't get it. So you're stuck on the streets. Or maybe you could get into a transitional house, but nope. The, the Legislature is cutting funding to that as well. So we're literally setting up the scenario for people to return. And we already know that the, that the new prison that you voted for is going to be overcrowded. So all the programming and things that you think is going to take place will not take place in a overcrowded prison system. It's impossible. They already cannot hire enough staff. We built Tecumseh and they are on modified restrictions and that's been going on since I've been in the Legislature because they have a staffing issue. And then you talk about loopholes. Like there is no loophole. You all created the loopholes when you all suggested Senator Rountree amend this bill, in which he did in good faith to get your support. But now today, I fear some of the people who asked Senator Rountree for the amendment are going to vote no on this veto override. That's sad. It really is. So we talk about forgiveness and restoration. Is. A lot of people ain't forgiving people. They talk it and don't live it. And I just find it just sad. It's just a sad state of affairs in a Legislature. And I've been saying it all year that this Legislature has, every day, I feel like, came here and just worked against the people of Nebraska. And you know, people might stand up and say we-- this bill didn't do enough, and it creates loopholes and all these things. If you go stand up and say all those old talking points and try to be hard on crime and talk tough, just save it because we're in 2025 and we have to move forward in a better way as a society.

ARCH: Time, Senator.

McKINNEY: Thank you.

ARCH: Senator Fredrickson, you're recognized to speak.

FREDRICKSON: Thank you, Mr. President, good afternoon, colleagues and good afternoon, Nebraskans. I stand today in support of the motion to override the veto for LB319. This, this is actually the second veto override that I've had the opportunity to participate in since I've been a senator. The first one was not successful and to be honest I, I am a bit fearful that this one might not be successful either. And, you know, that for me is really unfortunate. I was speaking with some colleagues and some former senators over the weekend and I understand that, you know, once upon a time the Legislature would savor the opportunity to override a veto. To sort of stand in their power as a co-equal branch of government after passing a bill to say no, we've actually had this discussion, we debated this bill, and we decided that this was good policy for Nebraska. LB319 passed last week with 32 votes. It requires 30 votes to override a veto. This should be a no-brainer. But I suspect, as we've seen before, that some of those votes will drop off today. And I think the question that we have to confront as a legislative body is why. Did those members never truly believe that LB319 was good policy, even when they voted for it last week? Or are they unwilling to vote for something they still know is right because they fear political consequences from the governor or a mailer from opposition? And I want to be clear, I'm not here to judge people's personal calculations. I think we all know politics is hard. But I'm, I'm trying genuinely to understand that. Because that's not an experience that I've ever had. And I frankly can't really imagine having that experience. I've never cast a vote based on fear of another elected official. And I don't say that to boast, I just say it to underscore how deeply foreign it is to me to compromise a policy that I believe in, not because the facts changed, but because someone in power disapproved. This override is not just about the bill, it's about whether we as the legislative branch are willing to stand in our constitutional role. We are a co-equal branch of government. If we back down now, not because the policy changed, but because the politics did, we send a clear message that this Chamber's convictions are negotiable, and that our votes are conditional on executive approval. We were elected to lead, not to follow, and certainly not to flinch. So, to the 32 colleagues who voted for this bill last week, I urge you to remember why you voted for this bill the first time. If it was the right policy then, it's the right policy now. Let's honor our work, let's honor our votes, and let's honor our role. I would encourage you to vote to override this veto. Thank you, Mr. President.

ARCH: Senator Kauth would like to recognize some special guests. There are 77 4th grade students from Rohwer Elementary in Omaha. They're

located in the north balcony. Please rise and be recognized by your Legislature. Returning to the queue, Senator Hardin, you're recognized to speak.

HARDIN: Thank you, Mr. President. Why did I support LB319 as HHS chair? We often ask, who else is doing this? Here in Nebraska, we don't often like to be first. Twenty-six states are doing this, including Wyoming, South Dakota, Iowa, Arkansas. Hardly bastions of progressivism. We in Nebraska have the data on how recidivism looks when we use the modified system that we are currently using. But why are more than half of the states doing this another way? Might it work better than what we are currently doing? Do I want to reward bad actors? Nope. That's why they serve the time. This is transitional help. I also supported Senator Andersen's bills to limit SNAP benefits from 5 years to 3 years as well as to require able-bodied people who are receiving SNAP to go work. Food, clothing, and shelter are pretty basic stuff in life. Will there be less repeat offenders if we address the food part of that equation? A lot of states think so. I'd point out on the fiscal note that it's a small fiscal note. I would also point out that the DHHS budget is a \$7.3 billion dollar budget with a "b". About two of that billion comes from this state. The other \$5-plus billion comes from the federal government, by the way. That's your money and my money. Governments, including this one, don't have any money. The assistant chief of police here in Lincoln supports this bill, LB319. Why? Because as the former head of the drug narcotics unit here in town, he thinks fewer drug dealers will repeat if they get food help. I would also point out a very practical measure that if this does not work in a couple years and the data shows that there is no less recidivism, we can change it back. We blow up statute in this room on a regular basis. It's a hobby. We'll blow it up again. In the words of Dr. Phil, how's that working for you? LB319 provides a way to change a piece of the equation that could have meaningful outcomes. Thank you, Mr. President.

ARCH: Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. I wasn't sure if I was going to talk about this one because I don't, I don't know that there's a whole lot to talk about. For me, if someone is hungry, and they don't have a reliable source of food, I'm going to give them food every time. It's food. I'm not going to use withholding food as a punishment. I'm not going to use having a reliable food source as a bribe. It's food. So I don't really understand how anyone could go against this bill, could veto this bill. If any one of you said something terrible about me on the microphone and then came in the back and said, oh, I'm very hungry

and I was eating a candy bar, I would give you the candy bar. If any one of you came to me and you were hungry and I had food, I would give you food. Anything other than that is not a Christianity that I recognize. It's food. I was pleased that 32, I believe, of you just last week voted to advance this bill on Final Reading. If you change your mind now, I, I don't understand it. The only thing that has changed between now and then is the governor says he doesn't like this. And if you change your mind, if you don't have the backbone to stand by your vote on food to people who don't have it, I don't really know what you stand for. It doesn't really matter who you are. If you are hungry and you need food, if you need food, we should give it to you. That's who I am as a person. I guess we'll see who you are. Thank you, Mr. President.

ARCH: Senator Hunt, you're recognized to speak.

HUNT: Thank you, Mr. President. First, I want to thank Senator Rountree, Pastor Rountree. I have loved so much listening to you talk about this bill, whether it's in person or in groups or on the mic. I love hearing your approach theologically, philosophically, and practically to this measure. And this measure is one that I have worked on, and I've introduced previously every year that I've been in the Legislature. And Senator Rountree has been the perfect person to turn this policy over to, this project over to. And I'm hopeful that even with this veto override, and even with the vote count that we have today, maybe by listening to some of these conversations, some of the points that are made, some of you will remember where your heart was when you supported this bill through three rounds of debate, out of committee, after a hearing, through three round of debate. Maybe you will remember in your heart why it was you supported this measure in the first place. Why we can trust ourselves in this Legislature, to do our work, and that the work is good. The people who LB319 seeks to help and effect have already done their time. They've already done their time. They've paid their debt to society. They've gone through treatment. But we are using this policy, this law of holding SNAP over their heads forever as a way to punish them for the rest of their lives. And that's nothing that a judge told them. That's not a sentence that a jury gave them. Today, that will be something that you are handing down on their heads. It makes no sense to give people a legal disadvantage or a punishment for a conviction when that punishment is not even part of a sentence of that crime. With this policy in Nebraska, this is the only crime where somebody can do their time, pay their debt to society, go through treatment, pay their fines, do everything that the judge, the jury, and the law says that they're supposed to do, but they pay the price legally for the rest of

their life. Saying that somebody with a drug conviction is ineligible for SNAP is an invisible punishment. Courts are not even required to notify defendants that they might face ineligibility for SNAP until they have a conviction. For many drug offenders, they find that out the hard way. They found out the way that they'll be have to-- they'll be forced to pay for this crime for the rest of their life by being unable to access SNAP, even though other formerly incarcerated people are allowed access. A lot of us in this body who were elected during the time of COVID learned this one-on-one from our constituents. I had numerous constituents contact my office and say, you know, I'm-- I've never accessed any kind of welfare, I've never had a handout, I had a conviction when I was in my early 20s, now I'm in my 40s or 50s, I've got a family to feed, and I humbled myself and I applied for assistance, which I thought I was eligible for, which i thought my tax dollars had paid into my whole life, and i found out I'm not eligible because of this conviction in my past. I know at least five or six of us personally, and probably more than that, but five or six that I'm sure of had that same experience with their own constituents. This is a real issue in Nebraska. One 63-year-old woman who comes into the Together, Inc food pantry every month in Omaha is denied SNAP because of a drug felony conviction over 20 years ago. She has serious health issues that have bankrupted her. She's homeless. And she relies on the goodwill of her friends to bring her to the pantry and get her food when it runs out. She says, I rely on myself, and when I'm too tired to do that, I rely on God to give me food. Maybe that's the way you guys want the system to work. We had a colleague before who said, if you want food, just go to church. Just go to the church pantry. I think that that is not the right solution. Once you've done your time, you should be able to reintegrate into society and live like everybody else. It's the job of the Legislature to pass policies that help formerly incarcerated people do that, while being mindful of public safety and public policy and reducing recidivism to keep people safe. And that's exactly what LB319 does, and you know that. You know that. You know the right thing to do. Thank you, Mr. President.

ARCH: Senator Conrad, you're recognized to speak.

CONRAD: Thank you Mr. President, good afternoon colleagues. I rise in support of my friend Senator Rountree's motion to override the, the governor's veto of this important measure. And I think Senator Rountree and my colleagues who've spoken in support thereof have done a great job lifting up a host of different policy, moral, practical, and legal reasons why this Legislature should stand by its decision over three rounds of debate to advance this smart justice policy that aligns with our humanity. And I want to add another piece for your

consideration and perhaps broaden the lens as quickly as I can. If I can't get it done in this time, I'll, I'll finish it up in the second. But the reason that smart justice reforms like LB319 have continued to build and enjoy strong bipartisan support is because they work. We get better outcomes for those that are system involved. We reduce recidivism so we advance our shared public safety goals to keep our communities stronger and safer. And they save taxpayer dollars. We know that the least effective, most expensive way to deal with societal challenges is through prison terms. And those are important for true public safety threats. But for Nebraskans who have served their time and who are returning to our community, which well over 90% of those in the criminal justice system will, return to our communities, they should not return sicker and more hopeless and more helpless than when they went to pay their debt to society and seek rehabilitation to change their lives. So when we talk about smart justice reform, we're talking about the fact that there's not just one single point in regards to the criminal justice system that's in need of reform. Our system has grown so muscular over decades of failed policies like being tough on crime and enacting a war on drugs that it's literally gobbling up our budgets on both the state local and national levels we're talk-- we've spent the morning talking about tax burdens We're literally taxing ourselves to death to fuel mass incarceration and racial injustice. And it doesn't have to be that way. That's why there's been so many leading voices on the right who have joined to advance smart justice reforms, because it saves taxpayers money, and it makes us safer, which are exactly aligned with conservative principles. And it joins with and aligns with the objectives that myself and my friends on the left are advancing from both a human rights perspective and a prevention perspective. So we know that at the front end, we have to update our sentencing structure. We have to invest in prevention and diversion, just like we did together in adding my friend Senator Holdcroft's amendment to the budget to protect problem-solving courts and keep some eligible offenders outside of the traditional criminal justice system to save money and get better outcomes. We know that when it comes to the period of incarceration, we have to invest to make sure people have access to programs and services so that when they return to community, they're less likely to re-offend. And we know on the back end, there's smart justice reforms like restoration of voting rights, access to food support programs, occupational licensure for-- reform, and many other measures that don't cost hardly a thing in comparison to mass incarceration and they keep us safer. I asked Legislative Research to put together a list of collateral consequences for me in Nebraska, laws that are on the book that extend punishment beyond a period of

incarceration. I know we can't use props, but this is the actual research. There's over 522 criminal-- collateral consequences for criminal justice involvement that follow Nebraskans beyond the period of incarceration, that impact education, housing, jobs, access to work support, and the list goes on and on and on.

ARCH: Time, Senator.

CONRAD: Thank you, Mr. President.

ARCH: Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. I also want to thank Senators Rountree and Hardin for their really eloquent words. I do support this motion to override the veto of the governor. You know, Lancaster County has had adult drug court for as long as I can remember, and I've had the distinct honor and privilege of attending so many drug court graduations as a county commissioner and on the Lincoln City Council. Drug court graduation-- drug court is for those who have been recommended by the courts to participate in this program. Many of them have already served time for previous felony convictions, but those that are eligible have new felony charges pending. Certainly for those, who have drug addiction, it is not uncommon for those with drug and alcohol addictions to lapse. And that is why problem-solving courts like drug addiction, adult drug addiction court is so important. It is a real opportunity to finally overcome their addiction demons. Drug court is not easy. It is rigorous. It is 18 to 24 months, it is daily counseling, it is hard, you struggle. You have to pee into a cup daily and undergo some humiliations and serious sanctions before you get kicked out. It is brutal. One graduate gets chosen to speak at, at times for the class. One graduate said, because of drug court, I was given the opportunity of a lifetime. But now that I'm clean, I have a lifetime of opportunities. I can tell you it is the most uplifting experience that I have ever witnessed. To see the triumph of a human spirit over awful demons that have kept them away from their families. When the judge announces your felony charges are dismissed, the graduates weep for joy. Their families get choked up because finally they have their loved one back to them, the one that they knew and loved. They get their parent, their child, their spouse, their sibling back. It is amazing to be a party to something like that. But in order to help them and all former inmates get reintegrated, they need the support of their community. They need help with housing, of course with food. And that's what we're talking about, something so basic as food, and hopefully a job. They need all these thing-- three things to succeed, but they need their support of

a community in order make that happen. If you really want to reduce recidivism, if you really want to save taxpayer dollars, and if your faith demands you to do the right thing, then this very small step is the correct community and state direction to help everyone towards healing, towards better health, and most importantly, towards hope. So I ask my colleagues, please. Please vote to override this veto. This is a small step in the right direction.

ARCH: Senator Andersen, you're recognized to speak.

ANDERSEN: Thank you, Mr. President. I support the veto, and I am in opposition to the override, MO259. There are organizations that already help criminals, people in jail, that helps them while they're in jail, and it helps them in the transition, helps them when they're-- they've been released and they're outside of jail. So this kind of support already exists. And you look at Medicaid, this I believe is, is Medicaid funded, but as we all know with the fiscal changes in DC, we've already lost some Medicaid money, we quite possibly could lose more money. Then you have an opportunity cost challenge, right? Because you can only spend money, Medicaid or otherwise, once. So if you take the money and you give it to career criminals, so you give them food stamps and everything else, what about other people that need it? What about an abuse victim? What about a single parent? What about any number of people that are in need? And that's one of the reasons why I look at this and say, you know, there's an opportunity cost. Again, you can only spend the money once. I think this example I appreciate and what Senator Rountree is trying to accomplish with this, I appreciate what he's trying to do. But I think that this is more appropriately meant for something that a charity or a church should be doing. LB192, as amended, will also work to have the work requirement. These people, when they come out of prison, they get a job and they get to work, then they're not going to need food stamps. So maybe we need to focus on how do we help them to have a launch pad to get on with a productive life. And with that, again, I support the veto, do not support the override. And Mr. President, I yield back the rest of my time.

ARCH: Senator Sorrentino, you're recognized to speak.

SORRENTINO: Thank you, Mr. President. I, too, rise in support of the governor's veto of LB319. I'm going to sound like a broken record because I've done this before, but I am never going to stop standing up for the victims of these crimes. It's as if this body has an allergy to the word victim. Drug crimes, drug distribution, drug sales are not victimless crimes. How many people have lost their lives when

their poor judgment, admittedly, or their accidental association with felons who poison them, whether intentionally or not, with drugs tainted with chemicals like fentanyl in support of these enablers, the very, very same felons. These victims don't need SNAP. These victims lost their lives. But their families still have needs. Their children still need to eat. Right? There are no guarantees they will receive SNAP, because you don't know what happens to the victims of these-- children of these victims. If this bill contained one word, just one word about the victims left behind, the invisible suffering that they endure, the lack of basic needs that they experience, I could think about supporting it. But sadly, that's not the place because that would be uncomfortable. I'm very comfortable being uncomfortable today. But instead, the perpetrator, who we've given not one, not two, not three, and now more than that, unlimited chances to turn their lives around, we need to take up their mantle and make sure that they and their families are fed and safe. How many of you have lost friends or family as victims to drugs? I have, and I'll bet every one of you has. You talk about how withholding food is cruel and unusual punishment. It's barbaric. I agree. I agree 100%. But barbaric is a two-way street. If you were as serious about showing love and concern for people, why don't we include the families of these people who are left behind, who lost their lives to drugs, who were aided by these felons? Why? Not one senator, not one word, not any amendment ever mentions the word victim. Not one. What's wrong with us? Is anybody even listening? Probably not. So my no vote in support of the governor is not as much a vote against giving a fourth or fifth or sixth chance to felons convicted of drug crimes as it is against this body continually forgetting that we owe responsibility to victims and their families. Thank you, Mr. President.

ARCH: Senator Quick, you're recognized to speak.

QUICK: Thank you, Mr. President. And I rise in support of LB319 and the motion to override. You know, when I was out on the campaign trail, I would come across someone who had committed a felony in the past. And they would talk to me about some of the difficulties they had and some of the barriers in place for them, whether that was finding a job, I know there's a lot of places who won't hire you if you have a felony on your record. And one of the other things that they talked about, too, is being-- having access to, to food to provide for their families. One of the other things they actually talked about was voting rights. So they talked about how they would like the opportunity to vote again. And they had already served their time, they'd been out for a while, but they were looking to try and right their lives. I know that Senator Sorrentino alluded to the fact

that a lot of these felony convictions, evidently he feels that they are people who are drug dealers. But a lot of people who have felonies have other charges that are not related to selling drugs. I can tell you that some of them are just trying to, well, through their addiction, they have no other place to, to-- well, how do I want to say it? They're probably out-- they probably have robbed someone, or they've done-- committed some crime that they wish they could probably take back. I know a lot of people who have struggled with drug addiction. I have family members who have struggled with drug addiction. And I will tell you, it is, it's not a choice for a lot of them. It's not a choice for any of them, really. It's a disease. And they, and they struggle with this on a day-to-day basis. They struggle on a minute-to minute basis, especially with opioid use. They're not bad people. They make a lot of bad choices based on their, their addiction. They, they've-- I can tell you, they've lost their families. They've lost everything they own. They've lost their homes. And sometimes they resort to some bad choices based on their addiction. And it's really difficult for them until they can actually get the help that they need so that they can get, get out of that addiction cycle. For people who have opioid addiction or fentanyl addiction, there's-- they're going to need the medically, medically assisted treatments maybe at some point to help with that addiction. Fentanyl, opioids take total control of your brain, they rewire your brain. You can't, you can't escape it. And it may take several times going through treatment to get that fixed. I think sometimes it takes hitting the bottom of their-- hitting the very bottom in order to force you to get the help that you need. I can tell you that I did bring some legislation this year to help with the problem-solving courts and it would be to use opioid settlement funds to help with medically assisted treatment. And I think those are places where we can start. Those are places also where we can start. I think these SNAP benefits, it could be, it could be a life-changing moment for someone who is struggling to get back their life and, and right the ship, and make sure that they can provide for their family, make sure that they can provides for themselves. We see a lot of people struggle with cycles of poverty, cycles of abuse and neglect, and cycles of addiction. And I think we owe them the compassion and, and dignity of life to make sure that we're, we're helping them maybe right that ship, keep them from ending up back in prison. I think, you know, we see how much it costs to put someone in prison. I think this would be a far less costly way to help someone, and if it keeps them from recommitting a crime because of their drug use, I think we're-- this state would be better off for that. Thank you, Mr. President.

ANDERSEN: Senator Lonowski, you're recognized to speak.

LONOWSKI: Thank you, Mr. President. I stand in support of the governor's veto. And before I get started, I want to talk about the word Christian and Christianity. I hope we remember that when we start talking about the 2,500 babies that we destroy in the, in the womb each year and we talk about fetal remains. I hope my colleagues and my friends remember that. Here's a current SNAP eligibility for felons in Nebraska. The general rule, and the current Nebraska law, individuals with a felony drug conviction for drug distribution, or with three or more felony convictions for possession or use of a controlled substance are ineligible to receive SNAP benefits. Exceptions. Nebraska provides an exception for those with two or fewer felony convictions for drug possession or use, allowing them to allow-- to access SNAP benefits if they have completed a licensed and accredited treatment program. Can felons apply for SNAP? Yes, all felons can still apply for SNAP benefits. The application will be reviewed based on the existing eligibility rules, including those related to drug felony convictions. I could read through the process, but I don't believe there's a need to do that. So the word that stuck in my mind was felon and felony. So let me discuss first misdemeanor. Drug misdemeanors are usually charged with lesser sentences when conviction occurs. It is important to know what the degrees mean based on state differences. First degree is the harshest with the most serious of crimes committed that are still classified as misdemeanors. These have the worst possible fines attached and could exceed several thousand dollars if it involves a person. The second is less severe but still incurs fines, and possibly up to one year in jail or prison based on the factors of the case. Third degree offers the least sentencing, but if multiple third or second degree are committed, the drug offender may face more jail time and heftier fines. You need three of those before you even get to the word felony. First degree, second degree, third degree. Felony drug charges are often the worst of the worst and they could land someone in prison, either state or federal, for years or decades depending on the specific circumstances and factors of the case and arrest. Some prosecutors are willing to negotiate a deal if there is a distributor that may have a drug trafficking operation. However, felonies work similarly to misdemeanors with degrees through standard situations based on the state. First degree is generally reserved for aggravated circumstances, circumstances, additional charges, and when someone is killed along with dr-- with the drugs. That includes a few of the former students I had. One, back pain from football in, in college, and the doctor is no longer prescribed a medication, so he found his own on the street. Got a bad fentanyl

pill, and he died. We don't know who his drug dealer is. These are accompanied by extensive fines and often no less than one year in prison. If the factors are severe enough, some states issue the death penalty. Felony convictions lead to state or federal prison systems used for the crimes. When second and third degrees are committed, this could be only a few or one year behind bars. Again, I repeat, they can apply, any drug felon can apply to DHHS to get their SNAP benefits reconstituted. If you are a drug felons and it's your third felony and you come up to me and tell me you're hungry, but my child died because someone gave them a drug and they died of an overdose, you will not get food from me. Again, I stand in, in support of the governor's veto. Thank you, Mr. President.

ARCH: Senator Hughes, you're recognized to speak.

HUGHES: Thank you, Mr. President. I rise in support of the motion to override. First, I stand in support of my past votes on LB319 because I have not heard anything new that would change my mind. I'm going to just talk about it just based on what I just look at it logically, I guess. Right now, we pull a certain group of people out separately to punish them from withholding SNAP benefit if they would happen to fall under the guidelines to, to get SNAP. So if you've got three con-- but if you have three convictions that's not drug offenses, you are eligible. So I guess I don't understand why this one separate group is pulled out differently because of drug use. If we want to be consistent, shouldn't it be that if you got three total, all those, all those folks aren't eligible? Or in my opinion, none. The only-- the, the thing I've been told is, well, they're maybe more likely to sell their SNAP for drug money because they were either drug users or had sold drugs. And I'm like, well, OK, it seems like anybody that is on SNAP, whether they were criminals or not, could sell their SNAP for money. So, I guess what they're saying is that if we think there's fraud with the SNAP program, and anyone can commit SNAP, why aren't we-- SNAP fraud, why aren't we going after that as the issue? If the issue is fraud with how SNAP works, then let's go after that, let's go after the fraudulent behavior with-- that, that people use for SNAP. Don't just make the assumption that by pulling out this one group of people, we're going to have less fraud because we're making the assumption that they do fraud more. I want to see the numbers on that if that's the case. Senator DeBoer kind of mentioned that, you know, this is about food, and it also-- I think of it that way as well. I have always supported food assistance. I supported when we had the summer EBT benefits that went to families that were on free and reduced lunch. We had those bills a couple years ago. I supported that. And I will continue supporting food assistance by supporting

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this override. And I yield any of my time to Senator Dungan. Thank you.

ARCH: Senator Dungan, two minutes, 25.

DUNGAN: Thank you, Mr. President. Colleagues, I do rise in, in support of the override. I think a lot of what's been said already is some of the most important stuff that can be said, and I think Senator-- thanks Senator Rountree for his leadership here. I just want to clarify a couple of things that have been said on the mic that I think are incorrect. A class four felony is the charge, or the ultimate charge you get for possession of a controlled substance, which is oftentimes what we're talking about here. It can be as little as one pill, is a class four felony punishable by up to two years in jail or up to a \$10,000 fine. There are no misdemeanor charges with regards to possession of controlled substances other, I think, than marijuana depending on the particular weights. Above an ounce but less than a pound is a Class 3 misdemeanor punishable up to 90 days in jail, but above a pound as a Class 4 felony. So having worked in this field, colleagues, what we are talking about often times with possession of a controlled substance is 0.1 grams of a substance. People are charged with felonies for residue. Residue of a controlled substance literally meaning a non-weighable or a nonmeasurable amount of the substance. That's what we're talking about. So I don't know exactly what was being discussed earlier with the levels of penalty offenses but possession of a controlled substance, which is what these charges are, is punishable by up to two years in prison or a \$10,000 fine. If you have one pill in your pocket, and another pill maybe in your backpack, that's two felonies. Add a little bit of residue that's found perhaps in a pipe in a car, that's another felony. You're looking up to six years in prison right there, boom, three felonies. Now granted, there can be times that it can be dropped down to an attempt, which makes it a misdemeanor, but I want to be very clear, there is not some scaled up, have to get multiple charges in a row before you're looking at a felony. Literally residue or half a pill can be a Class 4 felony. That's what we're talking about here. So I really appreciate the folks that have been able to engage in this discussion with an understanding of sort of that process. I also would say that clearly SNAP is not a reward that we give people. It is something that you are eligible for based on your circumstances. And so certainly if there's a victim of an offense who is eligible for SNAP, then they would be eligible for SNAP. So I just wanted to clarify those couple of things. I don't plan on engaging much more in this conversation, as I think Senator Rountree has said just about everything that I would say, but I do

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encourage my colleagues to vote green on this override of the veto.
Thank you, Mr. President.

ARCH: Senator Juarez, you're recognized to speak.

JUAREZ: Thank you very much. Good afternoon, colleagues, and good afternoon to everyone online who are joining us today. On my recess day, Friday, I did go to visit a facility in Omaha called CenterPointe. And they have a facility in Lincoln, which has been in longer existence. And I was very pleased that I went to continuously learn about programs, services that are offered in our state. And I asked them to provide me some points that I could share with all of you and I appreciate that they responded to my request. CenterPointe helps the people we serve get better sooner for longer. Over the past 51 years CenterPoint has grown to include over 40 programs including mental health. And substance use treatment, primary care services, rehabilitation, medication management, 24-hour crisis response, street outreach, and housing. And the information that they shared with me is that SNAP plays a critical role in supporting individuals re-entering society after incarceration, particularly those with felony convictions. Food insecurity is disproportionately high among former incarcerated individuals. 91% of individuals recently released from prison experience food insecurity within the first year of release. Formerly incarcerated individuals are nearly 10 times more likely to be homeless, which further contributes to a lack of access to regular meals. SNAP reduces recidivism. A 2016 study by the University of Maryland found that formerly incarcerated people who had access to SNAP were less likely to return to prison. In states that did not impose SNAP bans on those with felony drug convictions, recidivism rates were reduced by 10%. Access to basic needs, like food, is one of the strongest predictors of successful re-entry. SNAP supports stability during reentry. Individuals coming out of incarceration often face immediate barriers to employment, housing, and healthcare. SNAP provides critical support during this time, helping them meet basic needs as they work to rebuild their lives. SNAP benefits begin immediately upon approval, making them a faster form of assistance than employment or housing subsidies, which often takes weeks or months to access. And I remember when I was with them, I specifically asked them the question about trying to get, you know, other services or support from like churches. And although that help may exist in our community, sometimes there are rules that you have to follow. Like maybe you are not-- might not be able to come back for a month. Well, it's going to be important for you to be able eat over that month. Restrictions hurt reentry success, especially for those with drug-related felonies. As of 2023, several states still partially or

fully banned individuals with felony drug convictions from receiving SNAP unless certain conditions are met. These restrictions disproportionately affect black and Latino communities who are overrepresented in drug-related convictions. Studies show that lifting the SNAP plan improves public health outcomes and reduces resistance on emergency services. So I stand in support of the motion to override. And to Governor Pillen, I just wanted to say, do you not consider this a pro-life issue? Do you really support life? Thank you.

ARCH: Senator McKinney, you're recognized to speak.

McKINNEY: Thank you. I stand again for the motion to override the veto. But I just want to make it clear that LB319 is a launch pad to a productive life. It would allow for people to have a, a, a barrier that's not there so they can get access to food and nutritious items. So they don't have to starve, or they don't have to struggle when they return back to society. And our churches and our nonprofits can't take all-- can't take this all up. I have a pantry in my district that every time-- they, they have a, a pantry on a Saturday, it's a line for like four or five blocks, literally. So there's too much need in, in society that our churches and our nonprofits can't take up. Also, this conversation about victims. You're telling victims that they can't get SNAP by voting no on this. Some of the people who, who you're claiming to advocate for are being restricted SNAP benefits. Today, you got women who suffer from, suffer from domestic violence, who ended up in bad situations and ended up with a drug conviction that you're, you're saying, oh, I-- we should care about the victims, but you're voting against this bill for individuals who were victims. Moms, grandmas. How are you saying you're standing for victims and you're voting against this bill? There's a bunch of victims who are being negatively impacted by the restriction that you're overlooking and you claiming that you care about the victims. It don't make any sense. So it, it, it don't make me uncomfortable to talk about the victims, because my support of this is actually in support of the victims, in support of them getting access to SNAP, in support of people who may have offended to not re-offend again and harm anyone further. I don't understand the argument. Then this talk about religion. I don't subscribe. I don't vote based on a book. I vote based on humanity and what is right. So that's a neither here conversation for me. And then you say felons. And I'm glad Senator Dungan stood up and said it. You don't need three or four misdemeanors to get a felony. It could be your first conviction. I know people in prison right now on their first conviction, and some is for drugs. So you don't need three or four chances. It's not like this thing where you get one, you get two, you get three, and then, oh, you'll get a

felony. No, if you're in possession of, of a controlled substance, you could go to the pri-- you could go to the pen on your first offense. So I don't-- also, I don't understand. So a lot of people stand up and spew a lot of misinformation and don't really understand what they're talking about, but they just stand up to try to, you know, make an argument sound good. But in, in reality, when you dig into the details it don't make any sense. you know? But overall, I think if you are standing up today or the rest of this session and say, I care about victims, I care about public safety, then you should vote for LB319 and override the governor's veto. Thank you.

ARCH: Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President, and good afternoon. I just wanted to-- first I, I will stand by my vote on Final, which was to vote against LB319. And I just wanna bring us back to the facts. We just heard from Senator McKinney, a lot of people get up here and spew misinformation and whatever. This is-- I just want to read briefly because it's not that long. This is not that complicated. This is what our law currently says. That you're eligible for SNAP-- you shall be eligible for SNAP-- shall be eligible for SNAP benefits under the subsection, if he or she has one, has had three or more felony convictions for the possession or use of a controlled substance. So for those listening that, because if you just sat here and listened to what was said, you would be under the impression that Nebraska currently doesn't allow any convicted drug user. To be eligible. That is not true. Currently three or more felony convictions until you're ineligible. Three or more. Let me repeat. Three or more, for possession or use. Now this is, I think, pretty realistic because I, I understand that addictions are not easily overcome. So for those folks who are users or, or in the midst of an addiction, three or more convictions before you're deemed ineligible. Or number two, has been convicted of a felony involving the sale or distribution of a controlled substance. That's not a drug user, that's a drug dealer. These are generally sophisticated business people, quite frankly. So if they're savvy enough to run a drug dealing operation, they're probably savvy enough to get a job. I hate to be so direct. But there is a differentiation in the current law between drug user and drug dealer. Users get three chances. Dealers get to go get a job, a legal job. Just want to clarify any of that misinformation that is said to be put out there. This is what our current law is. And I stand behind what our current law allows. I yield the rest of my time.

ARCH: Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. I find myself in the place that I usually do. I'm supporting Senator McKinney. But let me just say that I'm going to vote for the override. I've informed the governor of that. I have informed the Governor's Office on Select File that I was going to be supportive of the bill because I did make a deal with Senator Rountree that if he amended his bill to require drug treatment, that I would support the bill. And here's why. I doubt if many people in this floor have dealt with a close friend who has been dealing with an addiction. I've said this before, Alcoholics Anonymous is here because you don't get cured from alcoholism. You don't cured from addiction to drugs. Some people can drink alcohol responsibly. Some people can take drugs and walk away from it. But far too many do not. Meth is a good example where you get addicted and you just can't get off of it. Addicts will go to great lengths to feed their habit. They'll lie, they'll cheat, they'll steal, they'll do what they have to. So I don't know what the right answer is from a societal standpoint to deal with addictions than what we're doing today. Fortunately, there are groups out there that offer addiction counseling. AA exists for people to work along that line. But when you say, why does a drunk driver, for example, have seven convictions? Because they get drunk, because they have an addiction, and they get in their car, and they're not thinking straight. That's why. I'm not making excuses for that. I'm just saying that's why, that's the why. Everybody in this body has to vote their conscience. I'm just telling you why I will be supporting the override, why I've supported the bill, right, wrong, or indifferent. I made it clear early on that I'm a man of my word. I told Senator Rountree I would support the bill and I'm gonna support the bill. But I would also tell you that when you vote and you're questioning me about why I'm voting the way I am, it's because I've been around addiction and I've seen what addiction's about. And I would encourage some of you to do the same, to really better understand why addiction exists. So with that, vote however you want to vote. I just want you to understand why I am voting the way that I am. Thank you.

ARCH: Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. Good afternoon again, colleagues. So, one thing that leaders and experts across the political spectrum, right, center, and left agree upon is that one of the best anti-recidivism tools we have that prevents crime, that ensures there are less victims, is that if we have a successful reentry. That includes access to housing, a good job, and sometimes temporary access to the social safety network support programs. When you look at the data, and you look at the policy choices that come with supporting

successful reentry, and this is an area after people who have paid their debt to society and are returning to our communities during that critical transition period. The more that we can do there and the more common ground that we can find that exists, except for a few voices in this body today, but that exists in the real world, that exists amongst correctional leaders, amongst law enforcement, who take a hard line on criminal justice policy and who are supporting this bill because it makes communities safer. When you look at ways that we can reduce recidivism and make communities safer, this is not a silver bullet, but this is one piece of a bigger puzzle. And I want to remind my colleagues that in addition to the strong right-left coalition that exists on smart justice reform, there's a similar, if not even stronger coalition that exists, exists in supporting smart food policy, particularly in an ag state like Nebraska. This includes ag groups, commodity groups, grocers, faith groups, local businesses. We know that when we invest in SNAP, those dollars benefit local businesses and local producers. They have a good return on investment. There's a smart business case for that program. We also know this measure has no fiscal note. No fiscal note. This is a no-cost, common-sense solution to help reduce recidivism and to keep communities safer, that also benefits local businesses and local ag producers. When you look at the actual numbers and you take the time to do the research instead of just spout political talking points, you can see that the vast majority of those who are receiving SNAP benefits in Nebraska are kids, are kids under 18. There's also people receiving SNAP benefits who are disabled and who are seniors. There are very tight time limits in place for able-bodied adults without children. Just a couple of months of eligibility. Because we do recognize that they have an ability to seek a good job in the workforce. When you look at the fact that in Nebraska, the average per person per day benefit for SNAP is less than six dollars. It's \$5.87. Think if you could feed yourself or your family on that allocation. And that's paid for with our federal tax dollars that we're then drawing back down to Nebraska. To qualify for SNAP, you have to meet strict asset, income, and family size eligibility requirements. It is not just generally available to anyone for any reason. This policy makes good fiscal sense. This policy advances public safety. This policy has a zero-dollar fiscal note. This policy is a common ground, common sense solution to improve the lives and the economy of Nebraska while also addressing crime prevention. Thank you, Mr. President.

ARCH: Seeing no-- Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President. I won't take long. I do just want to make one comment, because I hear this quite a bit when we talk about

the fiscal note, especially for those listening, when you hear any of us talk about the fiscal note, that means what is the cost to just the state of Nebraska. That does not include the cost to any local or federal. So all of these programs, of course, have a fiscal cost. When we refer to the fiscal note, just for clarification, it's only the cost to the state's budget. So programs paid for with tax dollars, for clarification, do have a fiscal cost. Thank you.

ARCH: Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President.

ARCH: And this is your-- this is your third.

CONRAD: Yes, very good. Thank you, Mr. President. And Senator Storer is exactly right. But it's important to note that our fiscal note does focus on state fiscal impacts. It also does ask entities of local government that are impacted if there is a fiscal component or unfunded mandate for entities of global government. If you look at, for example, the fiscal note on LB319, you can see there is no fiscal note put forward by local government or state government in Nebraska. A rudimentary understanding of the SNAP program is as follows. 100% of the fiscal costs, of the benefits, are paid for with our federal tax dollars. There's a 50-50 split in terms of administrative cost for federal and state. Because the group of beneficiaries that would be allowed access to benefits under Senator Rountree's bill is nominal in nature, there is not a significant administrative cost to the state or to local government under this measure. Governor Pillen was right on when he reconsidered his decision to draw down more SNAP dollars and to bring our federal tax dollars home when it came to the summer EBT program. The same fiscal logic applies to this measure. And no doubt we are all paying those dollars, those federal tax dollar which support the, the, the benefits herein. But why on earth would we allow our sister states to benefit from Nebraska tax dollars? Why wouldn't we bring those home, Senator, to support local producers, local businesses, and Nebraskans? Thank you, Mr. President.

ARCH: Seeing no one in the queue, Senator Rountree, you are recognized to close on your motion. There has been a request to place the house under call. The question is, shall the house go under call? All those in favor, vote aye; all those opposed, vote nay. Please record.

CLERK: 40 ayes, 1 nay to place house under call.

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ARCH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is on your call. Senator Rountree, you're recognized to close.

ROUNTREE: Thank you so much, Mr. President, and thank you to all my colleagues, to those that are watching online, and to these families that are impacted by this bill. I appreciate everyone's conversation on the day and the consideration of this veto override. A lot of information has been given, and I-- believe me, I've listened to every bit of it, every bit that's been said. And so as we come to this place now, this was my priority bill. This gives us an opportunity to be able to move forth and to draw these families in. And as we said that as we tweak this going forward, I appreciate Senator Hardin as he gave his comments on that. If we've been doing something that's not working, let's make a change. And if that change is not good, then we also have an opportunity to revise that as well. To each and every one that has spoken, I appreciate this today. And so with that, I just want to finish with a quote from Dr. Martin Luther King, Jr. And it states, the arc of the moral universe is long, but it bends towards justice. I believe as we stay in the unicameral, we will move forward and do the things that are right for the people of Nebraska. So with that Mr. President, I do yield the rest of my time.

ARCH: All Unexcused members are present. Mr. Clerk, please call the roll. For your information, colleagues, this motion requires 30 votes. The question is, shall LB319 become law notwithstanding the objections of the governor? A yes vote is a vote to override the veto. A no vote is to sustain the veto, all those in favor will vote aye; all those opposed vote nay. Mr. Clerk, please call the roll.

CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting yes. Senator Bostar. Senator Brandt voting yes. Senator John Cavanaugh, voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer voting yes. Senator DeKay voting no, Senator Dorn voting yes. Senator Dover voting no, Senator Dungan voting yes. Senator Fredrickson voting yes. Senator Guereca voting yes. Senator Hallstrom voting yes. Senator Hansen voting yes, Senator Hardin voting yes. Senator Holdcroft voting no, Senator Hughes voting yes. Senator Hunt voting yes, Senator Ibach voting no. Senator Jacobson voting yes. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKeon voting no.

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Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop voting yes. Senator Quick voting yes. Senator Raybould voting yes. Senator Riepe voting no, Senator Rountree voting yes. Senator Sanders voting no. Senator Sorrentino voting no, Senator Spivey voting yes, Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper voting yes. The vote is 24 ayes, 24 nays. Mr. President.

ARCH: The motion is not successful. I raise the call. Mr. Clerk, items for the record.

CLERK: Thank you, Mr. President. Amendment to be printed from Senator Spivey to LB306. Series of motions from Senators Spivey to LB306. Amendment to be printed from Senator Bosn to LB530. New A bill, LB298A, introduced by Speaker Arch. A bill for an act relating to appropriations; to amend-- to appropriate funds to aid in the carrying out of the provisions of LB298; change an appropriation; repeal the original section; declare an emergency That's all I have this time.

ARCH: Mr. Clerk, we will turn to LB170, where we left off on the agenda.

CLERK: Mr. President, when the Legislature left the bill, pending was the bill itself, as well as a bracket motion from Senator Machaela Cavanaugh.

ARCH: Turning to the cue, Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I guess the queue got cleared over the lunch break, which makes sense. So just trying to still process what we just went through. I didn't, I didn't get on the mic to speak on, on it because I didn't think my voice was going to sway people. But I, I do want to take a moment to explain SNAP a little bit more, especially as we're looking to increase taxes on the very people that would be receiving SNAP. So When you have, let's say you have a household of four, and one member of the household is incarcerated and they happen to be incarcerated for drug convictions, the household of three that is home, and they qualify for SNAP, it's based on the income of the three, usually just one parent and two kids. When that fourth person, the other parent, we'll stay in this scenario, comes back home, the household is now a household of four. And hopefully, that fourth individual has a job. In any, any field, any amount of money that they make counts towards the household income when

qualifying for SNAP. But the household is only counted as three. So a household of three goes up in its income. It doesn't go from a household of four and income going up, it goes to a household of three, and income, going up. So voting against the bill that you-- the motion that you just voted against takes food out of children's mouths. Full stop. You talk about victims? Those are the victims that you just entrenched further in systems of poverty. Senator Rountree worked so hard on this bill to try and do something that should have never been done. And I know you all love to say this was Joe Biden. Yeah, this was. This was a policy that former President Joe Biden helped bring across the finish line back in the war on drugs. So you can have a parent who is convicted of sexual violence against their children reenter into their home and qualify for SNAP and get more money for them. But a parent who's convicted of drugs cannot. And their kids might even get kicked off of SNAP because we all hope that in re-entry that they have a job. And if they have a job that makes too much money for a household of three even though they're a household a four, those children could lose access altogether. So when we talk about victims, let's talk about the victims. The victims are the children of these individuals who have paid their time to-- done their debt to society, going through rehabilitation. That's what we are doing. That's the part that I can't get over. That's part that confuses me constantly in this body. You want me to increase taxes on working people while you won't even agree to give them a fair shot at feeding their family. And you say, well, them committing a crime, that's also the victims, the families. Yeah, and you won't pay them a livable wage, let alone a minimum wage. They get paid a dollar and a quarter, and 50 cents of that goes into two other different funds for reparations. And then some of it goes into paying for their incarceration. So then by the end of it, they've got about a quarter that they can save, a quarter an hour that they can save while they are incarcerated. And then they go home, and because they have gone home, their family loses benefits. How is that fair? How is more fair for those kids than the kids of somebody who has committed a homicide? How is that fair? How do you explain this? Because I don't understand. I really don't. And I don't mean this facetiously at all. I do not understand. I would love for someone to explain to me how that is fair when you're talking about victims, but you're not talking about these children and how you are perpetuating their lives in poverty. It's not fair. Yet here we are, trying to get property tax relief for the governor, who's, I don't even know what his net worth is. I know his property taxes are over a million in returns. I know that much, probably even more, the more we put in there. That's not fair. Raising taxes on working Nebraskans, cutting kids off from SNAP so that the

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governor can get more millions in his pocketbook is not fair. That's my time I can see. Thank you, Mr. President.

ARCH: Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President. Meanwhile, we'll get back to property taxes. This is really the reason that I was willing to run for this position was, was the property tax issue. So what I'm about to say may surprise a few of you. That being said, it is the number one issue. I started following this back when I was a wee 20-some-year-old when I moved home after college. And there's nothing that will make you pay attention to taxes than when you start paying them. And boy, would I trade the problem we had in 1990s for the problem that we have now. So I do want to make one comment before I move on with my position on LB170. I've heard it said here that property taxes are for the rich and for the ag is, you know, [INAUDIBLE]. Everybody in ag is rich, I guess. I'd like to meet them. Here is what is unique, and I don't know why this has taken me so long for the light bulb to come on, and I'm probably admitting my ignorance in, in explaining it to you this way as if it just came to me. But a lot of times, it's been hard to explain why is ag land or why are we passionate about ag land being treated differently than other forms of real estate. And, and commercial would fall in the same category. And it is because they're a business expense. Can I say that one more time? Agricultural land is a business input. You don't raise a crop or a cow without land. It is different from residential property in that manner. Even those of us who are in agriculture, believe it or not, we, we pay on our homes or residential properties the same way everyone else does. That's all treated the same. So when we, when we keep throwing these, hurling these insults out about agriculture needing property tax relief as if it's some, you know, gift, it is a business input. That being said, I am, and this is no surprise to Senator Brandt or Senator Hughes, we've had some good discussions about this, but I am fundamentally opposed to LB170. And it's because I don't-- well, I think there's a-- I have a ton of respect for a lot of my colleagues here, and I believe that many of us are on the same pathway, and we're, we're truly working hard to solve what we understand to be the-- one of the biggest crises in Nebraska, which is property taxes. And we all come at this with a little different angle. And so even if I disagree, with the underlying premise of LB170, I respect the introducer and, and the efforts of those who are on board. But, but I'm going to come at this from, again, having served as a county commissioner for eight years and watched the property tax problem unravel. And, and we can't just blanket everybody on the local level with the same, we can paint them all with the same brush. There

are some people who are abusing the property tax levies and there are some people who are behaving very responsibly. But we, we can't just say it's completely a local issue. Because I have watched how the state over the last 25 years has shifted more and more cost on to the property taxpayer. I watched property taxes literally increase by 100% in Cherry County under TEEOSA reform. So we had choices to make as to whether or not we increased property taxes or not, and the choice was whether or we still had a school. So there are real costs that have fell on the backs of property taxpayers, and I'm gonna run out of time very quickly, so I'll probably have to get back on here. But I'm going to say this in short, and then get back later on to, to fully explain what, what I think we're doing here with the property tax credit program. While we have-- it has made some great strides, ultimately, I am very concerned we're actually feeding the monster of the increase in property taxes. This year, property taxes are set to go up another \$285 million, and what we're do-- would do here would offer a little over \$100 million to try and offset that. What we're not doing, this is not a tax shift, and the reason I say that is because any dollar raised in sales tax under this bill is not going to pay for a service that property taxes was once paying for. And I'm gonna jump back on the mic later and continue. Thank you, Mr. President.

ARCH: Thank you, Senator Storer. Senator Brandt, you're recognized to speak.

BRANDT: Well, thank you, Mr. President. I know there's not a lot of people in here. Over lunch, we had a nice meeting in Senator Hughes's office, and we are going to revamp LB170. We've got a floor amendment in. Basically, we will get rid of all the sales tax exemptions out of the bill. It will be a nicotine-only bill today. And that would include Senator Hughes' vape, which would raise \$15 million, Senator Wordekemper's cigars, which are about \$100,000, and the cigarette tax would increase, instead of \$0.72, it would increase \$1. And that would-- I think that increases us an additional \$15 million or something like that. There probably are three or four of the sales tax exemptions, but we need some time to go around and ask all the senators what their opinion is. I think there's three or 4 in there that we could probably bring back on Select that could raise an easy \$10 million that nobody would have too much heartburn with. But in order to get through today and get us to Select and give us a day to work on this. This is kind of what we are bringing forth in a floor amendment. So we've got to get through the bracket, the reconsider, another priority, another reconsider, and then we've gotta put the white copy on, then there's another amendment that Senator Raybould has, and then, we gotta do the floor amendment. That's kind of where

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we're at from a logistical side. Would Senator, Senator Storer be available for a question?

ARCH: Senator Storer, would you yield to a question?

STORER: Absolutely.

BRANDT: So just out of curiosity, I kind of listened to where you were at. Would you complete your thought?

STORER: Oh, I might take up the rest of your time if I do that.

BRANDT: That's fine.

STORER: I guess, yes, in general, what, what I was beginning to explain is-- so we have, we have tried to tackle the property tax relief through the property-- originally, it was the property income credit. And I wasn't here when that change was made last year, but we have moved from a credit system to a-- income tax credit system to front loading. So it comes right off your property tax bill. That now cost us more money. I think we would all agree over \$100 million more expensive to do it that way. The numbers I don't have, and I'm going to continue to work on getting, is what percentage of people prior to that, the income tax credit program, you had to file income tax in Nebraska. We all would agree with that. And now you just have to own real estate in Nebraska. So, so to finish my thought why I have concerns about this, this road we're going down, is what I hear from realtors and what I see in my own backyard is a growing trend of out-of-state corporate investors in real estate here in Nebraska. Now, those folks don't live here, they're not doing business here on Main Street, their kids aren't going to school here. And I don't have hard numbers, so I'm hesitant to speak too directly to that, but I have questions. I have questions as to how much are we incentivizing a growing trend of out-of-state investments in real estate here that are further driving up the cost, whether it be of a single-family home or ag land? I'll be working on getting hard numbers on that. True property tax relief, where we're, where we're putting more money into the property tax credit program trying to help our property taxpayers who do need help, we're, we're not keeping up with the growth. We're not keep up with the growth of the property taxes, which tells me we still haven't pulled the right triggers. Property taxes are growing exponentially quicker than we can try to provide that relief. By paying--my, my last thought on why I think we may be feeding the demon a little bit here with this method in particular, by growing this method, is we are also taking away the accountability from those local

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levying authorities so they can continue to grow their tax level authority and we're making it look less painful by, by putting in the dollars on the property tax credit front. At some point that that, that rooster's coming home to roost. At some point, we're going to have to acknowledge-- I have concerns that in one vote, those property tax credits could be affected in a way that would not be pretty here, while in the meantime, we've allowed those increases to grow. Does that make sense, Senator Brandt? I don't know if I'm explaining myself very well.

KELLY: That's your time, Senator. Thank you, Senators Brandt and Storer. Senator Holdcroft, you're recognized to speak.

HOLDCROFT: Question.

KELLY: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 21 ayes, 8 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. All unexcused members outside the Chamber, please return and record your presence. All unauthorized personnel, please leave the floor. The house under call. All unexcused members are now present. The question is, shall debate cease? The vote was under away. Senator Holdcroft, will you accept call-ins? Mr. Clerk

CLERK: Senator DeKay voting yes. Senator Lippincott voting yes. Senator Hardin voting yes. Senator Hallstrom voting yes. Senator Armendariz voting yes. Senator Hunt voting no.

KELLY: Record, Mr. Clerk.

CLERK: 31 ayes, 4 nays to cease debate.

KELLY: Debate does cease. Senator Machaela Cavanaugh, you're recognized to close.

M. CAVANAUGH: Thank you, Mr. President. Well, colleagues, when I started talking about the SNAP veto override right after we finished that, dispensing with that, and then it was said that I wasn't really sticking to the bill, I, I actually am sticking to the bill. The, the

objection here is regressive taxes on working Nebraskans. And I don't believe that all farmers and ranchers are rich. Our governor is. And our governor is the one pushing this for personal gain. He's pushing tax increases across the base, across the board, for personal gain. That's not a question. It's a fact. So when I'm talking about a rich farmer or rancher, that's who I'm taking about, Jim Pillen. That's who I'm talking about. And I will not stand aside to increase taxes on all of our constituents for Jim Pillen. I'm not going to do it. I'm not going to increase taxes that are regressive to put more money into a fund that is going to fund him. It's not gonna fund schools. It's not gonna fund public health. It's not gonna fund problem solving courts. It's now gonna fund access to food. It's not gonna fund cancer research. It's going to fund Jim Pillen. And I'm not cool with that. I'm not cool with taxing Nebraskans to death for Jim Pillen. That's what I'm opposed to here. And it wouldn't really matter who the governor was. And for the record, yes, land is an input for agriculture. It is, and it is not taxed the same as houses. Land is taxed at 70% of the value. Homes are taxed at 100% of the value. Yet the property tax tier two fund reimburses you at 100% percent of the value. Let's be straight with Nebraskans. You're getting a greater return than homeowners are. And you want to raise taxes on those very homeowners for goods and services to fund Jim Pillen's tax rebate for himself. That's what you're doing. There's a lot of doublespeak that happens here in selective listening and selective memory. I'm not selective, I'm irritatingly consistent. To a fault, pretty much. I am consistent. And I am not going to allow this body to continue to harm Nebraskans who are just working to feed their families because the governor asked me to. And you shouldn't either. You should have overridden that veto. And for those who weren't in here to hear what I had to say about it previously, when you have a family of four and one of them is incarcerated for a drug conviction, and they come home, and that household is now a family of four instead of three, their SNAP benefits go down because the income of that fourth person is included in the calculation, but there's still a family of three that qualifies. So kids, the victims that we were talking about earlier, the children of convicted drug felons lose access to food because you wouldn't override that veto. That's what you did. And now you want me and others to stand aside so you can tax those families more? You're denying them access to foods. You're deny them access to services. You're denying their communities anything. You're going after Senator McKinney's community, like rabid dogs, honestly. It's so egregious. You're accusing Senator Wayne of being a grifter for getting money for that community. You're building a prison and not acknowledging that it's gonna cost \$800 million, not \$300 million. And you want me to

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stand aside so Jim Pillen can get more money. Not gonna do it. I'm not. And you shouldn't either. You should all be standing up. You should be outraged by this proposal. And we're going to come back here for a special session because we're putting money towards property tax and not actual function of the government. How does any of this make sense to any of you? I would love someone to give me a logical explanation because so far I haven't gotten one. Except for that we just have to do this. Thank you, Mr. President.

KELLY: Members, the question is the bracket motion. There's been a request for roll call vote. Mr. Clerk.

CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar. Senator Brandt voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh. Senator Cavanaugh, I'm sorry, not voting. Senator Clements. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer not voting. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan not voting. Senator Fredrickson. Senator Guereca not voting. Senator Hallstrom voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt not voting. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no, Senator Prokop not voting, Senator Quick not voting. Senator Raybould not voting. Senator Riepe voting no. Senator Rountree not voting. Senator Sanders voting no. Senators Sorrentino voting no. Senator Spivey not voting. Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper voting no. The vote is 4 ayes, 32 nays to bracket the bill, Mr. President.

KELLY: The motion fails. I raise the call. Mr.-- Mr. Clerk.

CLERK: Thank you, Mr. President. Items for the record quickly. Your Committee on Enrollment and Review reports LB48, LB275A and LB288A, LB346, LB382A, LB380A, LB415, LB644, LB647, LB647A as correctly engrossed and placed on Final Reading. Additionally, your Committee on Enrollment Review reports LB376 to Select File with E&R amendments. Amendments to be printed from Senator McKinney to LB48, Senator von Gillern to LB707A. Communication to the Secretary of State regarding transmittal of LB319. That's all I have at this time.

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KELLY: Thank you, Mr. Clerk.

CLERK: Mr. President, as it concerns the bill on General File, LB170, Senator Dungan would move to reconsider the bill with M-- excuse me, reconsider the vote on the bracket motion with MO267.

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

DUNGAN: Thank you, Mr. President. Good afternoon colleagues. I do stand to offer this motion to reconsider to provide another opportunity to vote green on the bracket motion as I still rise opposed to LB170. I appreciate the conversation that we've been able to have so far here today, and I think the discussion we had this morning with regards to sort of the, the individual areas here that can be taxed, I, I think we've really dived into some helpful areas. But I have a few questions still for the way that this would work. I apologize, Senator Brandt, I should have given you a heads up. Would you mind yielding to a question or two?

KELLY: Senator Brandt, would you yield to questions?

BRANDT: Yes, I would.

DUNGAN: Thank you, Senator Brandt. I tried to give you a head's up ahead of time. I'm sorry. This is a legitimate sort of just trying to understand how this would work. Are these taxes on the services, is it on any of the services that are used in the state of Nebraska or is it on businesses that are domiciled in Nebraska?

BRANDT: You may not have heard about the floor amendment that we filed?

DUNGAN: I've, I've heard talks about this.

BRANDT: OK.

DUNGAN: Are we talking about--

BRANDT: So--

DUNGAN: --the floor amendment with regards to the tobacco and nicotine?

BRANDT: That, that would be all that's left, all the services would be off of the bill.

DUNGAN: OK.

BRANDT: But yeah, go ahead and ask [INAUDIBLE].

DUNGAN: But, but, but to make sure I understand this, so if that didn't get adopted with AM1318, so like dating services, for example. Is that a tax on dating services that are used if the company is here in Nebraska, or is that on any dating services for any use of that, that service in Nebraska?

BRANDT: I don't know the answer to that. I would have to check with Revenue. Department of Revenue is the one that establishes those guidelines.

DUNGAN: OK.

BRANDT: We'll, we'll look into that and find out for you.

DUNGAN: OK, thank you, Senator Brandt. Thank you for answering the question, that's all I really needed. One of the concerns that was raised with me in conversations I had over the lunch hour was, was getting to that point, was sort of, you know, are these taxes that are ultimately going to be levied mostly against brick and mortar small companies in the state of Nebraska, or is it a tax on a service that is used if you are in the State of Nebraska? So obviously, you know, a good, a good example of this might be-- I'm trying to think of a-- so flights, right? So if you're looking at getting a flight, is that because anybody who uses Expedia or Kayak would have to pay an additional tax? Or is that only on the companies that actually are domiciled in the state of Nebraska that the tax would be implemented on? So that's a question I was just kind of curious about. But from a bigger picture, I continue to have some concerns about both the, the bill in its current version, as well as AM1318, which we spent most of the morning talking about. But I continue to have concerns, even with the floor amendment that's been discussed even briefly here by Senator Brandt and some others. I, I, I did get a chance to look at the amendment and try to analyze what exactly it does. My understanding is that it does leave, I think, nicotine and tobacco and, and cigars, and, and certainly that is a departure from what we normally have been talking about with the AM1318. But one of the main, I guess, concerns that I have is that it continues to funnel the money into that tier two tax credit cash fund instead of the money going to General Funds. And I have issues with that for a couple of reasons. One, obviously, we have spent a large portion of this session talking about how we don't have money to do the things that we need to do as a state. We are nickel and diming things, trying to figure out how to get out of this deficit. And If we're talking about raising revenue and then

funneling that money away from the General Funds and into a specific cash fund, it seems to me to be fiscally irresponsible because we're putting ourselves in a situation where we can't actually utilize that money to perhaps function, make the government function the way that it's supposed to. But in addition to that, it boxes us in. So my concern is that if we continue to put this money into a particular tax credit fund, it actually ultimately has the impact of hindering us when it comes to providing actual property tax relief. As we've talked about multiple times and as I'm sure I'll talk about again, there have been potential solutions that have been proposed with regards to actual property tax relief. And whether that is a homestead exemption, which has been suggested by a number of folks here, expanding that in various ways, or whether that is what Senator Hughes had talked about with her, I think it's LB303. There are avenues that we can go down, which would require additional funding, but would provide real property tax relief instead of simply putting a bandaid on the problem. And if we take any revenue that's raised and funnel it into a particular fund for that tax credit, that tier two we keep talking about, it makes it very difficult, colleagues, it makes it very difficult in the future to take that money and to utilize it on other things that could help our constituents and other things that could provide real property tax relief. So as many here know, homestead exemptions are essentially a partial or a full exemption from property tax where the state backfills the amount of money that is foregone revenue on behalf of the counties due to the homestead exemption. That money generally comes out of our General Funds. And so if we're talking about providing targeted property tax relief through things like the homestead exemption, it would make sense to me to make sure that we are actually backfilling our General Funds so we can continue to provide that kind of property tax relief. If the money raised off of any plan that we're talking about here, whether it's AM1318 or this floor amendment, if that ultimately goes into a very particular tax credit cash, colleagues, I will tell you, it's going to be very difficult to get it moved from that area to anything else to provide actual property tax relief. And so I, I continue to have an issue even with the, the floor amendment that's been proposed by virtue of the mechanisms that are in place with how we can utilize that money moving forward. I don't have a ton of time left, but I was wondering if Senator John Cavanaugh would yield to just a couple questions?

KELLY: Senator John Cavanaugh, would you yield to a question?

J. CAVANAUGH: Yes.

DUNGAN: Thank you, Senator Cavanaugh, I always appreciate when we can use both podiums here in our row. You've spoken a little bit about your homestead exemption with regards to, I think, the first \$100,000?

J. CAVANAUGH: Yes.

DUNGAN: Can you go into a little bit more detail about what that actually does and what kind of property tax relief that would provide? You see, we've had a lot of conversations about providing real property tax relief. I'm curious what your proposal would ultimately do with that.

J. CAVANAUGH: So, well thanks for the question and the interest. So my homestead exemption-- so kind of to take a step back, homestead exemption is something that's allowed under the constitution of the state of Nebraska to give specific tax relief to owner-occupied homes. And so we do currently use homestead exemption for people over a certain age and have an income meeting income thresholds, or people who are disabled or veterans, and again there's income thresholds. And so the easiest one is, you know, somebody over 65 whose income is below the poverty level, they can get up to 100% of their property taxes paid by the state, because property taxes, as we know, are levied by local entities. So what the state would do if somebody applies and qualifies for a homestead exemption, the state would pay the county, and then the county would, rather than send a property tax bill to the individual, would then remit that portion of the property taxes to each of the local entities. So the school district, to the city, to whatever other board or whatever you might have. And so what my bill does is says, we're going to create an additional homestead exemption, which we can do under the constitution, that applies just to all owner-occupied homes. And so my bill as written would be the first \$100,000 of those owner-occupied homes would be picked up by the state. And so different places, obviously there's different levies, but in midtown Omaha, the levy is currently about two dollars and three cents. So the first hundred thousand dollars would be about \$2,030, I think, would be picked up by the state. So it'd be a \$2,000 tax reduction. The virtue of that is that costs \$800 some million to do, but eight hundred some million dollars under the current system doesn't give that much tax relief, it doesn't get two thousand dollars in tax relief to someone, owner-occupied home in midtown. So it is a more direct and efficient way to deliver that tax relief to the households that everybody talks about when they talk about property tax relief.

DUNGAN: So the idea is that, that \$800 million or so would give you, I guess, a little bit more bang for your buck compared to the current system for property taxes?

J. CAVANAUGH: Yes, or specifically when it goes-- when we're talking about the people, when anybody here stands up and talks about property tax relief, they always point to someone who's being taxed out of their home, and this is a mechanism to ensure that those folks who are in their home and on the verge of being taxed on their home would get that most targeted relief.

DUNGAN: And to make sure I do understand this correctly, the \$800 million, or I guess whatever money you're using to backfill homestead exemption, comes out of the General Fund, correct?

J. CAVANAUGH: Well, as the bill is currently written, it would be an additional tax relief, but you could also use it as a mechanism to deliver the, the tax relief we're talking about here, which is, I believe at the moment, is \$870 million. So you could use that and move it over to a homestead exemption style tax relief.

DUNGAN: Thank you, Senator Cavanaugh. I, I see my light is on, so I'm gonna wrap up here shortly. But colleagues, the point of all of this is to say, I think there is a better mechanism with which we can provide this property tax relief. There is certainly certain mechanisms that we can utilize that are more targeted that I think give the people who need the property tax release the most that kind of benefit. The next time I'm on my mic, or the mic, I will probably ask Senator Hughes some questions about some of her ideas just to give her a little heads up there. But colleagues I would encourage your green vote on the motion to reconsider, to give everybody a chance to reconsider and vote again on--

KELLY: That's your time, Senator.

DUNGAN: --the bracket motion. Thank you, Mr. President.

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

SORRENTINO: Thank you, Mr. President. Two separate senators so far this morning have suggested that imposing a service provider-- a sales tax on service providers results in double taxation. I'm very familiar with Nebraska state taxes of all kinds, including income tax and occupational tax and sales and use taxes and VAT taxes, inheritance taxes. For the life of me, I do not understand how requiring a service

provider, let's say a pool cleaner, that's been used a number of times today, to charge, collect and remit a sales tax is double taxation for anyone. The vendor merely puts together a mechanism to charge that tax, collect it, and remit it. So that vendor's not paying any more taxes. The individual using those services is, of course, paying for that service, plus an additional tax. There's no question it's additional tax, but I don't understand double tax. Where was the first tax to begin with? They used after-tax dollars. Everybody knows that you pay for everything with after-tax dollars, except maybe day care, medical expenses, that sort of thing. There is no double taxation, no matter which way you twist it, there just isn't any. Secondly, I'd also want to like-- I'd like to address those who oppose LB170 because of the sales tax or additional sales tax on cigarettes. Some would suggest that we're going to-- it's going to backfire, and they'll go to neighboring states and pay less sales taxes that way, and then we don't get any taxes from our current \$.64 rate. If you look at the map provided earlier today on the cigarette taxes by state, our neighboring states, for instance, Kansas \$1.29, Colorado \$1.94, South Dakota \$1.93, \$1.36 in Iowa. The only state that's to border us-- Wyoming, is almost identical. The only one that's cheaper just happens to be Missouri. Now that might be a short little drive for somebody who lives in southeastern Nebraska. Certainly nobody in Gehring, Nebraska, is going to drive to Missouri. But it's interesting as to how low theirs is. It's \$0.17. And if you do a little research, I think I can help you figure out why Missouri has such a low cigarette tax. Back in 2022, Missouri passed a law for recreational marijuana. Missouri imposes a 6% sales tax on recreational marijuana, and cities and counties have the ability to assess an additional 3% for a total of 9%. With a 9% sales tax on recreational marijuana, I can see how their rate would be low, would be literally the lowest in the country. More interestingly is the state of Missouri also imposes a sales tax on medical marijuana of 4%. Now, I have, I have a question. If it's medical marijuana, who imposes sales taxes on medicines? You're a medicine or you're not a medicine. So that, that confuses me a little bit. So as we move forward, and we'll have some more amendments to this bill, I would urge you to vote in favor of the future amendments. And if we are imposing a tax on cigarettes, I'd ask you to think about, again, we have victims, all of us. Secondary smoke. There's not enough money to tax these people if I'm going to have to ingest their secondary smoke. Thank you, Mr. President.

KELLY: Thank you, Senator Sorrentino. Senator Quick, you're recognized to speak.

QUICK: Thank you, Mr. President. And first I want to thank Senator Brandt and Senator Hughes. I know they're working very hard trying to come up with some solutions to some of their exemptions. And that's probably been one of my issues is on there's probably maybe 10 or 11 exemptions that, that I still think would affect people. I know there's some in there that would never affect maybe a middle class or po-- someone who lives in poverty. But one of the reasons that I think that is because I know Senator Dorn this morning was talking about being in a meeting with some landlords and I was at the same meeting. And one of the things that came up during that meeting is if, if we thought that landlords would lower the rent if they receive property tax relief and I said no, I don't believe they would. I don't believe they would lower the rent. Maybe it would slow the rent down over years going forward, but I don't think they would reduce the rent by what property tax relief they received. And actually, they, I think, they-- I felt like they kind of agreed with that fact. So with that, you know, if, if people who aren't, who are renting, and I know what I pay for rent here in Lincoln for an apartment, people who are renting would not see any of tax relief, they would also-- they would actually see a tax increase with maybe about 10 of these exemptions that we would take off. So for that reason, that's one of my concerns that I have with this. I also was listening to Senator Clouse, he was talking about valuations. And that's one of the things I actually talked to people at the doors about was the fact that the valuations were going up, you know, your cities, counties, your local entities, your schools, you know, they could re-- reduce the mill levy to maybe address some of those issues, but the valuations were the real concern I believe. And, you know, I'm just thinking about-- I grew up on a farm, so my dad, I think I mentioned before, he lives over by Hordville, Nebraska. And there was a farm right next to theirs that just sold recently to someone, actually it was on a bid process, so it was all, I don't know if it was online bids, I think that's the way it worked. But some-- someone from Kansas actually purchased the farm. The local farmers couldn't compete with that bid. So all the valuations are probably going to go up on all the, all the farm ground in that area because of the price of-- per acre that that property went for. I'd also like to talk about, you know, our local governments and some of the unfunded mandates that we pass down to them. I think they struggle with that. I know they're all good stewards with the tax dollars. I think their trying the best they can. I know Grand Island for several years, we're a growing community, it's grown a lot. And so we've faced issues with trying to make sure we have enough law enforcement and firefighters for protection in our community. And they've struggled with trying to get additional, I think they're just

finally getting up to the levels that, that they've needed to make that we're adequately, adequately protected in our, in our communities. I know the county, they face those issues as well with, with roads and bridges and things like that. And our schools are doing the best they can too to make sure that they're providing a good education for our kids within, within the funding mechanism. I think with that, I'm going to yield the rest of my time to Senator Conrad, if she'd like to have it.

KELLY: Thank you, Senator Quick. Senator Conrad, you have one minute, 22 seconds.

CONRAD: Very good, thank you, Mr. President. Thank you to my friend, Senator Quick. This will be a lot to cover, I think, so I punched in on my own time as well. But friends, I just want to put a finer point on where we are today. So this is the third attempt of-- failed attempts by the governor and his allies in the Legislature to increase taxes on Nebraskans to benefit wealthy large landowners. And to his credit, my friend, Senator Brandt, said the quiet part out loud. We're gonna strip everything from the bill that people object to just to move it to Select File. And then we're gonna add those things back on select file. Don't fall for it. I'm glad that he was honest about the strategy and the procedure. But if we want to stop it, we should stop it. We should stop it today. We're not up here defending this exemption or that exemption or what have you. We're defending good public policy. That ensures-- if you want to broaden the tax base and get rid of any of these exemptions, I'll be right there with you. But you use it to bring down the rates. You don't increase taxes to shift benefits to other people, particularly from a regressive to a progressive--

KELLY: That's time, Senators.

CONRAD: --stand. Thank you, Mr. President.

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

HUGHES: Thank you, Mr. President. I thought I'd stand up and talk a little bit about vaping. And I've found some interesting statistics, or we found some interest statistics, of what is going on in China. And you say, well, why does that matter? 95% of vaping products used globally are made in China. China has more than 300 million smokers. That's nearly the population of the United States. Vaping use exploded in China, and their government feared that they'd have to deal with

the health effects of that and another generation of nicotine-addicted citizens and what that would do to its economic and social health. So right now, the best estimates we've found is that in China there's about 3.5 million regular vape users. By comparison, the United States has more than 2.5 million middle and high school vaping users on a regular basis. So how did China stop that from happening in their nation? And for a reminder, China has a population of 1.4 billion people. So as of November 1st in 2022, all flavors of vape other than tobacco are banned for sale within China. Chinese companies can still produce all these flavors, but only if they export them out of their country. So since November 1st, all e-cigarettes and vaping devices in China are subject to a consumption tax. Vape products are subject to a 36% ad valorem tax at production and another 11% tax on wholesale. So put those together, they effectively have a 51% tax on vape. China is more than willing to produce vapes and sell them on the global market. They're especially fine with exporting them to the United States, which is by far the largest vaping market on the planet, with more than triple the number of users as in two countries in second place, China and the United Kingdom. China has made protecting its citizens, especially its young people, a priority over the profit that could be gained from opening their market up to more-- domestically to more vaping. So you'd think if China thought vaping to be a safe alternative to smoking, considering the huge number of citizens that smoke, they would incent smokers there to switch to vape. Maybe China knows what's going on with these products and they know something that we don't. Just wanted to throw that out there. I also wanted to read a letter that we got in our office. We met with Senator Dorn yesterday at the Capitol, this was a while back, and appreciate his prioritizing LB712. We are part of NEACH, Nebraska Advocates for Child Health group, which is comprised of pediatricians and child psychiatrists. I wanted to share this information. So Senator Dorn-- oh sorry, we feel LB712, which the vaping part, could possibly help reduce nicotine use in children and adolescents. And why is this important to the children of Nebraska? If nicotine products cost more, children and adolescents are less likely to have access to them. Youth vaping is an emerging, emerging epidemic with 1 in 10, 2.5 million, U.S. Middle and high school students currently vaping. The e-liquid in a vape usually contains nicotine, but also can contain marijuana, other drugs, and potentially harmful chemicals. Additionally, the e-liquid, which can include flavorings like fruit, candy, or dessert-like flavors, which are well-liked and marketed towards youth. When heated, the e-liquid becomes an aerosol, which is then inhaled into the user's lungs. One e-liquid cartridge is equivalent to 20 combustible cigarettes. And vaping delivers nicotine faster into a person's system than

combustible cigarettes. The increases, increases ric-- increase risk of nicotine overdose when nicotine-- with nicotine is used by vaping. Youth are being increasingly targeted through direct advertisements, peer marketing, social media, and pop, pop culture. Products are also designed for easy concealment in everyday items like highlighters and USB flash drives. And we did, we should be taking care of some of this with the vaping regulation that we passed last year. Flavor additives have been shown to be the most important factor in youth initiation of vaping. While the safety of electronic vaping devices has not been scientifically established, e-cigs have been portrayed as less hazardous than conventional tobacco or combustible cannabis products. Manufacturers have also advertised e-cigs as tobacco cessation treatments. In fact, online interest in vaping has surpassed conventional tobacco cessations treatment among individuals who want to quit smoking. These factors contribute to decreased perceived harm of vaping. Research tells us the brain continues to mature into the 20s. While it is developing, there is a greater risk that substances will be harmful.

KELLY: That's your time, Senator.

HUGHES: Thank you, Mr. President. I'll--

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

JACOBSON: Thank you, Mr. President. I'd like to respond to a couple things that have been brought up in the floor. One of them says-- was the argument that we don't need to do across the board tax cuts, property tax cuts, because we can do homestead exemptions. Well, I can tell you that-- what do I tell my farmer and rancher constituents who have watched their value of their real estate go up and up and up? And so consequently their real estate taxes have done the same. Meanwhile, the earnings off the land that they're farming or ranching has gone down. The other morning, Wednesday morning last week, Thursday morning last week. There's an ag group that meets once a month, and there was somebody there from the Farm Business Network who gathers computerized records from farmers and ranchers. I think his number was that the average income that's been produced over the last five year average by farmers has been about \$44,000. \$44,000. Hardly wealthy people. The value of their real estate's gone up, and you could say, well, sell some land and use that to live on. But that's their factory. You could probably make the same argument with people on-- getting homestead exemptions today, or others that you're proposing get a homestead exemption. Sell your house. Take all the equity in your house and use

that to go rent a place. You want to go give them-- is that the message you want to deliver? I don't think so. I'm also trying to figure out when we decided that we want to punish people for working hard and being successful. When did that become a crime? I find it truly appalling that we're calling out the governor of our state who made his wealth on his own, from his own hard work and intellect. And to think that he came here to be governor so he could pass tax laws that would benefit him? It defies logic. If he's got the money you claim that he's got, he doesn't need a tax break. He's not asking for a tax break. But he does care about other Nebraskans, and he's asking for them. I also heard that if we eliminated property tax or reduced property taxes, that rents would not go down. Let me tell you what moves rental values and home values. Supply and demand. I remember here in Lincoln when the home that we currently live in, we weren't here then, but the home that we currently live in, the people that bought it lost the house. There was a severe decline in home values that occurred because there was an overbuilding situation in Lincoln and everywhere else in, in the country. And they had to sell the house for half what they had in it. So prices can go down, and they do go down when there's oversupply. The same thing's true with rental properties. If you have a shortage of rental properties, the rents will go up. Why? Because they can get the rent. But if you increase demand, or you increase supply rather, to meet that demand, rental prices go down because you can't get higher rents. When do you stop building? You stop building when the property taxes, insurance rates and interest rates are too high and you can't charge enough rent to cover that overhead. And then you won't build. And when you don't build, it creates a shortage and your rents go up. It's that simple. It's truly that simple. Property taxes matter. Insurance rates matter. Interest rates matter. That's what's driving the cost of housing. So I can tell you that if property taxes go down, that's one factor that will have an impact on home prices and on rental rates. Supply and demand, create more supply, and you'll see prices come down. Thank you, Mr. President.

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

HALLSTOM: Question.

KELLY: The question's been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. There's been a request to place the house under call. The question is shall the house go under call. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 15 ayes, 6 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the chamber, please return and record your presence. All unauthorized personnel, please leave the floor. The house under call. Senators Conrad, Riepe, Hunt, and Speaker Arch, please return to the chamber and record your presence. The house is under call. All unexcused members are present. Members, the question is the motion to reconsider. Excuse me. The question is, shall debate cease? The vote was underway. Senator Hallstrom, will you accept call-ins? Mr. Clerk.

CLERK: Senator Dekay voting yes. Senator Moser voting no. Yes. Senator Bosn voting, yes. Senator Armendariz voting yes. Senator Hansen voting yes.

KELLY: Record, Mr. Clerk.

CLERK: 25 ayes, 3 nays to cease debate, Mr President.

KELLY: Debate does cease. Senator Dungan, you're recognized to close.

DUNGAN: Thank you, Mr. President and colleagues. I do rise here in the closing to encourage your green vote on the motion to reconsider, which would allow you the opportunity to then vote green on the bracket motion as well. I do rise opposed to LB170, if you can't tell at this point. But I do appreciate again the conversation we've been able to have with regards to the different facets of the bill. My understanding obviously from speaking with Senator Brandt is there, there might be an amendment down the way that has to do with more of the nicotine and the vape and those kind of things. But for the time being, the bill that we've been briefed on and the bill I have the information in front of me for is LB170 with AM1318. And in that iteration, what we see is an effort to, again, create a tax shift, moving money from one pool over to another, and then funneling that money into a fund that tries to provide property tax relief but in a manner that doesn't actually fix the problem. And, you know, everybody comes to this body and says they want to, they want to fix property taxes and I think everybody's genuine in that. But when you get to this body, I think you realize it's not an easy problem and there's certainly not a silver bullet. And if there was a silver bullet I think it would have been figured out a long time ago. You know, one of the things that I agree with some of my colleagues on is that we have poured a lot of money into property tax relief. And we've seen any number of different programs such as the 1107 income tax credits as

well as the tier two that we're talking about now. We've seen a bunch of programs that have been funded by us in the Legislature. But yet our constituents continue to reach out to us time and time again, saying they're still feeling the squeeze of property taxes. And there have been efforts, since I've been here, that I think do help alleviate some of those property taxes, such as the creation of the Education Future Fund. We've also seen the community colleges change the way that funding works in an effort to alleviate the actual dollars that people spend. But colleagues, I don't believe that LB170 represents a step further in the right direction. Instead, I think that LB170, as contemplated by AM1318, represents a doubling down of a strategy that simply seeks to put a bandaid on a wound that can otherwise be fixed with real property tax relief and other solutions. Again, we as a body have not had the opportunity to fully consider avenues like circuit breakers, or homestead exemptions that, when fully funded, do provide targeted property tax relief for your constituents who need it the most. And I understand that sometimes these debates and these issues can get a little bit, I guess, hyperbolic to a certain extent, and people can feel like they're being hyperbolic. But at the end of the day, I think that the disconnect that we're having here is there are some of us who want to see targeted property tax relief for those who need it the most, first. And then others who want to see a broad sort of grand slam swing at property tax relief which will, and this is not casting any kind of judgment, it will help a lot of wealthy landowners in a very large kind of way. And in my time in the Legislature we have seen multiple efforts come through this body for these sort of grand slam type efforts for property tax relief that we know for a fact have a disproportionate impact on everyday working people, while simultaneously having an outsized benefit and impact for those who frankly need it the least. And that includes out of state landowners, whether that's, you know, we always hear people talk about Bill Gates or other people coming in and buying up farmland. We know that the efforts that have been contemplated by this Legislature in the past don't help the old woman in her house who's on a fixed income that we always talk about being priced out of her home. There are efforts, there are efforts that we can take and that we have made to help that problem. And I am here to say that I absolutely want to continue working on that. And as a member of the Revenue Committee I have continued to work with my colleagues of all different political persuasions to find those solutions. My priority bill this year is an expansion to the homestead exemption for Disabled Veterans because people in my district said they needed that relief. But we weren't able to fund it, colleagues, because we didn't have enough money in

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the General Fund. And yet, here, we look to take even more money away from what could be going into the general fund to provide that kind of relief. So, again, I think this is a tax shift. I think that this absolutely is putting an undue burden on the backs of working Nebraskans. And if you're opposed to this bill and you wanna come back to the table and continue to have this conversation, we can do that. We're gonna keep having this talk. I know for a fact this interim, there's gonna be interim studies. I know that for a next year, we're gonna see a litany of bills. We can keep working on it. We do not have to do something quickly, we do not have to do something right in this moment today trying to work out an amendment. We can continue to work on the problem because it is a real problem, and i absolutely understand that but i want to make sure we do it the right way--

KELLY: That's your time, Senator.

DUNGAN: --and not the quick way. Thank you, Mr. President

KELLY: Thank you, Senator Dungan. Members, the question is the motion to reconsider. There's been a request for a roll call vote. Mr. Clerk.

CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar. Senator Brandt voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer not voting. Senator DeKay voting no. Senator Dorn voting no. Senator Dover. Senator Dungan voting yes. Senator Fredrickson. Senator Guereca voting yes. Senator Hallstrom voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop not voting. Senator Quick not voting. Senator Raybould voting no. Senator Riepe voting no. Senator Rountree voting yes. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey voting yes. Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper, voting no. The vote is 10 ayes, 32 nays to reconsider the vote, Mr. President.

KELLY: The motion is not adopted. I raise the call. Mr. Clerk.

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CLERK: Mr. President, Senator Machaela Cavanaugh will move to recommit the bill to committee with MO115.

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

M. CAVANAUGH: Thank you, Mr. President. Good afternoon colleagues, Nebraska. So this next motion is to recommit to committee, I believe. Another option available. I know that there's a wide range of opinions over this package entirely, so we could just recommit it to committee and we could move on to the next thing on the agenda. Easy peasy, right? So one of the things that I was thinking about in all of these taxes, and I've been going out there and chatting with people a little bit, is if property tax relief is the number one priority, then why are we not actively pushing forward legislation that would codify medical marijuana that was done at the ballot. The processes, the rules, regulations, the commission, and collect the taxes on that. I don't particularly care for collecting taxes on medical marijuana, as opposed to if it were recreational. That would be different. But I know that that's the way everybody is moving towards. And so that seems like that could be a substantial amount of money, that we are saying, oh, no, thank you. No, thank to that. But it's an entirely new industry in Nebraska and an entirely new tax base. And so it's the perfect time. We legalize marijuana and then we bring it back. And we, we-- they have, the people have spoken, legalized medical cannabis. And then we tax medical cannabis, but we have to, you know do some things like move Senator Hansen's bill, I believe, to create some, some sort of like structure around this, guardrails and, you know, kind of important things, the commission, fund the commission and tax medical cannabis. But I do believe that that is an opportunity for additional revenue to the state and also additional revenue base for farmers if they want to get into growing medicinal cannabis. There you go. So that's just something we could think about. Turning back to just the materials here today. I, I'm not, I'm not trying to pit rural versus urban on this. In fact, I think that there's a lot of people who live in rural communities who maybe have a tie to the agricultural industry but also don't own agricultural land. And so they are part of that contingent that I was talking about that's taxed at 100% instead of 70% of the market value of their homes. But we also tax businesses and their facilities. They pay property taxes as well. So this isn't like an, a burden for just some, it's a burden for all property owners. And I appreciate wanting to lessen that burden, but raising taxes on some Nebraskans to pace other Nebraskans just to me is not good public policy. I think that there are other ways to achieve this goal that it's fair to say is a unified goal amongst the Legislature to have sound property tax relief. Senator John Cavanaugh's homestead

exemption from I think the special session or last year was one that was targeted property tax relief to those who need it the most. When we talk about people losing their homes because of the cost of their property taxes, those are the people that we're talking about, that are going to lose their homes. So looking at different homestead exemptions is one option. And then, looking at how we're funding government, you know, Senator Hughes' bill, LB303, takes a look at TEEOSA and putting more funding towards lowering the local EFR rate, which would lower property taxes. It would automatically lower property taxes. And, you know, if we took property-- the local EFR rate down to \$0.75 Cents, we would lower property taxes almost as much as they're currently at. And we would still have some resources left to fund essential government services. It would go straight to the people. So we have opportunities to do this, but continually setting aside taxpayer dollars to a fund that only goes to some is not right in my mind. Everybody pays-- everybody who works pays income taxes, not everybody who works owns property, and we refuse to do anything around affordable housing in this Legislature, we refuse to anything around just sa-- social safety nets like SNAP for convicted drug felons, felons, or SNAP, any eligibility or TANF eligibility. We cut the budget resources to affordable housing. We're taking money from, you know, environmental trusts, but then touting that water is so important that we can't touch that money. There seems to be a theme here that when you say, stop saying no to everything and bring ideas, which was, I think, said earlier today. I've brought ideas. Lots of people in this Legislature have brought ideas, I've never had my ideas entertained even for a minute, mostly because they were my ideas. I-- but I have brought them. I don't just stand in opposition for the sake of standing in opposition to things. I stand in an opposition when I fundamentally think that it's bad public policy and a bad, bad utilization of taxpayer dollars. And I bring solutions. You don't listen to them. You dismiss them out of hand. And that's fine. That's your prerogative to do. But I'd appreciate you not insinuating that I'm just complaining and not bringing ideas to the table. Because since the first day I walked into this chamber, January of 2019, I've been bringing solutions to the table. And I have tried to work diligently to do so. I-- This-- The options that I brought forward in the budget bill earlier this month, I know, it passed last week, and it feels like a lifetime ago. But those were things that I brought forward in committee and were never discussed, and were never entertained. Those were things I talked-- tried to talk to people on the floor about, and I was told by many of my colleagues, if it's not in the committee amendment, I'm not going to support it. So I'm really not sure what, what you expect at this point for me to do other than

stand in opposition to this continued assault on working families. And that's what I view tax-- these tax increases as. I view them as an assault on families. I view them as the Legislature continuing to line the pockets of Governor Pillen on the backs of working Nebraskans. And I'm gonna just keep saying it over and over and again, and maybe, just maybe, somebody will start to listen in this body. I know the people at home are listening. They're reaching out to me. My constituents are reaching out to me and your constituents are reaching out me asking me not to do this. I'm having interesting conversations out there with individuals who oppose the tax on vaping and cigarettes for very different reasons than I do. But, you know, find common ground where you, where you find it. I, I actually want to price people out of it, out of smoking. But I don't, I don't do that lightly. I do that because of the health outcomes and because of a massive amount of, of data around that. And I fundamentally think that it is wrong to tax low-income people for something that is going to not go to benefit them. If we are going to tax low-income smokers, it should be going to cancer research, cancer treatment, smoking cessation programs. It should not be going to the governor's pocketbook. That's just wrong. I can just stand up here for ten minutes, I think I'm almost done, and just say that that's wrong. And it is. It's wrong to, to do these things on the backs of the working Nebraskans that are just trying to feed their families. And we are making decisions that make that impossible for them every single day we are here. We are making decision that make it impossible for them to feed their families. That's wrong. We should be working on solutions to that, not on putting more money into the governor's pocketbook. I think I'm about out of time and I'm about out a voice, so I'm going to grab a little sip.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

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

CLERK: Mr. President, the Education Committee will have an exec session in room 2022 at 4 o'clock. Education 2022 at four o' clock for an exec session. That's all I have at this time.

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

J. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. We are into the, I guess, the afternoon of this. I haven't gotten to

talk. I actually was punched in like right when we switched back over to this, and the question got called twice before I came up. So this is my first time talking, even though we're on the now third question, and I was in the queue for the first question. So I am in favor of the recommit and opposed generally to the bill, but I did-- folks have brought up my suggestion on a homestead exemption, universal homestead exemption, so I wanted to talk a little bit about that and I actually have an amendment that I thought I'd drop on this bill that is sort of a, a Take on my homestead exemption. So you know we have several pro-- mechanisms by which we deliver property tax relief to the, the people of the state of Nebraska, and which is-- we have gotten-- gone to pains to deliver these because the state of Nebraska does not assess property taxes. And so looking at ways to more efficiently deliver that is how I came to this idea of the universal homestead exemption for the first \$100,000. And so when I brought that bill, it was-- didn't really have a pay for, but we were at the time talking about front loading 1107, which is the fund I think that now people are calling the tier two, which is the fund that we're talking about directing some this money into. So it was my opinion at that point that front loading that money was an OK idea, but doing it through something like the universal homestead exemption at \$100,000 would have been a much more targeted and directed way to deliver that tax relief. And so, like, by way of example, I guess we'll say, the current tier two tax fund, I think, is at about \$780 million. This bill would have it stair-step up in statute up to \$870 million, and under that structure, a homeowner valued at somewhere close to \$300,000 gets something along the lines of a little less than \$1,000 in tax relief, which is not nothing, but it's about less than 100 bucks a month. And we've talked about the increase in insurance premiums and things like that that are eating into that, what you actually see on your mortgage payment. And so that's, say, \$780,000-- \$780 million yields something about \$1,000 in tax relief for the average homeowner in a house that's about \$300,000. My bill would take that same dollar amount, close to \$800 million, and it would deliver \$2,000 in tax relief to every homeowner. So whether your house is valued at \$300,000, if it's valued at 150,000, if it is valued at \$1 million, every one of those houses would get that amount. So it's a-- it is a more targeted, more efficient way because it gives-- it takes off the first \$100,000 and not off of, you know, the pro rata amount, and it solves this out-of-state landowner problem. So folks who own a bunch of land, and we always use the example of Ted Turner owns a whole bunch of land, gets this tax relief as well, which that is why it costs so much more and you get so much less. You get about half or less than half the tax relief under the current system that you would

get under my mechanism. And so when everybody talks about the little old lady and her being priced out of her home, this is a way to solve that problem. It takes less money from the state and it gives more aid to that little old lady, thus allowing her to more comfortably stay in her home, having fewer problems, being able to stay there longer, being able afford living there. It solves a lot of those problems. I'm gonna run out of time, so I'll push my light and get to talk in another hour and a half. But I do have an amendment that would allow for at least this increase that is being proposed here to be directed rather than through the tier two tax fund, would be directed through a \$10,000 homestead exemption, which would be about \$250, we'll say \$200, whereas under the tier two would be something like \$100. So again, it would take whatever, if we could take the difference here that is being proposed as an increase and do it more targeted, more directed to folks and not take away any of the other tax relief people are talking about. So I'm gonna put up that amendment so at least folks can take a look and see the proposal and take a looks at understanding how real targeted tax relief could work, would actually deliver it to homeowners in Nebraska and help people stay in their homes longer and save-- make it more efficient for the state to provide that tax relief. So I'm going to be out of time here. Thank you, Mr. President. I thank you.

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

McKINNEY: Thank you, Mr. President. I rise in support of the motion to recommit. Senator John Cavanaugh. You want some more time? All right. I'll yield my time to Senator Cavanaugh.

KELLY: Senator Cavanaugh, 4 minutes, 46 seconds.

J. CAVANAUGH: Thank you, Senator McKinney. Well, you know, ask and ye shall receive, I think is the, the word. OK, so I was sort of hurriedly going through this other part. So I have this amendment, I was going to walk it up and file it. But what my amendment does is it takes this bill as proposed, or at least as the first amendment that's not up there currently, but the amendment that we've been talking about. What it does is, it puts about an additional \$100 million into this tier two property tax relief fund. So it takes it from \$780 million to \$870 million, I think, steps it up and then continues the step up after that. And so what my proposal is, is rather than take that additional \$90 million and putting it into that mechanism, that we take that addition money and we put it into a universal homestead exemption for the first \$10,000 of owner-occupied homes. So it doesn't

take away any property tax relief from anybody else in the state that's already been given out or accrued. It just takes any-- future increases goes to the people that we all talk about. The owner-occupied homeowner who is having trouble meeting their obligations because of the increase in property taxes. So at \$10,000 in midtown Omaha, so the levy in mid-town Omaha is \$2.03386. So \$10,000, levies are-- that's-- the levy is 2.33 [SIC], we'll say, per \$100 of assessed value. So 10,000 is what? 10 increments, or 100 increments of the 2.33 [SIC]. So it'd be about \$203.38, we'll say, would be what a \$10,000 homestead exemption would be in Midtown Omaha and OPS. And so that'd be \$200 in savings for those folks under-- doing this through a universal homestead exemption. Doing it through the tier two property tax credit fund, which is the way it's currently structured in this bill, it would be closer to \$100. It's hard to figure out exactly what it is, because that money is, is apportioned on a percentage of the, the county's, you know school district tax times the, the individual school district assessment times the amount of money that's available and so there's like a really-- I spent most of the day over here trying to figure out how to project out what the formula would be, and long story short, no one can tell me that's here, so if somebody knows, could tell me what a-- under this proposal the additional \$90 million would mean to a homeowner with a home valued at, say, \$200,000, I would love to hear it, but just the rough math says somewhere around \$100. So by doing it through the tier-- doing it through the universal homestead exemption for the first \$10,000 would take that \$90 million and give twice as much tax relief, property tax relief to homeowners as it would otherwise. And so there-- and there are, you know, \$10,000, pretty much every home in the state of Nebraska is worth at least \$10 thousand. I have been told as I pursued the \$100,000, that there are certainly places where the average home value is less than \$100 thousand. And so, you now there, I think there are a lot of different ways to more efficiently even still operate the-- my homestead exemption as proposed. But the purpose of this amendment is to take the, the proposal that's being proposed here, and try to get it to be more directed at the folks everybody talks about when you talk about property tax relief. And so everybody can stand up and say all these things are important and doing it all these different ways and whatever. But ultimately, if this is what you care about, this is a better way to do it and it will actually help people and the money will go farther that way. So if that's what you're care about and you care homeowners, if you care about the little old lady, this amendment I'm going to drop is something you'll want take a look at. So I appreciate the time from Senator McKinney to get an opportunity to talk about that because

again it will be an hour and a half or so before I get to talk on this again. But I at the moment support the recommit and am opposed to LB170 as written because I oppose the tax increases on food, and I oppose the tax increases on small businesses. But I do think if we're going to do something we should do it the right way which is targeted tax relief for Nebraskans. So with that, I'm probably going to be out of time, so thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President and colleagues. I do rise today in favor of the motion to recommit. Just one side note here, I've been listening to this whole debate here today and I don't think I've ever noticed the, the absence of our dear departed friend, Senator Erdman, more than the fact that nobody's brought up the EPIC tax yet. Do-- these are the kind of debates that we would normally have heard about consumption tax a number of times and we have not heard about it yet today. So, maybe me saying that will conjure some debate or discussion about the EPIC tax. But it certainly has been a focal point of the debate that we've had the many years that I've been a part of these conversations. And, you know, the, the core, I guess, debate on whether or not that sort of style of consumption tax works is you're taking this idea of a consumption-based tax to its extreme. And in that extreme situation, you're abolishing the entirety of property taxes and income tax and inheritance tax and everything else, and you're essentially moving purely into a tax structure where everyone pays a flat tax based on goods or services that they consume. Obviously, there was a number of people who opposed that from different walks of life politically. The number one concern that I always heard being that it would ultimately result in an increase in tax upwards of almost 20% is what it would have to be at, depending on what was or what was not included in the base in order to have just the basic functions of government move forward. And I know that's not what we're debating on the board today, but it is relevant. Because the issue that many took with the consumption tax was a fundamental discussion of fairness. Certainly, I think that on first blush, a number of people would see EPIC, and they would say, oh, well, I'm only going to pay for something if I use it. That makes sense. But the problem is that is not how government operates and the amount to which that individuals would have to pay for everyday common services was so very inherently regressive by virtue of it having a larger and disproportionate impact on lower income or middle income folks. And so it is representative of the regressivity that we see when we seek to expand a, a sales and use tax base in an effort to raise more money

off of individuals utilizing services. And again, services that are next door neighbors, sort of, you know, businesses, brick and mortars here in Nebraska. And I rise, if for no other reason, than to say that I am against raising the taxes on my constituents. When it comes to these businesses, when it comes these service taxes, when comes to increase sales taxes. I will go door to door and tell every single constituent that the reason I oppose this, I didn't want to increase your taxes. I didn't want to see your sales tax go up, and I did not want to you have to pay higher taxes on any number of these services, which, again, represent local business. And so I just think it's an important conversation to have about sort of that proportionality. Now, I know we're talking as well about the idea of this tobacco tax or this nicotine tax. And I'm again trying to wrap my mind around the amendment that's been offered, if we do get to that point, but I have a couple of questions about it, about simply how it operates and whether or not it truly is a sustainable source of revenue for the state. So let's assume, let's assume that this, this narrow increase in vape tax and nicotine tax goes through. And then it's funneled directly to that property tax relief fund. And we, by statute, increase the amount of money that has to be going into that fund. The question I have is, is the increased tax to the nicotine going to result in that usage dropping in such a way that the revenue being earned from the nicotine is not sustainable? So obviously, if we're talking about, you know, what is the proper number to put the cigarette tax at, the question, I think, is what is your goal? Is your goal to drive the industry into the ground? Is your goal, as Senator Machaela Cavanaugh has said hers is, to increase smoking cessation? Because if your goal is that, and if you raise this tax to the I think proposed amount, you will be seeking to achieve a goal of reducing the usage. So you raise the tax, usage goes down, money being earned off of that decreases. Which means any perceived property tax benefit from even that amendment is not sustainable and it will go down over time. So I, I question, I, I question our efforts here, colleagues, and whether or not this actually does in fact create any kind of real relief. I think there are other avenues to go down. I think that there is true property tax relief that we can achieve. I think are things like the homestead exemptions and other various avenues we should be exploring. And I just think that LB170, again, while well-intentioned, misses the mark.

KELLY: That's your time.

DUNGAN: Thank you, Mr. President.

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

DORN: Thank you, thank you, Mr. President. Did-- I talked earlier today when I was on the mic, talked about LB170, and I did handout a-- get a handout for everybody. I talked about the Nebraska Department of Revenue property assessment division 2024 to 2025 real property value percentage change by county. That's just for everybody to look at. I talked about it a little bit. If you look on the back side of it, which is about two-thirds of a page, it has a state total. This is the valuation that everybody's gonna get out here in the end of May, based on January 1 valuation and without growth or without new, new building or whatever, property valuations in the state of Nebraska are going up 9.21%. This is just for everybody to look at. You can look at your county compared to other counties where some of them have gone up. The statewide total on ag land went up 14.53%. The statewide total on residential and ag residential went up 7.44\$. So when we talk about some of these things that are happening with valuations and how they, this kind of directly relates to property tax and what-- sometimes property taxes go up. This sheet is for everybody, it's just for your general information. This is what's happening this year on valuation increases in the state of Nebraska. There was a little bit of talk a little, a little while ago by one of the senators about, I call it the governor and the amount of property taxes he paid, and I call it compared it to the whole amount. This is the latest Nebraska Department of Revenue numbers. So this is for 10 months. The net receipts for sales and use tax is \$2.067 billion. So, if you divide that by 10 and add the two months, for 12 months it's around \$2.5 billion. The same thing you do on income tax, on income tax, individual income tax and corporate income tax. Right now it's around \$2.65 billion. You divide that, by 10 months, it's \$2.265 million [SIC] a month. If you add that up, that'll be around \$3.3 billion. Property taxes in the state of Nebraska were billed out at \$5.3 billion. However, you also need to take into account that what has come off of there. On my property taxes, I received a 28% credit last, last year, last December based on tier one and tier two, what we've done was about \$1.3 billion, roughly. These are rough numbers. So that puts that at \$4 billion. I want to repeat that. Sales tax at \$2.5 billion. Income tax at about \$3.3 billion, and property taxes at \$4 billion. Back in 1967 or '68, when this came into effect, we had a three-tiered stool and, and they were all equal. This is what's happened over the years. This has created much of the discussion up here in the Legislature of how we have, I call it, had sales tax pretty steady, income taxes kind of in the middle, and property taxes

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bearing the brunt of what's going on. Who's to blame? Part of it is this legislative body. We don't spend the money down there in those local ones, county, city, schools that collect property taxes. They spend the, the money, but we, and that's part of the discussion here and part of discussion that Senator Brandt and Senator Hughes have brought with this bill, we determine how they're funded. We get to set the criteria, this body does, it gets to set the criteria of how they're funded and how they are put out there and how, how the net result is that, I call it the local entities can collect property taxes or whatever. So just some information, some data for you. I am very much in favor of LB170 and against the motion to recommit.

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

ANDERSEN: Question.

KELLY: The question's been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor, vote aye. All those opposed, vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 12 aye--12 ayes, 8 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. All unexcused members outside the chamber, please return and record your presence. All unauthorized personnel, please leave the floor. The house is under call. All unexcused members are present. Members, the question is, shall debate cease? The vote was underway. Senator Andersen, would you accept call-ins? Mr. Clerk.

CLERK: Senator Brandt voting yes. Senator Moser voting yes, Senator DeKay voting yes Senator von Gillern voting yes. Senator Sanders voting yes, Senator Lonowski voting yes. Senator Clouse voting yes. Senator Bosn voting yes. Senator Jacobson voting yes. Senator Murman voting yes. Senator Hughes voting yes.

KELLY: Record Mr. Clerk.

CLERK: 25 ayes, two nays to cease debate.

KELLY: Debate does cease. Senator Machaela Cavanaugh, you're recognized to close.

M. CAVANAUGH: Thank you, Mr. President. Well, I was going through my old files on the tobacco tax. As I said, I've brought this legislation in the past and multiple times. So I will say that the proposal today of \$1.64 is leaps and bounds ahead of where I ever thought we would get in my time in the Legislature. However we have done a lot of damage this year when we passed the budget. We took a lot money from the Health Care Cash Fund, took money from public health, from housing. We are not giving SNAP benefits to formerly incarcerated individuals with drug felonies. So, you know. That's a concern. And if we're going to increase tax on working Nebraskans, my question is, how does this help them? And that argument has not been made. Putting this money into the property tax tier two fund is a non-starter for me personally. If you were to say, let's strip away everything except for the tobacco related proposals and put it into the Health Care Cash Fund, I would be like, yes, that sounds wonderful because our budget decimated it. Because we are funding everything out of cash funds and we need to be putting revenue back into some of those, especially the Health Cash Fund. Also, Senator Dungan already made this point, but I will lift it up again and reiterate. This is not a sustainable source. The idea of de-- increasing tobacco tax, the cigarette tax, to \$1.64 actually is to decrease smoking, so over time that revenue source is going to go down, which is my intention is to have that revenue source go down. And while it is going down we should be putting money into resources that are helping people with smoking cessation, cessation. That is sort of where I am at on this. I have lots of fun documents from years gone by. I'm sure the numbers have changed over time, but Tobacco Free Nebraska had this little fun infographic. If you-- if it's fun to you to have an infographic with cigarettes, cigars, chew, smokeless, and e-cigarettes, then you'll love this one. But it's about youth and smoking. And so, again, if our intention is for health outcomes, great. I don't believe that that's the intention of LB170 with the proposed amendments. I believe that the intention is to find revenue where we can find it acceptable or palatable to the body to give property tax relief. So we are, once again, taxing our most vulnerable people in poverty for property tax relief. And that's not going to benefit them. That's not gonna help them kick the habit of smoking. That's not going to help them get better jobs or have affordable housing. No matter how many times people get on the mic and talk about trickle-down economics for property tax relief and housing, that's now the reality. Since I've been here, we put almost \$750 million towards property tax relief and rental rates are not decreasing. So that, that hasn't beared out at all. And it's been seven years, so you think at some point it would start to bear out. So that's it for me on this one. I think that there is going to be a

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motion to reconsider, and I'm grateful that I'm not the one who put it up, because I have had like 20. So, with that, if anybody wants some fun little infographics from 2018, I've got them. Thank you. How much time do I have left, Mr. President?

KELLY: 27 seconds.

M. CAVANAUGH: Oh, well, I shouldn't give up 27 seconds. That's valuable real estate. I just want to reiterate, happy birthday, 100th birthday, to Malcolm X, and it was pretty cool to be here for the unveiling of his new bust over the summer months. And so thank you to Senator McKinney for reminding us of that and the significance of his role in history.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Members, the question is the motion to recommit. There's been a request for a roll call vote. Mr. Clerk.

CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar. Senator Brandt voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh not voting. Senator Clements voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer not voting. Senator DeKay voting no. Senator Dorn voting no. Senator Dover. Senator Dungan not voting. Senator Fredrickson not voting. Senator Guereca not voting. Senator Hallstrom voting no. Senator Hansen. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting Yes. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senate Lonowski voting no. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop not voting. Senator Quick not voting. Senator Raybould not voting. Senor Riepe voting no. Senator Rowntree not voting. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey not voting. Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper voting no. The vote is 5 ayes, 31 nays to recommit the bill, Mr. President.

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KELLY: The motion to recommit is not adopted. I raise the call, Mr. Clerk, for items.

CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB48A, LB89, LB192, LB371, LB398, LB422, LB490, LB499, LB513A, and LB558, as correctly engrossed and placed on Final Reading. Committee on Enrollment and Review also reports LB77A, LB644A, LB707A to Select File, some having E&R amendments. Your Committee on the Executive Board, chaired by Senator Hansen, reports LB298 to General File with committee amendments. Approved reference report from the Referencing Committee concerning LR86 through LR261. Amendments to be printed from Senator Conrad to LB532, Senator Guereca LB532, Senator Dungan, LB150, Senator Storm, LB677. That's all I have this time.

KELLY: Thank you, Mr. Clerk. Next item on the agenda.

CLERK: Mr. President, as it concerns LB170, Senator Dungan would move to reconsider the vote taken with MO271.

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

DUNGAN: Thank you, Mr. President. Hello, colleagues, again. I rise to offer this motion to reconsider, which would allow you the opportunity to then vote again on MO115, the motion to recommit to committee. Obviously, I stand opposed to LB170 and wanted to continue with some of the thoughts that I've had and share, frankly, a couple of stories for the record. So since this debate began earlier today, I personally have received calls and emails and texts, honestly, from people that are affected by these services being taxed, which was being contemplated in LB170 as we were originally being talked to about. One of those I do think is important for the record, and I'm gonna read this into the record and I appreciate the email. It's actually one that I think went to all of the different senators in here, but I want it to be on the record as well because I really appreciated the time this person took in writing this. They emailed us and said, I am the director of Adair Dance Academy in Omaha. We have been dedicated to educating young dancers since 1993, focusing on artistry, education, and important life skills. Our academy proudly welcomes all families and provides opportunities for many who might not otherwise have access to dance education. As a small family-owned business, we operate with integrity, positivity, and a strong sense of community. Being an entrepreneur involves significant commitment, along with substantial taxes, expenses, and risks. The potential taxation of dance schools through LB169, now contemplated in LB170, would create a considerable burden for us and the families we serve, making it more

challenging for us to remain in business. The benefits of dance extend far beyond learning steps. Our students develop brain function, critical thinking abilities, and creative problem solving skills that serve them well throughout their entire lives. Our alumni have pursued various professions, not just dance, and consistently emphasize the lasting positive impact of their dance training. Therefore, I respectfully urge you to consider the challenges that LB170 would impose on our profession and the valuable contributions that dance education provides to our community. Please vote no on the bill. The reason I highlight that, colleagues, is when you go down this list, it's easy to look at any individual service, or I guess niche business area, and say, that's silly, or you know, oh, that just a fun little dalliance, you know, we, we could tax that more, that's not that important. But this email, when we got it this morning or earlier today, it reminded me that what talking about here are people's livelihoods. And these are people's businesses that they've built from the ground up. And I know there's a number of folks in here who are big advocates of local businesses and big advocates of, of Nebraska businesses and those brick and mortars that are here in Nebraska that we wanna make sure we keep them here in Nebraska and not have them leave. And it's those businesses, frankly, that make a lot of our districts what they are. You know, when I walk around LD26, I spent this entire last weekend kind of just perusing and going around my district, and I was spending time in University Place and looking at the amazing storefronts up there that have popped up over the last, even just the few years, spent time in the residential and business areas of Havelock, which I share as well with Senator Conrad. Walking around in, you know, Bethany, and then all of these areas in LD26. And you see these incredible small businesses that give the neighborhood not just the economic fabric with which it's ultimately designed, but they give it the vibrancy that makes it an exciting place to live. And these are the people that came in during the committee hearing on LB, first LB169, and now it's been looped into LB170. These are the the people that came and tried to explain to us as a Revenue Committee the impact this is gonna have on them. And I understand that sometimes, you know, we as senators hear testimony in the committees and it sounds like the sky is falling and I think that when you hear that time and time again you can be inclined to close your ears or to turn a blind eye because you think to yourself it can't possibly be as bad as they're saying. And certainly one of the things that we have to do as senators is make hard choices and that means that you're gonna piss some people off, frankly. And that's OK, right? We're all used to that. I've made decisions in this body that has upset people. Other people in here are gonna make decisions that upset people. And I know

that there's sort of this narrative being spun that the people who are opposed to LB170 or LB169 are doing so because of lobbyists or because of that. I will tell you that I'm opposed to LB169 and LB170 because I know that it has an outsized impact on the people in my district. And when I go to the grocery store in my neighborhood or when I'm out spending time at a street festival or what have you in University Place, I wanna be able to look at my constituents and have a conversation and say that I did everything I could to not increase the taxes that are gonna make their lives a little bit harder. Now I understand, property taxes are a huge problem and people want to talk about property tax as it pertains to this bill. But I will tell you that this is not the solution that actually is going to fix the problem. There are other avenues that have been brought forward that could be explored that would actually fix some of those issues. And to say to our constituents, I wanted to give you some semblance of property tax relief by raising the amount of money that you're going to spend on a daily basis, I think is problematic. Because that is absolutely going to be understood not just by our constituents, but also by anybody else that we talk to as a blatant tax shift. So to me, it seems like common sense. You know, we heard last week a lot of conversations about common sense and what is or what isn't common sense. To me it's common sense that we not pass a bill that increases taxes on every single one of our constituents. To me it's common sense that we do not pass bill that's gonna tax more services here in the state of Nebraska. To me, it's common sense that we not increase the amount of money coming out of our constituent's pockets on a daily basis in an effort to try to maybe some point down the road finagle some money around that might provide them some perceived property tax relief instead of actually fixing the problem. And again, I think the goals in LB170 and LB169 with regards to trying to help people are laudable. I just disagree with the avenue that we're using to get there. I know Senator Hughes had a bill that she brought forth earlier this year. I was actually going to ask her some questions about it, but I don't know if she's in the room right now. I will catch her next time I'm on the mic. But that bill, essentially to me, was actually a large part of the solution that should be seeking. And it was, and I'm not going to speak on behalf of her bill, but what it essentially did was it was capturing an amount of money that then would actually buy down the property taxes for schools and lower levy lids and ultimately result in less property tax coming out. Senator Brandt brought a bill very similar, I think, last year that I was a supporter of. He also brought a bill this year, LB171, that seeks to freeze the income tax cuts for corporations. And so there are a number of different proposed solutions that are out there. And I think where I grow sometimes

frustrated or I seem maybe irritable when I talk about these things is there's this narrative being spun that you either support this bill and therefore you support property tax relief or you oppose it and therefore you oppose property tax relief. And nothing could be farther from the truth. And to boil down something that is so complicated and to boil something down that is so nuanced to that fundamentally basic binary, I think is just problematic. These issues that we're dealing with, colleagues, are hard. These issues that we're dealing with are incredibly difficult. And there are people who are experts in this area that have come to this body multiple times trying to fix this, and we continue to chip away at it. As Senator Rountree said earlier about a totally separate bill, you know, the, the moral arc of the universe is long, but it bends towards justice. I feel that way about a lot of progress that we have to make. It is not always gonna be a grand slam. We are not always going to see a, a big package bill come through and fundamentally fix things. What I've learned in my time in the Legislature is that it actually usually benefits us to take smaller incremental approaches to some of these complicated issues and in those approaches, slowly chip away at the problem and make things a little bit easier for people. Now that doesn't mean that from time to time, we can't take a big swing. I think there are certainly issues where that's important and there's times where we have to do that because the, the people are asking us to and certainly there are ways that we can do that when we all come together. But my concern fundamentally is that LB170 represents too much of a tax shift onto the backs of everyday working Nebraskans. And I know from speaking with my colleagues in here that there's those who agree with me. And it's not a political issue. There are people on the left that feel this way, and there's people that are on the right that feel this way. And regardless of where you fall on that political spectrum, I think that it is important for all of us to realize we're trying to do what's best for our constituents. And everyone in here is trying to do what is best for Nebraska. I simply think that the shifting of that tax burden onto the backs of everyday people by increasing the amount of things that you're going to pay sales tax on, does not achieve the goal that I want to see, which is keeping money in your pocket. Thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President and good afternoon colleagues and folks that are still watching us from the Rotunda and online. I appreciate the dialog, and as I said this morning when we were discussing LB170 that I had not formed an opinion yet but really

appreciate the intentionality of the conversation because as a member of the appropriations committee I think the conversation for me has been really siloed around our budget, revenues, what we invest in, and how we use taxpayer dollars. And so this feels like it's kind of bringing some of those conversations that have been siloed and disjointed into a place where we're able to dialog. Despite I know some folks are frustrated with the process, I have actually enjoyed the debate and feel like it has been substantial and intentional. As where the bill is now, I do not support. I know Senator Brandt has gotten up to talk about the amendment that would be forthcoming that would remove all of the other exemptions that were being proposed or the taxes that were be proposed and then only focus on the vape, the cig, and cigar portions. I did talk to Senator Hughes about that, who I know that was her original bill. And some folks that have vested interests specifically in the vaping businesses talked about maybe not the 40%, but a 20% tax. And so again, I know that there are a lot of moving parts and folks are trying to solidify some of the amendments. And so, again, I appreciate that. And so at this time I would support that type of amendment, but rise in opposition to LB170 as is and I do appreciate the holistic conversation that we've been talking about. One thing that I wanted to bring up and the question has been called multiple times and the queue has been really full Is that at the top of taking up LB170 again, someone mentioned like all right now we're back here and like the conversation around the governor veto override was kind of like done. And I think that is hard being in this body how you have to compartmentalize the work that is in front of us and some of the things that we are doing. Today, I think is an important agenda from LB170 to LB319 and LB150 is coming up later this evening. And for me, politics are personal. And not personal because of my ego and how I feel but personal because my life is impacted. The bills that we pass impact people every day. A lot of folks sometimes don't realize the importance of the state Legislature and the laws we pass and how it really does govern their day-to-day activities. And I think that experience around LB319 and the missed opportunity to override the governor's veto and to really situate and support folks that have ideally paid their debt to society is unfortunate. And so it is hard to compartmentalize and just move on to the next thing or go back to LB170 of where we are because, again, politics are personal, and it, and it impacts every day. The things that are said on the mic are not just words that are said, they carry weight and we have to work together as colleagues. And so I just wanted to uplift that because that comment was made now, it feels like some time ago. However, I do think what happens here and the decisions that are made, how we talk about the issues and opportunities and public policy that are in front

of us absolutely have impacts, not just for us as individuals representing our districts, but the people that we were sent here to advocate for and to pass policy for. And so I think those feelings and that perspective is absolutely a part of the conversation for LB170. I think what I've heard folks that are opposed to LB170 talk about is just a general approach to taxing and how you are robbing Peter to pay Paul and what does that look like and how it's passed off. And we've brought up in Appropriations and I know a number of us have talked about this, we do not manage what is levied at the county level and we are passing a lot of legislation to address something that we have no control over. And so I do think in this larger conversation that there is an opportunity to discuss our structure around what is levied by the counties, our approach on those fees, and then what does that mean here in this body in what policy we are passing. And so again, while I know some folks may be frustrated with the length of time, I thought this has been fruitful, intentional conversation around the bill at hand. And I hope we can continue to have that and get to a place where we have more agreement around what does it look like for our taxes and exemptions. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President, I'd like to yield my time to Senator John Cavanaugh.

KELLY: John Cavanaugh, you have four, 50.

J. CAVANAUGH: Four, 50. Thank you, Mr. President, thank you, Senator Cavanaugh. So I did file my amendment, so you'll have an opportunity to take a look at it, it should be on the system there. I don't know if we'll ever get to it, but you know, if it's something people like then you know maybe we'll be able to groundswell for it. A more targeted way to use the tax relief to get to the folks that we're all talking about. I did actually-- in this whole conversation I was reminded of a newspaper article, so I was just sitting here looking it up. It's from the New York Times, which I know is, in some people's minds, is already a strike against this, this article. But it's from-- let's see, I'm gonna pull up here. I'm not gonna read you the headline because you'll all stop listening as soon as I read the headline. But it was from October 3 of 2023, I believe, if I remember right. Doesn't actually say it, just says October 3. But I, I remember, yep, 2023. October 3, 2023, And it's an article that goes through the difference in policies for Ashtabula County, which is Ashtabula, Ohio, Erie County, Pennsylvania, and then Chautauqua County, New York. So these

are three counties that are contiguous with each other, but in three different states. And they're all along Lake Erie on that northwest side of Pennsylvania, so it's the little part that pokes out in Pennsylvania. And so the article is specifically about tobacco tax policy and about difference in life expectancy outcomes based off of certain things. So there's, Ashtabula has a death rate of, in 2020, of about 650 deaths per 100,000. Erie has, let's see, about 500 deaths per 100,000. And then Chautauqua has about 450, is what it looks like here. And then it goes on and it talks about their different tax rates on those. It's a very long article. But so the cigarette tax rate in New York, \$5.35, very high cigarette per pack tax rate. Pennsylvania, \$2.60, Ohio, \$1.60. And so I think in the proposal here, the tax rate's \$1.36, and that's up from \$0.60 some. So not saying one way or the other about any of that. I'm just saying that's what they are. And then there's-- you can see that steadily, Ohio has much higher deaths related to cigarette smoking than Pennsylvania and then New York. And then it goes on to talk about what you do with that money. So there's sort of this correlation between how high, how much money is generated from tobacco taxes. But then the question is also, what do you do with that money? And so in-- here we go. In New York, New York spends \$102 per person on public health and then double the \$43 spent in Ohio. So the article, and it's got a whole lot of examples and stories and charts and things in it. You can take a look at yourself, New York Times, October 3rd, 2023, about these three different counties. But the point, you know, there's folks want to raise cigarette tax to decrease consumption and to raise revenue, which, you know, I understand there's a logic to that. But there's this other part of it. If you actually want to have improvements and outcomes, it matters what you spend the money on. And I remember the article, and I haven't been able to find it yet, but the article talks about how New York has the better outcomes. In part, they have a higher tax rate, but they also invest in public health, whereas Ohio uses that tax money to invest in property tax relief, which is what we're talking about here. And so it's essentially saying you can see over in these three communities that are all next to each other, all along the same body of water, all in this one corridor, that these policies, the choices of the state legislatures in those states have an outcome on the quality of life and the length of the life of the people in their communities. And by taking the money and investing in public health, you have better outcomes and you have better life expectancy than in the state that is choosing to take the money and invest it in things like property tax relief. So it's part of a much broader conversation about what is the right thing to be investing in in the future, investments in the future I heard talked about. We know we can invest

in the future in things like the canal. People say it's an investment in the future. But so are people's health and wellbeing in the state, and we should be considering investing in those sorts of things. I would say that Senator Rountree's bill from earlier today--

KELLY: That's your time, Senator.

J. CAVANAUGH: --was an investment in the futures of Nebraskans' wellbeing. Thank you, Mr. President.

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

MURMAN: Thank you, Mr. Lieutenant Governor. I'm very disappointed that my personal priority, LB169, has been taken out of this bill. I do believe that those that have spoken up against this bill, property tax relief is not a-- at their highest priority at least. The services that were listed in LB169 are all done by high-income, at least middle-high-income individuals. We do have a serious property tax problem in this state, and by modernizing our tax system and putting a sales tax on these services that should be the easiest services to tax, at least we could make a very small step in continued property tax relief, which we of course still need very badly in the state of Nebraska. Those were all luxury items, or at least, at the very least, they were non-necessities. So don't be deceived. Those that are opposed to this bill at least don't put a high priority on property tax relief. And I think just about to a senator, we can all talk about when we campaigned, no matter if it was eight years ago. Seven years ago, four years ago or just in the last year, property tax relief is one of the things or the thing that we hear most about what Nebraskans really want. And another thing about sales tax, and it's been mentioned, but it hasn't been emphasized that much, that people traveling through the state or visiting the state do pay sales tax. So they will leave some of their money in the state when they are going through. And that is another reason that almost all states in, in the United States are going away from property tax and income tax to a broader based sales tax. Forcing homeowners and farmers out of the state, or at least incentivizing them to move out of state, is not the way we want to continue. When it's more difficult for homeowners to stay or farmers to continue farming, we will get, especially when we talk about agriculture, we'll get investors coming into the state and the people that actually live on the land will be-- will not continue to farm the land, it'll-- or, you know, if they do, it'll be by rent, which, as Senator Brandt mentioned earlier, most farmers, most of the land in the state is actually rented. It's not bought, not owned by

the farmers who farm it. So that shows just another reason that property taxes are, are very detrimental, because what high property tax do is raise rents, whether you're farming or whether you are renting a place to live. The high property taxes are a big contributing factor to those rents going up either to the farmer or the homeowner. And I would like to at least mention that by moving some of this revenue that should be modernized taxes, tax system, easily accessed revenue, we-- that doesn't mean that's the only that we can reduce property taxes. This revenue can be used in the future to some type of a system that will actually drive down property taxes and this revenue would be accessible to do that. So this is not a complete answer and that's just another reason that we have to support lowering property taxes--

KELLY: That's your time, Senator.

MURMAN: --while we can. Thank you.

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

CONRAD: Thank you, Mr. President, and good afternoon, almost good evening, colleagues. I rise in support of the motion to reconsider and the motion to recommit to committee. And I know that members of this body have come to view some of these procedural motions as just tools of structuring extended debate, and or filibustering. But they really shouldn't do so reflexively because they do have value procedurally. Proponents of this measure have already committed on the record to basically gutting and reformulating the bill. That's a matter for the Revenue Committee to take up. So we should utilize this serious motion to allow them to do so because that's what proponents have already committed to and promised to publicly. So that's the first piece. The other piece is this. Again, we understand the laser focus that senators have brought forward, like my friend Senator Hughes, my friend Senator Brandt, Senator Jacobs-- my friend Senator Jacobson, others in passionate support of their primary goal to provide additional property tax relief to Nebraskans. Now, to be clear, we have found a lot of ways to address property tax relief together. The state picking up the costs of the community colleges, finding consensus on many aspects in the most recent special session, seeing increased support and expenditures in property tax-relief programs, expanding the homestead exemption. There are a variety of policy options that we have worked very, very closely together to address our shared goal of effectuating property tax relief to Nebraskans. However, this proposal is a bridge too far. It's a bridge too far that

is unsupported by members on both the right and left, in both rural and urban communities, sometimes for different reasons, but with the same result. My friends on the right have been clear that they're not interested in increasing taxes to cut taxes. Economists and tax policy experts will tell you that tax increases and shifts are not good policy. Additionally, if you're going to address exemptions and broaden the base in terms of sales tax, whether that's pool cleaning or lobbying or soda or pop or sin taxes or whatever it might be, fine. The policy directive that follows after an expansion of the base is to bring down the rates for everyone, which is a smarter solution if you want to address exemptions. But what's at the heart of LB170 is now the third attempt by Governor Pillen and his allies in the Legislature to increase taxes on working Nebraskans to benefit larger, wealthier landowners, period. That's all that it is. It's just rebranded or repackaged from the prior two failed attempts that this Legislature has not moved forward for a variety of different reasons with strong support across a politically diverse coalition. And here's the thing. All of us did commit to look at property tax relief. I've already identified a few examples where we've made modest but meaningful changes in that regard together. And there are bigger ideas that are out there that don't include raising taxes, or regressive taxes, or sin taxes, or sales taxes. We can cap valuations, I signed on to that bill in the special session, and get at the heart of the problem. We could actually fix the missing year of property tax relief that was an intended or unintended consequence of LB34 during the special session. I've joined with Senator Brandt, Senator Hughes, Senator Hardin, and others to try and get that moving. Nothing. We could expand the homestead exemption to give the relief to the folks who need it most, seniors, the disabled, veterans, and we can identify new revenue sources and direct it to property tax relief, whether that's online gaming, medical marijuana, recreational marijuana, the list goes on. Those are smart ways--

KELLY: That's your time, Senator.

CONRAD: --to identify new revenues to bring property tax relief to Nebraska. Thank you, Mr. President.

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

JUAREZ: Thank you very much, and a early good evening to those of you who are watching online. And I'm just going to speak for a couple minutes. I took a look at this list on the sales tax exemptions, and I'm really not sure that I support the list in-- you know, as has been

presented. I have thought of a couple ideas and since I'm not part of the committees, I don't know what all has been discussed in trying to look at increasing our revenue. And as I have stated before, I did have a bill that I put forth to increase the alcohol tax. That was one of my ideas that I had. And another-- a couple of other ideas that I had because I was looking at the ability to get revenue from visitors to our state. And as I had discussed with Senator Brandt, he had mentioned about the suggestion of some kind of tax associated with zoo admissions. And I actually think that that's a good idea. And he was-- told me that it wasn't supported, so it didn't come forward. But I think that it's a great idea, because so many visitors come, you know, who don't live in Nebraska that would gladly pay an admission fee that would have a tax, I believe, because our zoo is the number one in the country. And people are definitely going to continue to want to come and visit our zoo, because it is of such great quality. And I don't think that having a tax would discourage people from visiting this site. And the other idea that I have is also, the popularity of the College World Series. Is there possibly some revenue that we could get from this event? Maybe we could increase our stream from an event of that nature. And I think that those are, those are good ideas of possibilities of trying to get income for our state. And I, I also think that it's a subject that I need to continue to study and try to get stronger and do a little bit more research of other options to get the revenue income stream into our state. Because of course when I was out and going door to door there was definitely people who expressed that they wanted our property taxes to be reduced. And that was the number one concern that I heard. Thank you and I yield the rest of my time.

KELLY: Thank you, Senator Juarez. Senator Rountree, you're recognized to speak.

ROUNTREE: Thank you so much, Mr. President, and I would like to yield my time to Senator Conrad.

KELLY: Senator Conrad, 4 minutes, 44 seconds-- 54 seconds.

CONRAD: Thank you, Mr. President, and thank you to my friend, Senator Rountree. I was wondering, is my friend Senator Brandt available for some questions as the primary introducer? I see him making his way, sprinting over to the mic, as you will.

KELLY: Senator Brandt, would you yield to questions?

BRANDT: Yes, I would.

Transcript Prepared by Clerk of the Legislature Transcribers Office
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CONRAD: Thank you, Senator Brandt. So I know that I was unable to make the briefing this morning. Perhaps you covered it. Could you tell us what-- if LB170, as amended thus far, if that were to pass, what does that mean for an average family? How much for an average small business? How much more would they be paying in sales taxes or sin taxes? Is there any way to calculate that?

BRANDT: LB170 will be amended, as soon as we get through this priority motion, by AM1318. That's a white copy amendment that has five bills inside of it, and right behind that is the floor amendment that guts that. So, what's left is the three nicotine bills. And, yeah, they could be affected if they smoke cigars, if they purchase from outside of state by Senator Wordekemper's bill. If they buy them in state they won't be affected. If they vape, or their kids vape, that will go up, I believe, to 40% under Senator Hughes' bill, or if they smoke cigarettes, to make up for removing the sales tax exemptions, we increased the proposed \$0.72 to \$1 on a pack of cigarettes, so now Nebraska would be at \$1.64. We would still be less than the national average of \$1.90. And Colorado, I think is \$2.24, and the next closest one would be South Dakota at \$1.53.

CONRAD: OK. So if LB170 with AM1318 were to pass, again the question is, what, what does that mean for the average family or small business? How much more would they pay? Or with the floor amendment, what would that mean for the average Nebraskan? How much more would they pay?

BRANDT: If you don't smoke or use vape, it would cost you nothing.

CONRAD: OK.

BRANDT: And it would go back in the form of property tax relief.

CONRAD: And then what would--

BRANDT: So every property in the state would benefit from \$80 million that they would get back, whether it was a rental, a house, a business, or ag land.

CONRAD: OK. So let's tease that out a little bit more there. So you're saying that the floor amendment, which includes increased taxes for tobacco and nicotine related products, which everybody's agreed is a regressive tax, would bring in, your estimates are about \$80 million. So then what would that mean for the average homeowner in Nebraska? How much more property tax relief are they going to get if your floor amendment goes?

BRANDT: That's very hard to target, because it is by individual school district. So actually, the urban houses would probably get much more money. As an example, if we both owned a home, yours was in, in Lincoln and mine's in Plymouth, and let's say both homes are valued at \$200,000, and Lincoln has a \$1.05 levy, and, and Tri-County, my school system, has \$0.55 that you pay to the General School Fund, the homeowner in Lincoln gets twice as much money as the home owner in Plymouth. That's how tier two is set up. So really the vast majority of the money will be going to high valuation, not necessarily high valuation, high levy school districts, which tend to be in the urban centers.

CONRAD: Right. So the majority of the benefits goes to where the majority of the population are-- is, I understand that. There--

BRANDT: The majority of the benefits go, the majority of...

CONRAD: I mean, roughly 60% of the population lives in three counties on the eastern side, so you're saying they'll get about 60% of the benefit under tier two, which follows with general population.

BRANDT: They would get dis-- disproportionately more than the other 90 counties in the state. That would be correct.

CONRAD: Well, because of population, not because of program design.

BRANDT: It's--

CONRAD: Not-- it's, it's not designed to benefit urban areas. We have 60 percent of the population.

BRANDT: It's designed to benefit the school districts--

CONRAD: People.

BRANDT: --that have high levies. It doesn't have anything to do with population, it's based on the levy of the school district and the value of the property.

CONRAD: Right. But it would also--

KELLY: That's time, Senators.

CONRAD: --create-- OK, very good. Thank you so much, Mr. President. Thank you, Senator Brandt.

KELLY: Thank you, Senator Conrad and Brandt. Senator Guereca, you're recognized to speak.

GUERECAS: Thank you, Mr. President. Good evening colleagues. I-- let's see, where are we? I rise in support of the reconsideration motion and in opposition to LB170. And, and the reason for my opposition is, is pretty simple. This is a tax shift. Let's just be honest. It's a tax that will disproportionately affect working Nebraskans, so the people in my district. So I will not-- I won't give property tax relief on the back of disproportionately affecting working class Nebraskans like those that live in the 7th District. You know, when I knocked on doors, property taxes were brought up. But not to the degree that I'm going to suddenly tax cigarettes, vapes, and other services. That just didn't rise to that, to that level, all right? It's been a pretty rough session for average, everyday Nebraskans. I visited with a friend over the weekend. You know, him and his wife, they work, they have two children. The youngest one is four months old. And, you know, they both have jobs, both work full-time. But we were talking a little bit about the Legislature and the composition of the body, and how, let's say the average net worth of a senator is probably slightly greater than your average Nebraskan. And he made a comment, well see that's the problem. That's why everything that comes out of Lincoln is a scheme to help rich people get richer. And my friend does not share my same political ideology. This is a regular Nebraskan who's trying to do the right thing, but he's having a hard time. And that, colleagues, is a reality for millions of Nebraskans. They are having a hard time. They want it to be a little bit easier. So no, I'm not gonna pile on and put increased taxes, sales taxes, that will hurt regular Nebraskans. Folks that wanna put in an honest day's work, get paid a square wage, come home, raise their family, and do it with a little bit of dignity. You know, we talk about the paid sick leave that, you know, it's going to go up to 10 days, and you know I brought that up and he said, well, my employer already gives me 8 days, but I'll tell you what, those 2 days, well that's, that's going be great. 2 days. To us, oh, it's a rounding error. But for regular people that have a two-year-old, a four-month-old, that's having sleep regression, who had to-- you know, fighting to, to scrape back their, their, their savings fund. They just want it to be a little bit easier, folks. And time after time after time, this Legislature refuses to take little steps to help hardworking Nebraskans. Instead, we're nickel-and-diming them. All for property tax relief for some of the largest landowners in the state. So no. I oppose LB170. I'll oppose any increase on the nicotine tax. Because at some point we have to stop punishing normal

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everyday Nebraskans. And that's where I'm going to draw the line.
Thank you, Mr. President.

KELLY: Thank you, Senator Guereca. Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. So, colleagues, the original bill as written, I am not in favor of. I want to see the amendment that Senator Brandt is talking about come on the board, get adopted. The tobacco piece alone, I think that there is some merit to that, for a variety of reasons, but also having to do with the fact that, you know, we now know how dangerous some of these products can be for everyone, for kids, whatever. And I prefer a tax and regulate way of dealing with dangerous things because folks can choose for themselves rather than banning something. So I'm very likely to be in favor of cloture on this bill, mostly on the promise that we're going to only be talking about the tobacco products. If anything else is on here, I'm not going to support it. But if it's just about tobacco, cigars, that sort of thing, that's, that's where I'm going to be. So I would prefer things going to the General Funds. I don't prefer it going to specifically a dedicated purpose right now just because of where we're at in our budget and because I have grave concerns that we are going to be in trouble on our budget in a couple of months. So I would support this tax on cigarettes, et cetera most, if there was-- my, my first hope would be that it would go towards public health. But since that is one of the things that we cut because of the budget issues, it would be a kind of an earmark for public health if it went to the General Fund. So I would hope that we would use this to pay for reinvesting in public health through the General Funds. I understand that there is a desire to have it go through the property tax credits, but I will continue to talk to folks between General and Select to see if we can get that adjusted over time. Thank you, Mr. President.

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

HUNT: Thank you. Thank you, Mr. President. Thank you, Senator Conrad for the chat. Listening to the debate on, on this measure, I know we started in the morning, and this is actually my first time weighing in here. And I got in the queue, it's just how long it's taken to get through the queue. I've heard people talk about the changes to this bill and the amendment that's coming as this is something that's actually gonna be really better, something that's gonna be nice to renters, nice for urban Nebraska. It's, it's a much better deal for us. And I don't really think so. I don't really think that there's a

version of this bill that does end up being a good deal for the people I represent. I think that here in the Legislature, we have to remember that we really live in kind of a bubble. And, yes, we all knock the doors, yes we get the emails and the phone calls from constituents, we do talk to our constituents, and I agree that property taxes are a big deal. I think they're a different type of big deal if you're a farmer or a rancher and you've got hundreds and hundreds of acres. Or if you are a homeowner and you've just got, you know, a little plot of land in midtown Omaha or whatever. Or if you're a renter. In those cases, this issue affects people really differently. And I gotta say, you know, when I'm talking to my friends, no one is really talking about property taxes. I don't know if that's, I mean, is it a generational thing? I come from a generation that famously like, we're not buying homes. We're trying to. I've been trying to buy a home. I was talking to Senator Brandt for about a decade here. And now, you know, there's more geographic constraints. You know, maybe there's a really great house that I can afford, but it's two blocks outside my district, so that's not gonna be a contender anymore, stuff like that. And I made an offer on a house a couple, maybe a week ago actually, a week or two ago. And it's the first time I've made an offer on a house. I was totally scared, totally nervous because it's a big deal to make that commitment. And then you're in this limbo of like 50-50, like, oh my gosh, what if they reject my offer? Then I'm rejected, then I've had this vision in my head of this house I'm gonna move into and this new life I'm going to have. I'm, I'm gonna start packing and starting to clean my house and get rid of things so I can move. And they reject the offer and then that all goes away and we're back at square one. That's frustrating. Or on the other hand, they accept the offer and then, oh my God, I have to move. I have pay all these new bills. I have this mortgage, which I don't have currently, obviously. I have property taxes, insurance, you know, all these other things that come along with home ownership. Gotta find someone to mow the lawn. Right now that gets taken care of for me through the rent that I pay. And what really struck me through the process-- and yeah, I'm, I, I, I'm embarrassed to share this, because I'm like 40. You know, it's crazy to talk about these types of life accomplishments that my parents and their generation, they were having when they were like 24 or 25, when they were married and they had kids and they bought a house and the house was like \$50,000. And this is just not the experience of my generation. So I'm making an offer on my first home last week. Doesn't get accepted by the way, but. And I offered over-asking, so that's also talking about the type of market we're in right now. Went like \$25,000 over-asking, didn't get it. But I was talking to my bank through the process of making the offer, and I looked at what my

property taxes would be on that home. And I thought to myself, like, am I stupid? Like this is-- it's a lot. It's not nothing. But I thought to myself like this is really what we are tying ourselves in knots in this Legislature over every day, every week, every year. Because it was a lot, but it, it was about what I would have expected to pay. For a year, you know, it's not-- And so I do agree that it's a really different thing if you're talking about like 300 acres versus one little house in the middle of a city. But when I talk to my friends, many of whom are homeowners, of course, the property tax issue is never the thing that comes up for us. It's the brain drain issue. It's why don't I see Nebraska anymore as a place that is welcoming, as a places where I'm proud to call home, as a place where I know my kids will get a good education? They see the dumbing down intellectually, politically, of our culture here in Nebraska. And that's what really concerns them more than anything else. And I think we do live in an echo chamber here. We have a little bubble where we talk amongst each other and you would think to hear us tell it that property taxes are the only issue in this state, and colleagues, they're not. Thank you, Mr. President.

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

BRANDT: Question.

ARCH: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor, vote aye. All those opposed, vote nay. There's been a request to place the house under call. Question is, shall the house be placed under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 25 ayes, 2 nays to place the house under call.

ARCH: The house is under call. Senators, please record your presence. Those unexcused Senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house under call. Senators Spivey, Moser, and John Cavanaugh, please return to the Chamber. The House is under call. Senator John Cavanaugh, please return to the Chamber, the house is under call. Senator John Cavanaugh, please return to the Chamber, the house is under call. All unexcused members are now present. Question before the body is, shall debate cease? All those in favor vote aye; all those opposed vote nay. There's been a request for a roll call. Mr. Clerk.

CLERK: Senator Andersen voting yes. Senator Arch not voting. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Bosn voting yes. Senator Bostar. Senator Brandt voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting yes. Senator Conrad voting no. Senator DeBoer not voting. Senator DeKay voting yes, Senator Dorn voting yes, Senator Dover. Senator Dungan voting no. Senator Fredrickson not voting. Senator Guereca voting no. Senator Hallstrom voting yes. Senator Hansen. Senator Hardin voting yes. Senator Holdcroft voting yes, Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Juarez voting no. Senator Kauth voting yes. Senator Lippincott voting yes. Senator Lonowski voting yes. Senator McKeon voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Sen Prokop not voting. Senator Quick not voting. Senator Raybould not voting. Senator Riepe voting yes. Senator Rountree not voting, Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey not voting. Senator Storer voting yes. Senator Storm voting yes. Senator Strommen voting yes. Senator von Gillern voting yes. Senator Wordekemper voting yes. The vote is 30 ayes, 8 nays to cease debate, Mr President.

ARCH: Debate does cease. Senator Dungan, you're recognized to close on your reconsider motion.

DUNGAN: Thank you, Mr. President. Good evening, colleagues. I know we're getting close to the dinner break here and so I appreciate everyone being back here for just one more vote before we take that break. I do encourage your green vote on the reconsider which then would give you the opportunity to vote green on the motion to recommit to committee and I do stand opposed to LB170. I understand that the conversation here today has been a little bit winding. Certainly I think we've covered a number of different topics and a number different subjects as it pertains to tax policy but I think the ultimate question that we have before us is how do we want to structure our tax policy as a state and who do we wanna bear the burden most? Again, I've said it time and time again, but it bears repeating as I know there's a lot of people who are doing a lot different things today and kind of moving around from meeting to meeting. Property taxes are clearly an issue that a lot our constituents care about. I do actually appreciate Senator Hunt's point, too, that there are some constituents out there that I talk to who are frustrated we don't talk about other things as well. You know, certainly, obviously, property taxes affect a large swath of Nebraskans, and our friends in greater Nebraska, I know, have a

different perspective of property tax, perhaps than maybe myself, who lives in an urban district here in Northeast Lincoln does. But, I, I do think that when I knock doors, and when I'm--when I was running for office, I was talked to by a number of people about property taxes. None of them, none of them said that they wanted to pay more in a sales tax to put money into a fund that may ultimately have some perceived impact on their property tax bill down the line. And I understand that a lot of people are trying to find an answer to this problem. But colleagues, this is not it. I was actually speaking to a Kiwanis Club in a church basement in my district about a month ago. And they were asking about the tax situation and one of them had specifically asked about Senator Brandt's, I think it was originally LB169, which ultimately now has been looped or lumped into LB170. And they're asking about this expanded sales tax base and the service tax expansion that we, we were talking about. And they said they'd watched the Legislature and they had heard me stand up and oppose it a couple of different times. And they were curious if I could go into a little bit more detail about that. Because again, on paper, saying things like, oh, we should tax interior design and decorating sounds like a good idea. But it takes the, the further consideration and the next question in order to really understand the impact that's going to have. I talked to these people, these constituents, and by the end of the conversation, sounded like the vast majority of them, long-time Nebraska residents who all, I think, are on-- were close to on fixed incomes, they want property tax relief, but they, they all agreed that this was not the way to do it. That they wanted to find some other potential solution. And I talked to them about the other options that have been out there, right? Whether it's circuit breakers, homestead exemption expansions, what have you. And, and I had that talk with them and they wanted to go in a different route, more one of those avenues, instead of this tax shift. And when I said to them, genuinely not trying to persuade them one way or the other, that some people had called it a tax shift, they were shocked that anybody would not think this is a tax shift. And they said that's exactly what this is. And so even when you look at these particular industries, even when look at the ones on paper that look easy. I'm here to remind you that these are your neighbors. These are your constituents. These are people who have worked hard to create family-owned businesses who I know many of you are big advocates of, that we are talking about increasing not just the regulatory burdens that they're gonna have to jump through and the hoops they have to jumped through in order to collect and ultimately remit that tax, but ult-- that it's also gonna hurt their bottom line or they're going to pass it on to the customers. And so when it comes to these expanded services, I simply think that that's

not the avenue we should go. Now I understand there's been discussion about an amendment that has to do with more nicotine taxes. I would reiterate that I do not think what's being proposed provides sustainable income. If in fact the amounts are being set in such a way that it's going to increase or rather decrease the usage of the nicotine, that's not sustainable funding. And so it's not actually creating any kind of sustainable property tax relief. So yet again, it's actually kicking the can down the road instead of trying to fix the fundamental problems. I appreciate the efforts that Senator Brandt and Bo-- Senator Hughes have been doing here today. I've had multiple conversations with them off the mic. I think they're both doing a fantastic job in trying to find solutions. I just think that LB170 is, unfortunately, not the route that we should be going at this time. So colleagues, if you oppose LB170, I would encourage you to vote green on the motion to reconsider because that would give you the opportunity to vote green on the motion to recommit. If that is successful--

ARCH: Time, Senator.

DUNGAN: --this debate would cease. Thank you, Mr. President.

ARCH: The question before the body is the motion to reconsider. All those in favor vote aye; all those opposed-- Request for a roll call. Mr. Clerk.

CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar. Senator Brandt voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer not voting. Senator DeKay voting no. Senator Dorn voting no. Senator Dover. Senator Dungan voting yes. Senator Fredrickson not voting. Senator Guereca voting yes. Senator Hallstrom voting no. Senator Hansen. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes; Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop not voting. Senator Quick. Not voting. Senator Raybould voting no. Senator Riepe voting no. Senator Rowntree not voting. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey not voting Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no.

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Senator Wordekemper voting no. The vote is 8 ayes, 32 nays to reconsider, Mr. President.

ARCH: The motion is not successful. Mr. Clerk for items.

CLERK: Mr. President, a motion to be printed from Senator Brandt to LB48. That's all I have this time.

ARCH: The Legislature will now stand at ease until 6.05.

[EASE]

SERGEANT AT ARMS: Attention Senators, the Legislature will resume in five minutes.

ARCH: The Legislature will now resume.

CLERK: Mr. President, General File LB170. Senator Brandt, I have AM603 with a note you'd withdraw and substitute AM1318.

ARCH: Senator Brandt, for what purpose do you rise?

BRANDT: To withdraw and substitute

ARCH: You are recognized to open on that motion.

BRANDT: Thank you, Mr. President. So we will withdraw AM603, substitute AM1318. Is that correct? OK. And this is the original white copy amendment we talked about all day and this morning. This is the combination of the five original bills. LB169 that had the group of 18. It also included LB170 which was pop and, and energy drinks. It included a \$0.72 increase in cigarette taxes. It included Senator Wordekemper's cigar tax on out-of-state purchases. It included Senator Hughes' vape tax. And it included a, a bill to deposit \$100 million into tier two. Right behind this is a floor amendment to do what we talked about all afternoon, to remove the sales taxes and basically make this nicotine a bill, moving \$80 million into tier two. It would go into the General Fund and then it would move into tier two. So it's pretty straightforward what needs to happen here. We need to substitute our amendment and then there's a floor amendment right behind that that will take care of introducing this as basically a nicotine only bill. Thank you, Mr. President.

ARCH: Returning to the queue, Senator Hughes, you're recognized to speak.

HUGHES: Thank you, Mr. President. I support the withdrawal and substitute, and support then this going on to the end. And I'm going to-- it's been a while since I was on the mic, but I'm gonna continue. I was speaking about vaping and the harm. This was from a-- the NEACH, N-E-A-C-H, Nebraska Advocates for Child Health group that often-- they're talking about how children using nicotine, how this, as their brains are developing, greater risk that they'll have substance abuse going forward. So I'm just going to kind of continue on that. So vaping often progresses to combus-- combustible cigarette use and associated medical risks of lung cancer and CO-- COPD. Vaping can cause lung disease, which has led to teenagers needing lung transplants. Recent studies have found an array of environmental toxins within the vapors of commonly used e-cigarette brands, including heavy metals, reactive oxygen species, aldehydes, and carbon-- carbonals. PHONETIC] These toxins often result, often result from chemical reactions between the heating elements, fluid components, and chemical flavoring vapes-- or agents. Specific carcinogens identified in the vapors include formaldehyde, acetyl-- I need to work on my chemistry, acetaldehyde and nitrosamines. Vaping may result in increased risk of toxicity and pulmonary injury, including e-cigarette or vaping-associated lung injuries as well as mechanical burns. Nicotine is highly addictive. Nicotine does not produce the kind of euphoria or impairment like many other drugs like opioids and marijuana do. Like other drugs, nicotine stimulates the release of dopamine in neurons that connect the nucleus accumbens with the prefrontal cortex and other brain regions. This dopamine signals teaches the brain to repeat the behavior of taking the drug. The amount of dopamine released with any given puff of a cigarette is not that great compared to other drugs, but the fact that the activity is repeated so often and in conjunction with so many other activities ties nicotine's reward strongly to many behaviors that we perform on a daily basis, enhancing the pleasure and motivation we get from them. Smokers' brains have learned to smoke, and it's incredibly hard to unlearn that simple, mildly rewarding behavior. Nicotine has long been known to play a role as a gateway substance. Research has shown that nicotine works to prime animals to self-administer cocaine, for example, whereas the reverse is not the case. Cocaine does not act as a gateway to self administering nicotine. Nicotine makes it easier for other drugs to teach users' brains to repeat their use. Even more interestingly, nicotine also seems to make other non-drug activities more enjoyable. Nicotine has the ability to enhance the pleasure of visual stimuli like videos and music. They have also found that nicotine reduced the speed with which smokers become bored with a visual reinforcer. In other words, smoking seems to both enhance and

prolong the pleasure other activities. Tobacco remains the most deadly drug because of the huge number of lives lost to lung cancer and other preventable lung and heart-related conditions caused by nicotine addiction. Even though e-cigarettes contain no tobacco, we still do not know the long-term physical impacts of vaping, and depending on the levels of nicotine and patterns of use, those who vape nicotine may be subjecting their brains to the same alterations that make it so difficult for tobacco smokers to quit, and are priming them to the-- for this use, please let us know if you have more questions. So I just wanted to bring that up, that when we're talking about the vaping products and things, that using these excise taxes can potentially stop use-- usage, espec-- especially for our younger kids. And I also-- I'm going to flip to the cigarette tax and that increase with this amendment. Our cigarette tax in the state of Nebraska hasn't been touched since 2001. And so it is not outside the realm of, I guess, time, that it isn't-- you know, that this is a time to look at it. The cigarette tax that we currently have in Nebraska puts us at the eighth lowest in the nation. The average cigarette tax in the whole United States is \$1.93. So even at \$1.64, we are well below that average. So I just want to just talk about the, the nicotine impacts on, on health and the addiction that it can create, and that this is a step in the right direction to perhaps slow some of that down. Thank you.

ARCH: Senator Hallstrom, you're recognized to speak.

HALLSTROM: Mr. Speaker, members, thank you. I rise in support of LB170. I'm having trouble determining whether my support is more or less tepid than it was when I talked some four hours ago with another two and a half hours to go until we decide if this bill is going to muster enough support to move on to Select File. But I nonetheless am supportive to some extent at this point. Thank you.

ARCH: Senator Jacobson you recognize the speak

JACOBSON: Thank you, Mr. President. I've-- trying to listen to some of the things that are said on the floor. I'm going to make sure I got this right that every day Nebraskans can't afford to pay a sales tax on chartered jets, limousine services, pool cleaning, lobbying services. That's going to impact their spending. I don't define those people as everyday Nebraskans. However, with this bill, should it pass as outlined, it will be a tax shift. In fact, I want it to be a tax shift. That's why I would vote for it, is because it's a tax-shift. Because if all we're going to do is raise money and spend it, I would oppose this bill. What's been happening for years is the property tax shift. Let's don't raise anything, let's not change anything, let's

pass spending measures, let's do unfunded mandates to public schools. And then the local taxpayer will pick up the tab. Over the years, the TEEOSA formula has gotten so watered down that virtually no money goes to the third Congressional district. So that means the local taxpayer is paying 100% of the cost to support local schools. Which, by the way, educating K-12 kids is a constitutional responsibility of the state of Nebraska. If you asked what I call everyday Nebraskans that live in the third district, if we could take away the bulk of the public school expenses, would you be OK on governing your cities and counties and other political subdivisions, keeping them in line? They would jump at the chance. And property taxes would drop significantly. But a tax shift goes on every year. Every year. Property taxes collectively in the state will go up \$285 million this year. \$285 million. By the way, over 50% of the property tax base is residential housing, which includes a lot people in C. D. 2 and C. D. 1. So to suggest that this is a bad bill because it won't impact everyday Nebraskans, I would beg to differ. If you can shift new tax receipts by taxing the rich, which I've heard that said before, taxing the rich, and giving it to property tax payers, that will help everyday Nebraskans. To suggest it doesn't, you've misunderstood the bill. To suggest it's not important to your constituents, you didn't listen to them. I will guarantee you that everyone that went out and knocked on doors heard from their constituents, the overwhelming majority of their constituents, that property taxes are their biggest problem. They didn't say their sales taxes were too high. Many didn't say their income taxes were too high. But the consistent theme was my property taxes are too high. And we're ignoring that. I thought we were getting close during the special session last year but since that time we've gone away from listening to the constituents, which i was hearing from the body we need to do, and don't deliver property tax relief So, hopefully today, if nothing else, we'll get everybody on the record as to whether they support property tax relief or whether they don't. Thank you, Mr. President.

ARCH: Senator Clouse, you're recognized to speak.

CLOUSE: Thank you, Mr. President. And thank you, Senator Jacobson, for some of your comments. I agree with most of those. As I spoke this morning, I-- my view is that we really need to get a handle on controlling the spending. And our job in this body is to help those that manage those taxing entities, help them be successful in what they're doing. And as I mentioned this morning. Our focus should be on the runaway valuations, the unfunded mandates, the rules and regulations that are in place but don't really add anything. You know, we've talked a lot of things and that's one thing I've learned in the

last few months in this body, we talk things ad nauseum. Is anything new that comes up? Probably not. We've talked it all through. So we just have a tendency to repeat ourself in trying to reach an understanding and really understand where everybody's at. But after a while it's kind of like, OK, well I heard you. We'll just keep moving on and we'll keep listening and bring me something new. So things that we've talked about today, all day, we've heard about it, we've, we've dissected it, we've talked it. But at the end of the day my view is we have to control spending and working with those taxing entities that actually do live off property tax. The state doesn't. And so what we're trying to do is fix something that we don't have that control over we do on the educational side, I'll grant that. There's some things that we need to, need to work with. And I, I really enjoyed listening to Senator Hunt when she talked about her nervousness of buying a new home. And I think we've all been there. We've all been through that. But then you also have to tie that into those that have been in their home for a number of years, many times their dream home, and they're significantly impacted by the increasing in property taxes. So when you talk to those people, they're like, how do-- how can I stay in my home that I bought and purchased and paid for and paid and paid for, and property taxes just keep piling up on me, and it's very challenging to even live there. So I think what we have to do is we have to lock in, and to make sure that we're not making tax switches and swiping things that can help with our property taxes. I think we really need to focus on what can we do to help with those unfunded mandates, the runaway valuations, all those things. And I think that's what our focus should be. So with that, I'll yield the rest of my time. Thank you.

ARCH: Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Well, I think I'm in opposition to the withdraw and substitute. But I got to be honest with you, this bill's a little hard to follow. So I did get a report from-- this is the Nebraska-- let's see, immediate release information from the Tax Administrator. And it, it does say, this is from 2024. I'm trying to find the date on here. But it doe-- it basically has a --September 13, 2024. All right. Real property tax credits and school district property tax relief credit for 2024, and it goes through a number of numbers, and it says the Property Tax Credit Act provides a real property tax credit based upon the credit allocation valuation of each parcel of real property compared to the credit allocation value of all real property in the state. For purpose of this act, credit allocation means 120% of the taxable value of agriculture and horticultural, horticultural land and agricultural and horticultural

land receiving special valuation. For all other real property other than agricultural land, credit shall be allocated at 100% of taxable value. And it goes through a number of other things and I can share this with you if you're interested. But the thing I wanted to take away was real property non-ag land rate of credit was determined as follows. So it was \$274 million is essentially apportioned to non-ag land divided by real property, non-ag land valued at this amount gives you basically one, let's see, 1.0011983. So, or 119 dollars per hundred dollars of taxable real property non-ag land value. So what that's saying is in 2024 that when there was \$427 million dollars for this fund. It came out to about \$119 bucks per household. So we'll say 90, \$90 million is what the aspirationally this is. So we'll, we'll do some just quick math and say that that is-- \$90 million is about one-fifth of \$427 million. So one-fifth of \$120, we'll say, is about \$25 [SIC] , something like that. So it's--It's actually \$20 [SIC] I guess. Yeah, \$20. So \$20 is what we're talking about here. All of this, this whole conversation, talking about what's, what is one homeowner gonna get in tax relief based off of this math of this increase. So if you, if you successfully adopt this AM, the substitute, whatever it is we're talking about, and you get to \$90 million dollars increase in the tier two, what will it mean for my constituents? \$20, so \$3 a month [SIC], something like that. I get it. People want to do something about property taxes. This isn't it. So I'm opposed to increasing taxes, I'm opposed to the tax shift that Senator Jacobson just described. Although, kudos to Senator Jacobson. I don't know if I've heard anybody quite directly say tax the rich on the microphone here. So I appreciate that. And, you know, I think the straw man arguments of pointing out a few places to shift a tax and ignoring the ones that are on small businesses and working people that other people have articulated, and tax increases on food. You know, that's a-- that is a choice in terms of a rhetorical style. But ultimately, this is another thing like what happened in the special session. The special session, when we passed LB34, that I didn't vote for by the way, but when the Legislature passed LB34, that was another thing just to say we were doing something. And it didn't make a difference to people's lives. And it actually-- people right now are feeling the missing year in that tax package. Because folks who used to get it on their income taxes are now getting it in drips and drabs over time. And front loading, I'm not saying that was necessarily a bad idea, but it did, you have to admit, people didn't get a tax credit for the previous year. So there is a missing year there. But this is another place where it looks like if we pass this and we increase tax on food and we increase tax on small businesses, and we include all of this red tape that-- onto these small businesses, that

homeowners are going to get \$20. So I did file my amendment that if we put my amendment into effect would mean homeowners would get about \$200, so that though is 10 times, I guess, what would happen under the current system under the tier two property tax cut. So I'm going to continue to be opposed to the bill, I'm gonna oppose the substitution. I'll oppose the bill as drafted and potentially as amended unless and until there is some real property tax relief in here, meaningful property tax relief for homeowners that doesn't just shift it onto the backs of working people. Thank you, Madam President.

DeBOER: Thank you, Senator Cavanaugh. Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President. Sorry, I'm using a different podium because I intend to ask Senator Hughes a couple of questions. Just to give her a brief heads-up there. But I rise as of right now opposed to the motion to withdraw and substitute if only because I think AM1318 is the one that contains the vast number of the issues that I've talked about here today. So AM1318 is the bill, or the amendment, that includes a number of different bills lumped into one, but certainly I think the core of that is the expansion of the sales and use taxes. And as I've said time and time again today, colleagues, I'll say it one more time, probably say it again after this, I'm opposed to that tax shift as well, and I'm opposed to the increase of the sales and use tax on everyday Nebraskans, certainly opposed to a shift that seeks to provide what Senator John Cavanaugh just talked about as a fairly small, if not completely insignificant property tax savings, and hesitate to even say savings because the way this works is really just, as I said before, a band-aid on the problem. But it is a shift that ultimately I think detrimentally impacts your and my constituents. With that, I was wondering if Senator Hughes would answer to just a couple of questions here.

DeBOER: Senator Hughes, will you yield?

HUGHES: Yes. Yes.

DUNGAN: Thank you, Senator Hughes. I've asked questions of both of my rowmates now today, so I appreciate it. You and I have had a couple of conversations off the mic about, I think, is it your LB303? Was that the number?

HUGHES: That's correct.

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DUNGAN: Can you give a rundown briefly, I guess the elevator pitch, of what exactly LB303 sought to do this year?

HUGHES: Yeah. So, LB303 is my priority bill, and LB303 looks at school funding. What the plan originally was is that LB303 would, if we, the fiscal note was \$112 million for two years. And it would, I call it, buy down the levies. So we would move the top-- the max levy for schools' General Funds is \$1.05. It would bring it down to \$1.02. It will also establish a floor in our levies. My, my ultimate goal if I'm here for the next five plus years would be to bring levies closer together. It also bumped the \$1,500 per student up to \$1,590. So that is what LB3-- oh, and it had a commission that would look at how TEEOSA works and give recommendation to the Legislature.

DUNGAN: And the commission portion of that advanced, is that right?

HUGHES: Right. So right now LB3 [SIC] is out and it's on General. It only includes the commission right now, which is a group of folks that would meet multiple times during the year and look at-- they would look at what property tax valuations are doing and then they would give recommendation for the levers within TEEOSA and give recommendation to this body on how to adjust our school formula funding to ensure property tax relief.

DUNGAN: OK, and can you go into just a little bit more detail about what the effect, or the hope would be with regards to property taxes that we would realize by squeezing together the levies, by creating that floor and then lowering the ceiling. What, what effect would that hopefully have on property taxes throughout the state?

HUGHES: Well, I would call it-- so we've been kind of talking about this bill today, LB170 as original was property tax relief because it goes into tier two, which just comes right off your property tax bill. But we've heard a lot of senators mention that, well, that does nothing to stop spending or how do we-- I think Senator von Gillern used it as pouring water into a bucket that has a hole out of the bottom. And what the plan is with something like an LB303 that I'm going to be working very hard on it this fall is that we are bringing down those levies, condensing the levies, and that, that's true property tax reform because that is the ma-- that is the ultimate max cap. Schools are taxed on budget authority, revenue authority, but that is a-- they can't go over that, bonds, etc. being outside of that.

DUNGAN: Sure. Thank you, Senator Hughes, I appreciate that.

HUGHES: You're welcome.

DUNGAN: Colleagues, the reason I bring that up, and I see my lights on here, is that I really appreciate as a potential solution moving forward for actual property tax reform. I know Senator Hughes has worked tirelessly on that. Senator Brandt has worked really hard on that as well. I think he had a bill that did something similar during the last session or maybe it was the last long session. But these are avenues that I think are worth exploring. And certainly I'm, I'm happy that we have a commission that's going to be able to look into these issues. Because when TEEOSA first got put together, it was a multi-year process. It's not a thing that we need to figure out quickly. But I really appreciate the efforts that have happened for that. If we find ourselves in a position, colleagues, where we're looking to find money to fund that kind of goal, I think perhaps that's going to move the needle a little bit more with some of our colleagues. But for the time being, my fear is that LB170, again, is pouring that water into a bucket with a hole on it and doing so in a manner that is primarily a tax shift.

DeBOER: Time, Senator.

DUNGAN: Thank you, Madam President.

DeBOER: Thank you, Senator Duncan, Senator Andersen, you're recognized.

ANDERSEN: Thank you, Madam President. I got a news flash for everybody. Nebraska has a property tax problem. Many senators have talked about fixing our property tax system. Some of you proposed making some minor changes like homestead exemptions and things like that, but it's really kind of nibbling around the edge of the problem. We have a significant problem. I have introduced a bill, LR12CA, a constitutional amendment amended by AM1101, that directly addresses our broken property tax system. It locks in valuations at the 2025 level, or the purchase price of a home, or the cost to build a home. It sets the annual property tax increase to the lesser of the current rate of inflation or a max of 3%. It provides stability and predictability of property taxes, and it benefits ranchers, farmers, businesses, and residents. Basically everybody. Unfortunately it was buried in the Revenue Committee and was not allowed to come to floor for debate and discussion. When I say-- when people say to me that they want to fix property tax problems, it rings rather hollow to me. We need to quit punishing people for owning a home and stop the bleeding. LB170 is a tax shift. Not a good tax shift. It in-- it increases retail tax to offset property taxes. Revenue from LB170

masks the problem, which is the out-of-control property taxes. We have a money problem. And as a good friend told me, more money doesn't fix money problems. The only thing that will fix a bad system is a new policy or a new system. We need to fix our broken property tax system. I don't support increasing taxes on Nebraskans, therefore I do not support LB170. And I yield back the remainder of my time, Madam President.

DeBOER: Thank you, Senator Anderson. Senator Clements, you're recognized. Senator Clements waives his opportunity. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. I've been trying to drink some hot tea. to help with my voice a little bit. I rise in opposition to LB170. We've dispensed with the motions that I had put up previously. I like that we're all getting on the same page calling it a tax shift. It's a tax shift and, and a tax increase. I mean, it's shifting from one tax to another and increasing those taxes. So, I'm going to remain in opposition. I think that this is not the right path. I think we've heard some other ideas that have been thrown out there. Senator John Cavanaugh's homestead exemption bill, Senator Hughes's LB303 TEEOSA bill. Senator Andersen, now, I got to look at your bill. I didn't hear the bill number, so I'll have to ask you what it was. But I'm interested in learning more about what that is. But yeah, it seems like we, we have a lot of ideas and we just aren't maybe communicating them well. So I think that, you know, doing something the wrong way has shown that we, we regret it. So I would rather not do anything and figure out the right way, and like actually sit down and figure out the right way. And that's something that I don't think that we have done as a body. I did submit a legislative resolution for an interim study on creating a Ways and Means Committee with the Appropriations and Revenue Committee. I think having that as a special committee that meets outside of the standing committees could really help facilitate a more robust conversations around these issues and actually negotiate some give and take across our spending and our taxing. So, I look forward to that being taken up over the interim. It is kind of tasking us with putting together a proposal on what this would look like. And I know other state legislatures have that. And I other state legislatures are different than we are because we're a unicameral. But even though we're unicameral, we still should have our ways and our means talking to each other. And that way we can have a more robust and settled budget and revenue streams. And the way that we're doing it right now, it's, it's hard. It's, it's hard to have two totally siloed committees and then try and chat with each other basically in the hallways or whatever, and then, then we end up

here. So. But I also remain in opposition to LB170 because the revenue does not go towards the General Fund for the general tax shifts. And then for the tobacco tax shifts, it doesn't go to the health care cash fund. We raided the health cash fund for the budget so that we could divert from General Funds. And if we're going to do something health care related with smoking, vaping, cigars, et cetera, I, I think the only way you can get me on board with a regressive tax like that is to put it towards health care related issues. And, you know, Medicaid programs and smoking cessation programs and cancer research. And I know I'm a broken record, but, you know, we're at that point right now where this is how I feel, so I'm just going to keep saying the same thing over and over again. I did get a nice email from somebody earlier today that I, I apologize, I don't remember who it was. But it was talking about the tax debate and then they sent me a picture of their cat watching the tax debate and it was cute. So thank you, whoever sent me that, because it did, it did make me giggle. I do like a good cat picture. I'm not a cat person, but I do like, I like pictures of cats. The Nebraskans for Peace have a calendar that I get every year, Nebraska's Cat Lovers Against the Bomb, da Bomb. And it is just phenomenal. For years, my mom gave it to my husband for a Christmas present when she was getting it, and now I get it in my official capacity. So now we get the one for my mom for Christmas, and we get that one that I get here at the office. And it's just very fun and cute. And I don't know why I'm talking about cats now, but there you have it. Madam President, how much time do I have?

DeBOER: Eight seconds.

M. CAVANAUGH: Oh, fantastic. Cat Lovers Against da Bomb. It benefits Nebraskans for Peace. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Now, Senator Dorn, you're recognized.

DORN: Question.

DeBOER: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 25 ayes, 1 nay to cease debate.

DeBOER: Debate does cease. Senator Brandt, you're recognized to close on your motion.

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BRANDT: I'd urge, urge everybody to vote green on the withdraw and substitute. Thank you.

DeBOER: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 28 ayes, 3 nays, to place the house under call.

DeBOER: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Has Arch checked in? All members are now present. The question is the motion to withdraw and substitute. There's been a request for a roll call vote. Mr. Clerk, please call the roll.

CLERK: Senator Andersen voting yes. Senator Arch voting yes. Senator Armendariz voting-- I'm sorry, Senator. Voting yes. Senator Ballard voting no. Senator Bosn, voting yes. Senator Bostar. Senator Brandt voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting yes. Senator Conrad voting no. Senator DeBoer voting yes. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Fredrickson not voting. Senator Guereca voting no. Senator Hallstrom voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Juarez voting no. Senator Kauth voting yes. Senator Lippincott voting no. Senator Lonowski voting yes. Senator McKeon voting no. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senor Murman voting yes. Senator Prokop not voting. Senator Quick not voting. Senator Raybould voting yes. Senator Riepe voting yes. Senator Rountree not voting. Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey voting yes. Senator Storer not voting. Senator Storm voting yes. Senator Strommen not voting. Senator von Gillern voting yes. Senator Wordekemper voting yes. The vote is 33 ayes, 8 nays to withdraw and substitute.

DeBOER: It is withdrawn and substituted. You're recognized to open on your amendment, Senator Brandt. I raise the call.

BRANDT: Which amendment?

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DeBOER: AM1318.

BRANDT: OK. AM1318 is a white copy amendment that includes LB169, LB170, LB212, and LB712, and LB564. This is the white copy amendment. Immediately following this will be a, a, a floor amendment that changes that amendment so that it is just vape, cigars, cigarette tax increase, and the assignment to the school district property tax relief fund. So I would encourage everybody to support the amendment. Thank you.

DeBOER: Thank you, Senator Brandt.

CLERK: Senator Brandt, I have FA231 with a note you'd withdraw. In that case, Madam President, Senator Brandt would move to amend the amendment with FA243.

DeBOER: Senator Brandt, you're recognized to open on your amendment.

BRANDT: Thank you, Madam President. This is where we needed to get to. FA2-- looking at my computer-- FA243 is the floor amendment where we strike out all of the sales taxes which are essentially used to be LB169 and LB170, and we retain the increase in cigarette taxes, used to be \$0.72, and it raises it to \$1. And that would increase the revenue from \$42 million a year to \$59 million a year. And then we have \$15 million a from Senator Hughes's vape, And there's at least \$100,000 from Senator Wordekemper's. And then that would go into the General Fund. And LB564 was the, the bill that moved it from the General Fund to the School District Property Tax Relief Fund, and that has been downsized from \$100 million down to \$80 million. And that is the amendment, and if anybody has any questions, please ask. Thank you.

DeBOER: Thank you, Senator Brandt. Turning now to the cue, Senator Conrad, you're recognized.

CONRAD: Thank you, Mr. [SIC] President. Again, good evening, colleagues. I rise in opposition to the amendment, and I know my friend Senator Brandt and my friend Senator Hughes and others supporting this measure could not be working harder to try and figure out how to advance their top objective, which is property tax relief for, for their residents and all Nebraskans. However, the one thing that I think we have to put a finer point on is the fact that the solution to achieve a laudable goal that is before us is grounded in ideas that have been rejected by this body at least twice over the last year. And the contingent of sales tax increases on consumer goods

and small businesses that was just removed from the bill today were defeated by the same broad diverse coalition because it just doesn't represent good policy. It's not because we don't love, respect, and admire Senator Brandt and Senator Hughes. We do. It's not because we do not want to find better solutions for property tax relief and reform. We do. But at the heart of every serious proposal that has been before the body, whether it emanates from Governor Pillen or his allies in the Legislature, it's to increase taxes on Nebraska consumers and businesses to shift tax benefits to other Nebraskans. I do think that there is absolutely an opportunity to broaden the base and bring down the sales tax rate for all Nebraskan. That would benefit all Nebraska consumers and help to make our tax system and structure more fair, particularly for working families and seniors who are living on a fixed income. I know that we can also look, hopefully, to trying to find some common sense ways to identify new revenue streams. Let the people vote on online gaming. Let the people vote on a sensible approach to recreational marijuana. Let's take a hard look at corporate tax incentives that we know have a huge impact on the budget. Let's make a thoughtful approach to regulating and taxing CBD products instead of banning those and subjecting Nebraska consumers to felonies. Let's also remember the facts when it comes to tobacco taxes. It sounds good on its face. It sounds politically popular. But when you look at the actual result, and I remember this distinctly when I served on the Appropriations Committee during the Great Recession in a time of great economic uncertainty and volatility, and things were really challenging, and we had to cut the budget significantly. And we looked at increasing various taxes and revenues, which was a non-starter for a lot of conservatives who meant it when they said it, when they said no new taxes or no tax increases. But we looked hard at so-called sin taxes to figure out if that was a better way forward than making deep cuts or increasing taxes otherwise. And we asked Fiscal to do a deep dive. And because of our proximity, and of course these numbers are a little outdated because things have changed since then, but because the proximity in terms of our geography, wherein 80% of Nebraska residents live within like an hour of other states that have lower taxes on things like tobacco products, the border bleed is real. And if your goal is not to generate revenue, but as my friend Senator Hughes has stated, is to change behavior, you're going to-- if you follow that logic out, you're also going to see diminishing returns in terms of revenue. And let me leave you with this. I know it's fun to beat up on big tobacco and rightly so for a variety of different reasons. But don't forget for one second who's left paying the tab. These additional taxes aren't coming out of the CEO's bonus. They're being paid for by construction workers who are

standing in line at QuickShop to buy a vape or a pack of smokes with a coupon, because they're working their butts off. And yes, they smoke cigarettes. But they shouldn't have to pay for the wealthiest property tax relief because of that lifestyle choice. They're Americans, and they're adults, and they have a right to smoke if they want to.

DeBOER: Time, Senator.

CONRAD: Thank you, Mr. [SIC] President.

DeBOER: Thank you, Senator Conrad. Senator Guereca, you're recognized.

GUERECA: Thank you, Madam President. I was loving everything Senator Conrad was just saying. She's right. This is absolutely us bankrolling a tax break for some of the richest landowners in this state off the back of hardworking Joes that just want to have a cigarette before going home and taking care of their family. I got to oppose that. That feels wrong to me. Feels wrong also to be tripling a tax. I understand that we need to take a look at our taxes every so often and adjust. But tripling the tax on one foul swoop, taxing regular everyday Nebraskans that just want to have a smoke, for tax break for the wealthiest Nebraskans? God, that leaves a bad taste in my mouth, colleagues. Because when I knocked on doors, I'm not saying I didn't hear about property taxes. I did. But it wasn't the number one priority. It wasn't the number one priority for folks all across my district. People who work hard. Want to give their kids a good life. Don't want people speeding on 10th and 13th Street going from the downtown to the interstate. Wanna make sure that the roads are paved, that the schools are good for their kids, and that the streets are safe. Those were the priorities communicated to me by the folks that I talked to. And again, I'm not saying I didn't hear about property tax. I did. First time it came up on the door actually was someone who worked for the county treasurer's office, oddly enough, and he was complaining about it. But again, just to the principle, the principle of funding property tax relief for some of the largest, richest landowners in the state. No. Not on a sales tax. Not on something that's being tripled. It's pretty incredible. It's not often that I see some of my colleagues getting behind a tripling of a tax. Interesting times. But no, that's-- for me that's it. That is it's-- it's fundamental, it's-- Not only that, I mean. 40% wholesale tax on vapes. Who is that targeting? I don't have the number in front of me, but I would bet you all the dollars in my pocket that that disproportionately affects younger Nebraskans. So here we go again, coming after younger Nebraskans who we need desperately to stay in this state. We desperately need our young people to stay in this

State. But here we go, attacking young Nebraskans again, putting a tax on something that they, again, don't have the number in front of me, but I almost guarantee that the majority of vape is consumed by younger Nebraskans. Younger Nebraskans that, again, when we complain about brain drain colleagues, it's measures like this, measures like this, that are targeting our young people time after time again. Now someone's going to get up and say, Senator Guereca, people aren't leaving because the vapes are expensive. Yeah, it is not just the one issue, colleagues. But it's policy after policy after vote after vote that goes on in this building that targets younger Nebraskans. So, again, the next time we complain about brain drain and about losing our best and brightest, I'm not saying this is the, the feather that broke, broke the camel's back, colleagues. But death by a thousand cuts. Thank you, Madam President.

DeBOER: Thank you, Senator Guereca. Senator Raybould, you're recognized.

RAYBOULD: Thank you Madam President. Good evening, colleagues. I stand in support of the floor amendment, FA243 from Senator Brandt. I know it's been a long process to get there and I know we've whittled away a lot of the other sales taxes that had been proposed earlier and we've just settled on the cigarettes, the cigars, the vaping and looking at putting the revenues towards property tax relief which as we all know is something that we hear from our constituents on a daily basis. And I think one thing that we need to point out is that that relief to property tax will be for about four years based on the addition in the bill setting that timeline, and then it goes all back to the General Fund for future disbursements. You know, there is, there is no dancing around the issue. We need more revenue generators to help fund property tax relief while we continue to work on bills that might do that. I know Senator Hughes has been working on her bill since the special session. And I think she has a tremendous amount of support for that that we should all take a serious look and revisit. You know for years, and I sound like a broken record, the state of Nebraska has allowed the tax shift for funding public education to the local authorities, the counties and the cities, who have had to bear the burden of this for more than two decades. In 2023, we made a huge, huge step in the right direction to right-- to try to right-size that by funding the \$1 billion towards education trusts, and then a \$250 million annual commitment to funding education as well as living up to our commitments on funding special education. In addition, we also increased the cost of the contribution from the state of Nebraska per student. Also, we shifted community college funding to the state as well. All these are huge, huge transformational commitments by the

state of Nebraska. But there's no, no surprise, you know, how are we gonna pay for this? We, we do need additional revenue. But unfortunately, at the same time, we, we thought it was in our best interest to do an accelerated income tax rate reduction for the top earners and corporations, which really created a tremendous burden, and we've seen it in the handout I provided that really shows the revenue losses and-- that have compounded to really be increasing tremendously so that in 2028, the revenue loss would equal \$734 million, almost \$735 million. But even so, the body knew full well what it was doing, and still voted for these accelerated income tax rate reductions for the wealthiest and for corporations. That doesn't take away from the huge needs that we have as a state. Of course we took a, a large amount of those funds and funded big projects like Perkins Canal and a new penitentiary as well. The bottom line is, we need revenue. And that is why this bill is a step in the right direction for taxing those elements and items that we, we know are harmful to our constituents and that have not had any tax increases in the recent years. I support AM1318 with this new amendment on it because we need additional funds. I also supported LB650, which was a little bit of an outlier. But again, I-- as I said this morning, everyone has to have skin in the game. We have to do everything we can to figure out ways to generate, generate more revenue. I also continue to support the slowing down of the income, income tax rate reductions from two years to four years. You see on the handout, the first year out, in, in 2025, we could generate \$75 million. Next year, we would generate \$250 million. The third year, 2027 to '28, would be \$300 million. I also support medical marijuana, LB677, and not just for the revenue it will generate, but for the Nebraska families it would help. And I also supports sports wagering. These are items that we need to consider until we come up with a concrete plan to provide real, sustainable property tax relief. And I know we're not doing a very good job because I'm looking at the 2025 State Tax Competitive Index and we're ranked 45.

DeBOER: Time, Senator.

RAYBOULD: We barely moved the dial. Thank you, Madam President.

DeBOER: Thank you, Senator Raybould. Senator von Gillern, you're recognized.

von GILLERN: Thank you, Madam President. Just a few comments, then I'm going to hand off some time. I wanted to push back politely to a couple things that Senator Raybould mentioned about the income tax. And I've been holding off. I've got a big pile here of pie charts and

graphs and things. And I was holding off on those to see if Senator Raybould's amendments came up on the board. But I'll just share a little bit of information from that as, as we're obviously killing some time to get to cloture here. The income tax, I had my staff pull, we've done some research over the past couple of weeks, I had them pull a couple of numbers. And one was the number of income tax filings made over the last four years, and then the other was the amount of dollars that were paid in each bracket. And I think it's significant. 2023 data just became available not long ago, we only had the previous years, but I'll just share 2022 and 2023. In 2022, 61% of Nebraskans were in the third and fourth tax brackets. These are the brackets that Senator Raybould and others have referred to. In fact, she just, if, if I heard the quote correctly, she just said the largest earners and, and corporations. It's been referred to as millionaires and billionaires and the ultra-rich and everything else. Well, 61% percent of Nebraskians are-- were apparently rich in 2022. But here's the really interesting thing. In 2023, after the, the step down occurred, only 58% of Nebraskans fell into those brackets. So the shift in the brackets did what it was supposed to do, and that is that it impacted, impacted a greater number of people, or excuse me, a fewer number of in the, in the highest brackets. And so the, the lower two brackets, and I've got another graph on that, that-- and maybe I'll hand all this out later, but it shows, just as a reminder, the lower two brackets, bracket one and bracket two, are already a full point and a full two points below the lowest bracket that, that three and four, the lowest rate that three or four ever get to. The breakdown, I think I mentioned this earlier, the cutoff for-- between the second and the third bracket is \$30,000. So if you earn minimum wage in Nebraska, congratulations you're rich because you're in the third tax bracket and you would receive the step down rate. So I think the, the continuous claim that this only went to the rich people and, and did not impact everyday Nebraskans, I'm sorry, it rings very hollow when you look at the data. So with that I'm gonna yield the remainder of my time to Senator Hughes.

DeBOER: Senator Hughes, would you like the 2 minutes and 20 seconds?

HUGHES: Yes, I would. Thank you. Thank you, Senator von Gillern. I just wanted to-- and, and thank him for yielding me some time. Prior to this, Senator Dungan had asked me some questions on LB303, which was my priority bill, the property tax relief bill. Talking about really doing reform and buying-- you know, getting the levies closer together for schools because that is the majority of where a property tax goes. So how I look at this today and, and this bill and where we're at and we've only got nine more days of session. So this is some

revenue that is going into tier two property tax credit. That will be seen directly on everybody's statement. 53% of that is residential. Anyone that owns a home will see a little bit of an increase in their relief for property tax. In my opinion, and that is a little where I think Senator Dugan and even Senator Machaela Cavanaugh's going, that is not the exact right way and I would agree with that. But I have also learned that in this place you cannot let perfect get in the way of good. And I do believe that buying down the levies is the better approach and a future approach. How I look at what we're doing today is a step in right direction. It is taking some of this funding, putting it into tier two, which is, in my opinion, kind of a holding place, so that next year when we come back with a more robust reform bill that if I have my way will be slowly happen over years, we have that to start grabbing out and, and doing that for true reform. So no, this is not the perfect way. But again, it's a step in the right direction, and it does provide property tax relief for folks out there in Nebraska. And that is why I support this bill today. Thank you.

DeBOER: Thank you, Senators von Gillern and Hughes. Senator Ballard, you're recognized.

BALLARD: Thank you, Madam President. I rise in opposition of FA243 and AM1318. I appreciate Senator Hughes and her, and her willingness to, to work on structural changes to our property tax problem. But let's be clear, LB170 does not do that. It is a tax increase with no end in sight. It is every-- my colleagues are right, this is the number one issue that we hear going door to door. Property tax, we are at a crisis level in this state, property tax. And if this bill did something to address that issue, I would be fully supportive. But we're going to come back next year and we are gonna ask for another tax increase. When going door-to-door in my district, people did say lower my property taxes, but they didn't say raise other taxes to lower my properties taxes. They are looking at how we-- we have a problem with spending in this state, at the local level, at the state level. And LB117 [SIC--LB170] and FA243 do nothing to address that. Looking at cigarette taxes, an interesting article by the Tax Foundation. Just last year, cigarette, they used the term smuggling costs, cigarette smuggling cost, and I think Senator Conrad said border bleed, cost states nearly \$5 billion in foregone excise tax. The states that were doing well are states that had slow cigarette taxes such as New Hampshire. Indiana, Virginia, Delaware, Missouri, they're seeing an uptick in revenue to their local businesses by people entering their states and, and buying, and buying cartons of cigarettes. So I don't think this is doing any-- this floor amendment and LB is, is-- needs to look at the fundamental issue of our property

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tax problems. We're just going to be back year after year when we are not getting that \$70 plus million in property tax relief and we're going to look more tax increases. And that's why I'm opposed to this floor amendment and opposed to LB 170. Thank you, Madam President.

DeBOER: Thank you, Senator Ballard. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. Let me just point a couple things out. Senator John Cavanaugh suggested that his LB152 was the answer. Let me just give you a couple points about LB152. The Fiscal Office said the fiscal note was \$884 million year one, plus about \$550 million for setup. The Douglas County Treasurer, I think, estimated \$1.2 billion fiscal note for LB152. So other than the first year expenses going and taking all the money out of the Perkins County Canal and the prison, what are you going to do about year two? Where is the revenue going to come from to fund that? So it's great that he's out constituents that we can fix this problem by giving every one of you a pass on the first \$100,000 of home value. And oh, by the way, that is not limited to means testing in any, in any way. So the richest, the richest homeowners in the state would get that tax break. So everybody that's talking about what are we doing about the wealthy, well Senator Cavanaugh didn't have a problem with that. He's perfectly fine by introducing LB152, which is the solution to all the problems. By the way, it leaves farmers out, leaves ranchers out. But that's the solution. I think when we look at the idea of solutions-- or first of all, this is not the right bill. It's always interesting. I don't remember how many times in committee I heard opponents saying, this a great goal, but it's just the wrong bill. Really? Well, what changes do we have to make? Has anybody heard any constructive improvements to improve what's been laid on the table? Because I haven't. All I've heard is, every bill's crap. This won't do anything. That's what I'm hearing. I mean, we've, we've pointed out that, that evidently we can't have ta-- taxpayers concerned about charter jets because young, young people can't, and, and people of less means can't afford, can't afford the sales tax they'd pay when they charter a jet or a limousine services or pool cleaning or landscaping. What is wrong with those parts of the bill, the earlier bill? I have no idea what it is. But yet we're opposed to it because it's supposedly regressive. So you can see here, folks, that the arguments run hollow. They talk out of both sides of their mouth. They talk about these taxes that are regressive. Talk about we wanna do something for the people who need it. But yet, we do a homestead exemption bill that has no means testing whatsoever and would cost \$1 billion a year in early time plus another \$1 billion to set it all up? Is that the solution? I mean, the fact of the matter

is that we have to look at spending. We've looked at that this year in the budget. And frankly, what the, what the, the body's saying there's nothing we will do to vote for a bill to lower property taxes, then we have no choice but to slash spending. Probably starts with telling every state agency, cut your budget by 5%. That's probably what it's going to take. But I'm all on board for that if, if the body's not willing to take a look at reasonable solutions or offer reasonable solutions to be able to fix the problem. All I keep hearing is, this isn't the bill. Then please tell me what it is. But it isn't LB152. Thank you, Madam President.

DeBOER: Thank you, Senator Jacobson. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. Well, it's always fortuitous timing. So first off, my bill cost \$600,000 to implement. And then Douglas County said it would cost them \$1.2 million, not billion, million dollars, which is substantially less than \$1.2 billion to administer. Costs \$880 million. And I did not put a means test in it, in part because I didn't want to overcomplicate the idea. But certainly, there are a number of levers you could adjust on the homestead exemption. You could put a means test in it, you could put a cap on it. You can say up to \$100,000, but no more than 50% of the home value. Or--and you could certainly put a valuation limit on it as well, which I think is what we do in other homestead exemptions. But I wanted to keep it as clean and simple as possible so that people wouldn't get confused about what it was. Because people get confused. The devil's in the details as they say. But I would say I, I am proposing a solution here. I proposed a version of my homestead exemption as an amendment. And as I did the math earlier, I said, and I, I do-- I need to correct the record, it was \$119 a year is what-- per \$100-- per \$100,000 of assessed value is what-- is for the \$400 million. So I did that math at \$20. It's actually \$20 bucks per hundred thousand hours of assessed value. So we'll say under my bill, my amendment, \$10,000, first \$10k gets a homestead exemption and that gets you \$200 in midtown Omaha. So under the bill as written, to get \$200 bucks in property tax relief under this bill, the expansion under this bill, you would have to be a home valued at about \$1 million. So it's substantially more. It's basically 10 times what my bill is, is covering, the first \$100-- first \$100,000. So to get that relief, you'd have to have a very expensive house. Which is what my point is, is that my bill gives much more targeted relief. It gives relief to homeowners, owner-occupied homes, who is what everybody talks about here, is who they are concerned about when we're talking about property tax relief. So that is an actual solution for more targeted

relief. People might have other complaints about it. They might want it to go-- they might think, when they're talking about tax relief, they might think I really want it go to big businesses and out-of-state landowners. And so this is a problem for me that I have an idea that is too logical and actually solves the problem. And so they might complain about it not, you know, having a income threshold. I'm happy to put an income threshold on it. I'm to put all kinds of levers on it, I just think this is a much more economical way to deliver the tax relief. And in terms of where does the money come from, I think it can come from just shifting the tier two tax relief into this. And so you figure out how much money that is, and then you deliver it this way. That's my suggestion. That's the principle, is it's a different mechanism to deliver this tax relief we are already providing. It will give people, homeowners a-- that-- more money for the amount of money that the state is providing. That's simple. Simple, direct, clean. It gives people, that we all talk about, more tax relief at less cost to the state. So you can accomplish that. I do agree about the need for cutting spending, and I proposed a number of spending cuts Including taking the excess money from the Perkins Canal that is building the Cadillac Canal. When we're talking about austerity you cannot ignore the one obvious thing. We are building a canal that is too big. And therefore you can't say provide me with tax --with spending cuts, but not the ones that I want. That's what that is saying to people. I want this, therefore you can't touch it. What I'm telling you is, this is unnecessary. It is opulent. The Cadillac Canal goes too far, it is unnecessary, it is building something that we shouldn't be building, and there is some amount of money, if we are talking about needs for cuts, that's a place to find them. So I have proposed that several times. People really don't like that. You'll still get your water. We'll still build the canal. We'll have the reservoirs. Will just save \$61 million by building it the right size. That's my proposal on that as well. So people are making proposals. I've made proposals about how to do this right. I've make proposals about where to save money. But you just don't like those. There's a distinction between people aren' making proposals and I don't like the proposals that are being made. You can disagree with me. That's fine. But don't say that I haven't proposed alternatives--

DeBOER: Time, Senator.

J. CAVANAUGH: --and solutions. Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Senator Dungan, you're recognized.

DUNGAN: Thank you Madam President. Colleagues, I rise today, I think opposed to FA243, opposed to AM1318 in its current form, and again, generally opposed to LB170. But I want to switch gears up a little bit here. Now for something completely different, as some would say. But I wanna focus a little on the cigar portion that's contained in this amendment. And so I was wondering if Senator Wordekemper would answer just a couple of questions about his portion of this amendment?

DeBOER: Senator Wordekemper, will you yield?

WORDEKEMPER: Yes.

DUNGAN: Thank you, Senator. So am I correct that your-- I forget the number of it, but one of your bills that had to do with the cigars and stogies and cheroots taxes is contained in this amendment, is that right?

WORDEKEMPER: Yes.

DUNGAN: And I was on the Revenue Committee, obviously, when you brought this bill in its original form. Can you explain a little bit more about what your original bill did when you brought it to the committee?

WORDEKEMPER: So, my bill was brought to me by a business owner in my town, and when a person goes online to purchase cigars, they do not have to pay the 20% excise tax, and the brick and mortar businesses in our state, they have to pay that 20% excise tax upfront, and then they do not collect that until they make the final sale of that product.

DUNGAN: OK, so that was the original bill that came, and then we heard that obviously in the committee. There were amendments made to that prior to it being included in this part of the amendment. Is that right?

WORDEKEMPER: With, with that original bill, there was a \$0.50 cent cap on the tax, the excise tax, and that was going to be a revenue loss for our state. So we amended it to just basically level the playing field, and we did not cap the \$0.50 cent cap. And we just said let's implement the 20% excise tax for online purchases as the brick and mortars have to also have.

DUNGAN: OK, so in its current incarnation, are the brick and mortar shops, I guess the one in particular that you've talked about, OK with sort of how it's been formulated here?

WORDEKEMPER: Yes. Their concern was to basically have a level playing field so that people that buy it online aren't buying them cheaper online and then coming into the state and smoking them in their stores or whatever. They, they feel like they're at a disadvantage to that point. I mean, they, they pay property taxes in our state, they hire people, they do a lot of things within our state, and basically, they want to just level the playing field with the online purchases.

DUNGAN: No, and that makes sense, and I'm a big fan and advocate of a couple of our local shops here in Lincoln, so I appreciated that part of the amendment. Do you know, are there any additional changes that are being sought currently by any of the online retailers or any of the other shops that we would need to tweak or change that has been brought to you so far?

WORDEKEMPER: Not to my knowledge. OK, thank you, Senator Wordekemper. I appreciate that. The reason I highlight that, colleagues, is I think sometimes when you have amendments like this, you know, we get wrapped up, obviously, in one portion of it. And then other parts can kind of go by the wayside. And I think that, again, there's the big picture objections that a number of us have on the tax shift that we are likely seeing with this, and then ultimately where the money is going. But there are portions of the bill that I think are, are separate and apart from some of the complaints that have been made thus far. I actually had looked at bringing a similar bill to what Senator Wordekemper had brought this year. I know in the past we have seen, I think Senator Wayne brought a similar bill. We've seen a number of senators bring this kind of legislation in the past. And so it was important to me that these kind of issues get addressed so we continue to support our brick-and-mortar shops. But I do want to make sure that we continue to also support the industry as a whole and ensure that if there are sort of larger online retailers that continue to work in the state that we don't essentially kill that entire industry either, we want to make sure, like all parts of what we're talking about here, that if there is going to be revenue raised, it be sustainable if we're going to rely on it. I'm not necessarily saying I agree with the mechanisms in this amendment and how they raise revenue, but we need to make sure if we are then writing into law an expectation that the revenue raised from this goes to a certain fund or a certain property tax relief mechanism that it be sustainable. And my concern is what we're going to see if FA243 is adopted into AM1318 is a slow but steady drop in the amount of revenue that is gained by the state of Nebraska. Given that we're raising the taxes so much, I think we're gonna see a combination of cessation and border bleed. And so those continue--

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DeBOER: Time, Senator.

DUNGAN: --to be a couple of my concerns. I would encourage a no vote on the Floor amendment. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Hughes, you're recognized. Senator Hughes.

HUGHES: Thank you, thank you. I wanted to get out of the queue.

DeBOER: Senator Hughes waves her opportunity. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: I'm here. Hi. Sorry. I had stepped out into the hallway for a minute, and then I was like, oh, Senator Hughes is next, I better go. And then it was my name. We've got about an hour left on this bill before we have a cloture vote. And I am pumping myself full of hot tea and lozenges. So that's, that's always fun. Well, last time I was on the mic, I started talking about cats and how I'm not a cat person. I'm a not a cat person. I like cats if they're not mine and I don't have to pay attention to them. But cats are notorious for wanting to be paid attention to. Oh yeah, by the way, I, I oppose LB170 and the amendments. So I'm not a cat person, particularly. I'm more of a dog person. I have had cats in my life and I thought that I liked cats. But I just liked the cat I had as a child. And even that cat wasn't really very nice. His name was Augie [PHONETIC]. He was orange-haired. My dog was also had orange hair. My siblings as well. There's a bit of a theme at our house. We also had a goldfish at one point. But anyways, I'm not particularly a fan of cats. And my youngest son has now got-- the kids have an Alexa in their room that plays-- we put on books that we get from the library, audio books, and we play them in their room at bedtime so they get to listen to audio books. And then in the morning, Alexa turns on music for them to wake them up. And my youngest has come across some interesting songs. One of them is Cats by Undignified Baby. I was not familiar with Undignify Baby's work prior to this, but it is a song about a kid who asks-- begs his mom for a pet, and she gets him a cat. And he does not care for that. And it is a very funny song. It's more of a spoken word song. I wish I had the lyrics in front of me, but it's like, staring at the steps, not sitting on the steps. Staring at me, licking his butt. It's a cat. It's a cat. Could have been a dog, could have been a frog, but it's a cat. Then he talks about a friend who has a cat who scratches his eye, and now he looks like a pirate. It goes on. Anyways, why am I talking about this? Because I think I have talked about how much I don't like tax increases and tax shifts enough. And

it is at that point of the night where I am just like, hey, it's 7:26. You all know where I stand. But I need to take some time because we got to go to cloture on this. So I'm going to talk about what I want to talk about. And right now it's Undignified Baby's song, Cats. There's another, the Chicken Nugget song by Nick Bean. I haven't looked up any of Nick Bean's other songs, but it's goes something like if you like chicken nuggets, then this is your favorite song. If you like chicken nuggets like I like chicken nuggets, sing along. And for some reason, at some point, talking about like how many pieces of chicken nuggets like four, six, no, he likes 23. You can't get a 23-pack chicken nuggets. But I guess you could get like a six pack and a 20 pack and give three away to your cat, and then you can eat 23 chicken nuggets. I am a vegetarian so that does not sound appetizing to me, but 23 chicken nuggets also sounds like it would give you a tummy ache. So for those watching at home, it is 7:28. We're going till 8:23 on this bill. I am taking time unabashedly. That is what I am doing. And I am too tired to talk about taxes anymore, because I think, I think I've illuminated my position on it fully over the last seven hours. So Undignified Baby sings the song Cats, and the Chicken Nugget song is by Nick Bean. Highly recommend them. They're very funny. Your kids will love it. I do torture my son with the Chicken Nugget song because I make him dance like a chicken nugget in the morning. I take his arms and like make him. And he gets really mad because he's still asleep. So now I'm just-- how much time, Madam President?

DeBOER: 10 seconds.

M. CAVANAUGH: Oh, fantastic. Thank you for saving me from talking any further about chicken nuggets and cats. Thank you, Madam president.

DeBOER: Thank you, Senator Cavanaugh. Senator Spivey, you're recognized.

SPIVEY: Thank you, Madam President, and I yield time to Senator Machaela Cavanaugh.

DeBOER: Senator Machaela Cavanaugh, you're yielded 4 minutes, 45 seconds.

M. CAVANAUGH: I was worried I wasn't going to get to talk again. OK, I've talked about chicken nuggets. I've talk about cats. I oppose LB170. I, I, I've heard the, you know, comments about bringing solutions. And I've brought, I've brought options. I don't think every bill is a bad bill. Like I-- this particular bill, I don't support the

things that are in it. But there are other tax bills that I would support. And I would welcome the conversation about those. But this particular one, it's just, it just not my cup of tea, ha, and i'm drinking tea, get it? To ton, ton. So, yeah, I mean, I'm always-- I like to take creative-- find creative solutions. I like pieces of other bills. I think that there's a package that can be put together that's sound public policy. But you know, we gotta work together. Like that old saying, across the ai-- across the aisle. Except for here, the aisle is-- No matter what, you're working with people across the aisle here. It's not political party. I did notice the other day, last week maybe, that almost all of the freshmen, except for two, are on my side. Senator Strommenn and Senator Storm, oh and Senator Wordekemper, are the only freshmen that aren't on my side of the aisle. Gentlemen, come on over. We're on the right. You're on the left. Just saying. This is where the fiscal conservatives hang out. I don't know why Senator Riepe's over on the left. Well, he's a liberal. He's a tax and spend liberal. Just raise all the taxes, spend, spend, spend. This is how I've always described Merv Riepe. Just Senator Merv Riepe, just giving handouts left and right. Not hands up, handouts. Yes, I am just taking time. Time is on our side. I had an autocorrect, and it put in Brandy, and somebody said, who's Brandy? And so I said, she's a fine girl. What a good wife she would be. Anybody know that song? Yeah, it's a good one. I used to listen to KGOR growing up. That was what I listened to every morning getting ready. So I knew a lot of those-- the songs that would play on, on KGOR. And I, I really liked that song. I also like the song Sitting on the Dock of the Bay. That's another one I'm a big fan of. What else am I a fan of? Dinner tonight was excellent. Thank you to the chefs. I did not have what everybody else had, I had a veggie burger. But it was very good. Lovely toppings. I loved the crudite on the side. I don't know what tomorrow night brings, but I'm sure it'll be delicious. The people who work in the cafeteria are so nice and appreciate that they stay here late to provide a meal for us every night. And thank you to the people who are paying for the meal to be provided. That's also very generous. It's somebody out there's birthday today. I think he's 25, maybe 21. Joe [PHONETIC], I heard Joe was 20, 21, maybe for the second time. But I did see his lovely wife Victoria [PHONETIC] brought a cake up and so that's really nice of her to do since he's stuck here with us. It looked like it was a white cake with strawberries. It looked really delicious, but I already ate half a brownie at dinner so I had to skip that. So almost out of time again. Remember to look up that Nick Bean song about chicken nuggets. And the Undignified Baby song about cats. I think that's some-- Madam President, what do I got? What do-- have I go for time?

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DeBOER: 30 seconds. Man, I would love to ask the president and the presiding officer questions, but that's not what we do here. So also, you know, it, it was Senator DeBoer's birthday last Friday, so happy belated birthday, Senator DeBoer. There's some cake for you out in the lobby from Joe and Victoria. I'm pretty sure that's why it was here. And with that, I think I've taken up as close to five minutes as is humanly possible. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Rountree, you're recognized.

ROUNTREE: Good afternoon and thank you, Madam President, to our colleagues and to all those that are still with us online. I wanted to know if Senator Hughes might yield to a question?

DeBOER: Senator Hughes, would you yield?

HUGHES: Yes, I will.

ROUNTREE: Thank you. Senator Hughes, thank you for the information that you were passing out. I just wanted to know if on the handout where we were talking about the smoking cost, monetary cost, could you elaborate just a little bit more on that as far as if we're raising the taxes, what benefits we'd get out of that?

HUGHES: Is this the tobaccofreekids.org? Yeah, OK. So that was just information that we printed off and it was specific to Nebraska. It-- kind of it's from Tobacco Free Kids and it says what like the use of tobacco in Nebraska. So who uses e-cigarettes, high school students, et cetera. But like adults-- deaths in Nebraska from smoking. Adults who die each year from smoking is 2,500. Proportion of cancer deaths in Nebraska attributed to smoking, 28%. That kills more people than alcohol, car crashes, illegal drugs, murders, et cetera. And then kind of the things that, Senator Rountree, that you and I were talking about is smoking costs, monetary costs in Nebraska. Annual health care costs in Nebraska directly caused by smoking, \$924 million dollars. Medicaid costs caused by smoke, \$174 million dollars. And that is, when I was discussing with Senator Rountree, if-- so, so we've got the numbers that show as excise tax on cigarettes go up, usage goes down, which is a good thing. And, and that's what I was just saying, if usage goes down, then that frees up costs down the road that we can use toward other things. So that's kind of the conversation that we had. Thank you.

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ROUNTREE: All right, thank you so much, ma'am. And with that, Madam President, I yield back the rest of my time. Thank you.

DeBOER: Thank you, Senator Rountree. Senator Brandt, you're recognized.

BRANDT: Thank you, Madam President. So I've got some figures here, and it's a little hard to read here at night. Let's see if we can turn this on. And if this is successful, and Nebraska raises its cigarette tax from \$0.64 To \$1.64, where would we rank in the country? And I think if I'm reading this right, and this is all 50 states, we would end up at 28th in the nation for cigarette tax. Ohio would be behind us at \$1.60, and Utah would be ahead of us at \$1.70. So even raising cigarette taxes in Nebraska \$1, doesn't even get us into the top half of the states. And I know you guys are probably getting a lot of emails and getting hauled out into the lobby on-- by tobacco, but that's where we would end up. The last time we raised that tax, I believe, was in 2001, and so it's been 24 years. And then I've got some statistics here, and this is Tobacco Free Kids. In Nebraska, annual Medicaid costs caused by smoking in Nebraska are \$174 million. So that number is paid for by federal and state funds, that's some of our Medicaid costs right there. The taxes on cigarettes wouldn't even come close to covering, covering that. I know there's been some discussion as the excise taxes go up on vape and cigarettes and cigars, people will use less of them. That's not a bad thing So that's kind of what we're trying to do in society today, is to get people to quit smoking and vaping and cigars and chew. And maybe this is one way that'll convince some people, if their pack of cigarettes goes up another buck. Or maybe they just drive over to Missouri and, and buy some, some cheaper cigarettes. So that's really all I've got, Madam President. Thank you.

DeBOER: Thank you, Senator Brandt. Senator Conrad, you're recognized. Senator McKinney, you're recognized.

McKINNEY: I yield my time to Senator Machaela Cavanaugh.

DeBOER: Senator Machaela Cavanaugh, you're yielded 4 minutes, 50 seconds.

M. CAVANAUGH: Thank, thank you, Madam President. Thank you Senator McKinney. OK, I found the lyrics. I know you all were dying to know. Should I do Chicken Nuggets or Cats first? I'm looking at the pages sitting up front. Chicken Nuggets or Cats first? Chicken Nuggets? Cats. No, neither? All right. Chicken Nuggets it is. OK, here are the

lyrics to the Chicken Nuggets song by Nick Bean, 2023. OK. Sing. This is what I'm talking about, free chicken nuggets. Oh, if you like chicken nuggets, then you gotta sing along. If you like chicken nuggets, this is your favorite song. If you like chicken nuggets, then you got to sing along. If you like chicken nuggets, this is your favorite song. Sing it. Chicken, chicken nuggets, yeah, chicken, chicken nuggets, yeah. Chicken, chicken, nuggets, yeah, yeah, yeah, yeah. There's another one of those. I love chicken nuggets, it's true. I bet I love chicken nuggets more than you do. If you don't like chicken nuggets, we can't be friends. Me and chicken nuggets till the very end. People watching, I'm just talking about this song because, because it's what I wake my son up to every morning, and I thought it was amusing, and I've talked about taxes to death, and so, you know, it's, it's late nights. Thought I'd give you a little-- there's more to the Chicken Nugget song, but now I want to sing the cat song. We'll not sing it. I'm not going to sing it. Although while we're talking about smoking and all of this, I do feel like my voice is reflective of maybe a smoker's voice right now, but. So the Cat song is by Undignified Baby, which I had never heard of. It's very amusing. Years ago, I wanted a pet. I begged my mom, and what did I get? I'm lying on the stairs, and you know what? The cat stares at me as it licks its butt. I wanted a hamster, I wanted a dog. I would rather had a frog, or a pollywog, or a toad who rode on a log. Why, oh why can't I have a dog? We got a cat. It goes on. You get the point. Oh, here-- oh, I had a friend, his name was Greg. One day his cat tried to eat his leg. On his right side he walks with a peg. It scratched an eye, now it looks like an egg. He saw an eye patch and had to buy it. Now poor Greg looks like a pirate. He had a cat too. Poor Greg. He had cat. And then at this point, it does this like synthesized meow in the background. It's like, he had a cat. Meow. Yeah, that's it. OK, so those are those two songs that my son listens to in the morning. Now he has a playlist that is called Minecraft and it has the Lava Chicken song by Jack Black, which I thought was Llama Chicken for a long time, but it's Lava Chicken. And I finally saw Minecraft this weekend. We rented it at home. My kids all went to see it in the theater with my husband, so I got to see Minecraft and I will say, for me, it was a bit of a game changer watching the movie because I do not understand the game, like, don't understand it at all. I feel like I understand it now a little bit more when my son is talking to me about all the different things that he's building constantly. I kind of sort of get it, like, but I don't really get it but I'm trying to get it. So I might have to watch the Minecraft movie a few more times. I definitely need to play Minecraft more. It is an interesting game. But it's like not a game, and it is a game, and there's design mode, and then there's like

battle mode. I don't get it. But I kind of get it. Do you get it? OK. Anyways, I won't bother you anymore with songs that my children listen to in the morning. I just started talking about Cat Lovers Against the Bomb calendar. And that kind of transitioned into me talking about the Cat song, but then we really listened to the Chicken Nugget song more than we listen to the cat's song. And so if you want to see how my brain works, that's kind of the winding hallway through my psyche on this lovely, oh my God, it's only Monday. It's only Monday. Woo. All right. Thank you. Madam President.

DeBOER: Thank you, Senator Cavanaugh. Senator Fredrickson, you're recognized.

FREDRICKSON: Thank you, Madam President. OK, wow, it's a tough act to follow. So I rise today-- so I've been having a lot of conversations with colleagues about this. And, you know, a few concerns that I have that I want to underscore. I mentioned this a little bit earlier, and I've certainly spoken to Senator Hughes about this off the mic. Well, let me start by talking about, I guess, the amendments that are on the board, which are taxes that are specific to tobacco products and sort of like within that, that realm. I generally do not have an issue with the proposal to increase the taxes there. Now, that said, my concern lies primarily in what do we do with those tax dollars. So, I spoke with Senator Hughes earlier about this, how I would like to see these funds going into the General Fund, as opposed to strictly just tier two. And specifically, the reason for that, there's a number of reasons for that including but not limited to the idea that if we are going to be achie-- receiving more revenue from tobacco related products, I would like the option for some of that revenue to go to, perhaps, DHHS or other health-related expenditures. And I say that because obviously, you know, that's in general, I think, the concept of why do we, why should we have excise taxes on products that could compromise an individual's health, which again, could eventually lead to more expenses for the state. And so I often think about the Canadian model here, right? So they have very high sin taxes. For those who don't know, all of the liquor stores in the entire country of Canada are all government stores, are all-government run. You cannot have a private store to sell booze. And they tax their booze very, very high. So a bottle of wine that you might get for \$10 in the US, when you're in Canada, you're gonna be probably buying that for around \$15. The markup is, is pretty significant. And that's all a tax. And they use that tax to pay for, well, one, their healthcare system, but two, also, they will direct those funds towards things like alcoholism treatments and addiction treatments. So I'm a firm believer that if we are going to raise taxes on things like tobacco

products, that we should have the option to utilize some of those funds with-- for resources that are targeted towards the possible downsides that, that, that, that could come with that. So that's one thing that I have a concern with this bill is, is the direction towards tier two. I also continue to have concerns with, again, whenever we talk about sales taxes and, and taxes that are going to be increased on exchange basis for, for purchase of goods. The, the eastern part of the state, highly populated parts of the state, are going to be disproportionately flipping that bill. And so I'm always thinking about my constituents in the city of Omaha, certainly, and how this will impact the pocketbooks of residents of that area. So these are the things that are kind of giving me pause about what we're seeing ahead of us right now. I'm gonna continue to listen to the debate. I'll continue, obviously, to have conversations off the mic and we will see where this goes. Thank you, Madam President.

DeBOER: Thank you, Senator Fredrickson. Senator Guereca, you're recognized.

GUERECA: Thank you, Madam President. Let's start off by wishing my father happy birthday. It is his 66th birthday today. So from Omaha to Redondo Beach, happy birthday, Pops. Again, I, I rise in opposition to sort of the amendment, but also the underlying bill. I'm going to sound like a broken record, but I think first off, I'll, I'll, I'll highlight the-- I actually like Senator Wordekemper's bill. So it's gonna hurt me when I have to vote red because I think that's, that's a good piece of legislation that'll support our small businesses. I know I have a couple cigar shops in my district that certainly will benefit from that bill if it were to pass. Hope it doesn't because it's attached to, again, pro-- providing property tax relief on the back of normal everyday Nebraskans. And yeah, I think it's convenient, it's easy to attach a, a sin tax, and you can call it a sin tax. But, you know, what you're taxing is every day, normal Nebraskans that just want to have a smoke. And I think for the tripling of that tax at, at one sort of blow is pretty-- it's tough. And again, at a time and during a session when we've been taking vote after vote attacking the pocketbooks of normal working Nebraskans, again, this is going to be the feather that broke the camel's back. It's piling on folks. We've been piling on all session long. So what's another dollar? Well, folks, a dollar here, a dollar there, that adds up. When you're trying to raise a family at a time when we're seeing record inflation, the cost of eggs haven't gone down yet, Nebraskans are having a hard time being OK. They're having a hard time making ends meet. They're having hard time providing their children the lives that they want to give them, that they deserve. Every Nebraska child deserves a good,

comfortable life. When we take vote after vote in this building to chip away at people's dignity. That's sort of-- it's a theme. We're chipping away at folks' dignity, their ability to put food on the table, you know, we're increasing fees. People just want to be OK. They want to work, get paid a decent rate. you know, come home to their own home they own, put healthy food on the table for their kids, and give them that shot at a better life. Give them that shot at finding their Nebraska dream and living that good life. We just make it tough on them, colleagues. So that's why I'll be, again, be opposing LB170 in whatever form it takes, because this nickel-and-diming of regular Nebraskans, that strikes a chord with me, folks. It strikes a chord. Thank you, Madam President.

DeBOER: Thank you, Senator Guereca. Senator Ibach, you're recognized. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. Well, I'll kind of start where I left off, that I've not heard solutions today. I've heard how horrible the bills are that Senator Brandt brought, brought. I've hear that this isn't it. But I've heard no alternative that makes sense. Senator John Cavanaugh admitted that, that the fiscal note on his bill starts at \$880 million, and quickly gets up to \$9-- over \$900 million plus the state set up cost of \$500 million. Has no means test. He said we could change it but why did he introduce it that way? Because the fiscal note would have been a lot lower. But when the-- it came to the Revenue Committee, it was dead on arrival. So, where are the solutions from the other side? When, when something is brought and says, well, it's only going to be this much savings, well if you run the math on how much lower income people would pay in sales taxes on the items that were brought up, virtually zero. The governor has imposed that, that there would be no SNAP payments used for, for candy and pop. But we can't tax it. We've heard different things on tobacco. Either the, the rate on tobacco needs to be \$2 a pack to get people to stop smoking, or it needs to be lower, and that we're targeting youth with the tax. I, I'm confused. I, I don't-- are we gonna stop smoking, cause people to, stop smoking or we're gonna target the youth because they're smoking and we're going to charge them more because they are smoking? Which evidently that's a good thing now for young people to smoke, but yet at the same time we're being told, rightfully so, that it's a carcinogen, known carcinogen, and you shouldn't be smoking and vaping. But we shouldn't restrict that, and certainly should not tax it. So I don't know where we're supposed to do tha-- how we're supposed to do this. Because we're going to have a certain amount of revenue increase that's going to happen every year from the natural growth in the state. That-- We're projecting a 6.5% increase in

revenue the next two years. So that will bring in additional revenue, which will pay for the cost of state government. But there's not hundreds of millions of dollars for property tax relief if that's how we're gonna get there. The only way we're gonna get that is by slashing spending at the state level. So I can tell you next year that's what's coming. And next year we're going to hear how we are throwing people out of their houses, we're starving women and children because we're gonna cut. So which way do you want it, folks? Which way do you want it? Because we can't increase revenue because it's a regressive tax on items that they're never gonna buy anyhow. Which I'm still trying to wrap my head around, how low-income people would be hit with those taxes on those items. And if you're telling me that there are some items on the list that will impact them, then bring an amendment to remove those items. That's how that works here. Tell us what you don't want. But there's no real genuine interest to move a bill. There just isn't. There are people that are going to get on the mic and tell you how much they hate property taxes, but yet they're not going to do a thing to reduce property taxes. They don't see it as a problem. It is a problem. It is the number one problem we're dealing with. And it's choking us. It's choking the state. I don't care where you live in the state of Nebraska, property taxes are a problem and we cannot ignore them. Thank you, Madam President.

DeBOER: Thank you, Senator Jacobson. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. Well, I didn't think I was gonna get to talk again. I guess a lot of people left the room. The storm passed, so it's not as ominous outside. So I am opposed to FA243, AM1318, LB170. And just for the record, LB152, my homestead exemption bill, cost \$500,000 to set up, not \$500 million. So there's a distinction there, a pretty substantial one in terms of cost to administer the program. But I-- you know, I've talked today about my opposition to this bill in part because I do think there are just better ways to deliver property tax relief and I have proposed one and it has a lot of different ways you could implement it including an amendment that I did propose that is attached to this bill. So folks want to see my proposal about a way to deliver a property tax-relief, it is attached to LB170 as an amendment, or it's I guess not attached but it is filed as an amendment. But on to the, the tobacco tax part of this. There's, you know, a lot of data, people study these sorts of things about increasing the tobacco tax, and the proposal to increase it to, I think, \$1.64 is essentially what the, you know, researchers would tell you is the bare minimum to have a, a downward pressure on use. And so it's, you know, the idea is you increase the tax to the

certain point, and then people will say, well, that's too expensive, I'm going to smoke less. And so then it decreases smoking, which has, obviously, a positive impact on-- societal impact because fewer people smoke means fewer people are having the health-- adverse health effects as a result of smoking, and then hopefully fewer people take up smoking and people quit, and all that sort of stuff. So that is-- that, that's the idea, the logic, behind increasing the tax to a certain point. There's two problems with that, though. One is if you're raising it as a revenue source, if you are successful, you are actually going to decrease the amount of money you take in over time. So that's one part of it. The other part is that if your goal is to raise the tax to im-- improve health outcomes, the data is clear that you need to use that increased tax revenue to invest in health outcomes. So things like investing in research at the-- at Creighton University Medical Center or at UNMC or investing in public health programs you know, at our County Health departments, Douglas, Lancaster, all of your other community he-- health departments. I did talk a week or so ago about the feds cutting programs, \$100 million in health funding. So if you really were interested, if you're interested in increasing-- improving health outcomes by increasing tobacco tax, then we should invest that money back into all those programs that lost their \$100 million. Because then at least we would be not holding steady, but we would be, you know, mitigating some of the harm there. So that's, that's problem number one is if you're, you're-- if that's your goal, you're not achieving it by putting it into property tax relief. But problem number two is that if you are raising it to increase revenue, you are raising it to a point where you are actually going to end up decreasing revenue. So whichever side of the coin you're on on this tax increase, it is not going to achieve the outcome. So the way you would achieve the outcome is to either raise it less, so you induce people, people pay a little bit more and they don't, they don't quit smoking, which does seem a little cruel and regressive and extractive, be the, you know, just extracting money from people who are addicted to cigarettes. So that would be the way you'd raise revenue. But if you want improved health outcomes, you can't put it into property taxes. You have to put it in to spending on health. You have to put it into research, you have to put into public health programs, you have to take that money and actually help people, smoking cessation programs. You have to invest it in those things. So that's why I'm opposed to this program as written. It doesn't achieve any of the stated outcomes. And, of course, the property tax relief delivery mechanism is less efficient than other property tax release mechanisms. So if we want to give real property tax relief to owner occupied homes, we can do that. And we can give people more relief

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with less money, or with the same amount of money. We can take the \$780 million that's currently in there and we could deliver it through my homestead exemption and every owner-occupied home would get more than double the property tax relief that they are getting under the current system. So that's how you increase tax relief for homeowners in the state of Nebraska. You just do it more efficiently. Thank you, Mis-- Madam President.

DeBOER: Thank you, Senator Cavanaugh. Senator Dungan, you're recognized.

DUNGAN: Thank you Madam President. Good evening colleagues. I do rise, I think, opposed to FA243 and ultimately opposed to AM1318 and LB170. So for those who've been paying attention all day, that probably doesn't come as a surprise. I do appreciate that we've had a robust conversation here. And, again, I, I think we all are coming at this from different angles. You know, a comment was made on the mic earlier where somebody said, well, I can't keep it straight. Are people mad about this or are they mad about that? And what's interesting is that the reality of this situation is you have a lot of senators who are mad, maybe too strong of a word, who are not in favor of this bill for different reasons. And when you have 49 senators get together in a room and look at something that was as broad as the original proposal in AM1318 and certainly something that includes even multiple components like FA243, you're going to get a differing of opinions, and you're gonna get people who don't like something for one reason and they're gonna be joined in opposition by people who don't like it for a totally separate reason. I understand it can be hard sometimes to follow the, the different trains in here because we, we talk at different times and somebody will get up on the mic and they'll talk and not get to talk again for an hour and a half and then keep going forward with their comments. But it doesn't negate the opposition simply because you disagree with it. And in this Legislature, there are a few different ways that you can handle a bill that you don't like. You can swallow your pride and vote for it if that's what you want to do. You can certainly amend it, as many have done, and as I think we've all done on various bills to try to improve them if we feel like there's a path forward. Or you can oppose it. And it is not wrong to oppose a bill that you believe is fundamentally predicated on a philosophy that you don't agree with. And I will tell you there are many people in this body who have opposed many bills from the left and the right simply because they disagree with what the bill seeks to do. And that's OK. I, I don't think it's wrong to vote no on a bill. I've spoke many times today about the various proposals that we've heard as a Legislature to alleviate property tax. Senator Hughes answered

questions on the mic about her LB303, her priority bill. Senator John Cavanaugh has talked about his proposal. And again, you can say you don't agree with it. You can say you think it's too expensive or you don't like the mechanism with which it delivers property tax relief. But to pretend as though there's not other solutions being offered is simply incorrect. And so I, I just wanna push back on that respectfully because I think that there's a lot of people in here who have a lot disagreements with LB170 for different reasons, but none of those are any less valid than the other ones. And the one through line that I think we can identify and, and see from a lot of our colleagues is this really does represent a tax shift from one avenue of raising revenue to another. Senator Jacobson actually said he supports it because it is a tax shift. And again, we can disagree, and that's fine. But it absolutely is. And to pretend like it's not, I think, is misleading to the people watching or the people who may read later about how we vote on this. It is a tax shift, and we might just have different ideas of whether or not that is the proper mechanism to raise that revenue. I, for one, support Senator Brandt's LB171. I would support a bifurcated LB171 even that allowed individual income tax to continue to drop down to 3.99% for the top two brackets in the out-- upcoming years, but simply froze corporate taxes. And a couple of my colleagues that I've talked to about this have agreed, some disagree. And I, I would love to have that debate. I would for us as a body to dive into that issue. Because, colleagues, if you want to look and find a way to get \$50 million in the next year and then upwards of \$120 million in the year after that, saying on the corporate taxes that we've already given you a substantial cut and we're going to freeze it where it's at, not saying we're to raise taxes, we're just going to free it where it's at and not continue to decrease them, is an option. But I'm guessing that's an option that many people would also oppose, and that's not the debate we're having at this moment. My point is there are other avenues to explore. It is not simply a binary of either you support LB170 or you're wrong. A lot of people in this room disagree about LB170. A lot people in this room disagree with LB170 for different reasons. And that's part of what makes this Legislature beautiful, is we have 49 people who come from different backgrounds with different walks of life and a different North Star who all come at this differently and we ultimately all have one vote. And colleagues, my hope is you use your one vote today to oppose a tax shift and to say to the people of Nebraska that you don't necessarily think we should be balancing the budget or funneling money into a different tax fund or credit fund on their backs. So with that, I would encourage your red vote down the board. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. Would Senator John Cavanaugh yield to a question?

DeBOER: Senator John Cavanaugh, will you yield?

DeBOER: Sure.

M. CAVANAUGH: Thank you, Senator John Cavanaugh. I was asked this question by one of the pages, and I said that I didn't have an answer, but I thought you would for sure have an answered. Who is your favorite philosopher?

J. CAVANAUGH: My favorite philosopher?

M. CAVANAUGH: Yes.

J. CAVANAUGH: Well, I, I could talk about a classical philosopher or sort of my, like, ethos philosopher.

M. CAVANAUGH: Let's go with ethos.

J. CAVANAUGH: OK. Well, I would say Kurt Vonnegut is probably my favorite modern philosopher.

M. CAVANAUGH: Why is that?

J. CAVANAUGH: Well, if you've ever read any Kurt Vonnegut, he's very clever, he has a great way of phrasing things in a very interesting way, and some of my favorite lines come from, from Kurt Vonnigut. But, like-- So I read his books and kind of a way of looking at life. So he has one line that says, hello babies, welcome to earth. It's hot in the summer, cold in the winter. It's round and wet and crowded. On the outside, babies, you've got 100 years here. There's only one rule that I know of, babies. You've got to be kind. There's some swear words in there, but I cleaned it up. But I, I think that's a great way to look at things. He has another-- other sort of philosophical bents to some of his writing. But a lot of it is just, you know, stories about outcasts and ne'er-do-wells, but also people who deeply about each other. And so I get a kick out of, I enjoy those stories, I guess. So, I don't know, Kurt Vonnegut is, is my answer for modern philosopher.

M. CAVANAUGH: OK, and for --what was the first option?

J. CAVANAUGH: Oh, classical?

M. CAVANAUGH: Yes.

J. CAVANAUGH: I mean, there's a lot of good ones, but Plato is an old standby. The allegory of the cave is one of my favorites.

M. CAVANAUGH: Oh, how do you feel about Nietzsche?

J. CAVANAUGH: Nietzsche?

M. CAVANAUGH: Yeah.

J. CAVANAUGH: I mean, I've read Nietzsche, I wouldn't say that I was a big fan, I guess.

M. CAVANAUGH: All right. Well, oh, I was going to ask-- but he's not at his seat. I did, so I'll just say that I did ask Senator Rowntree this question as well, and he gave a rock-solid answer in my opinion that his favorite philosopher is Jesus.

J. CAVANAUGH: Also a great philosopher, probably more in the classical than the modern.

M. CAVANAUGH: Yeah, pro-- a little bit more. A little bit more. Well, thank you, Senator John Cavanaugh, for yielding to those questions.

J. CAVANAUGH: Sure.

M. CAVANAUGH: I knew, I knew you'd have an answer to them. I, I don't sort of-- I, I said I'm not as bookish. You're, you're a little bit more bookish than I am. I'm a little bit more freewheeling, talking about cat songs, etc. But one thing that-- a conversation that I had with your brother-in-law, my husband, was about how to have a perspective in this world. And this actually kind of pertains to what Senator Jacobson's been talking about with ideas. That sometimes you've got to just treat this place like a snow globe. You've just got to shake it up and get new energy and new ideas and figure things out, which like just look at things from a different angle. And that's what I love about being in here is listening to other people's perspectives when you sit and hear this floor debate. So that's my philosophy on philosophy, such as it is. OK, well, we've got 12 minutes left. And how much time do I have left, Madam President?

DeBOER: One minute, 20.

M. CAVANAUGH: OK, one minute, 20. Well, pages, I don't know if that was what you were looking for, but hopefully at least passed the time for you while you sit up front and listen to us all. I, I do genuinely like hearing everybody's perspectives and learning new things. I try not to be too entrenched in my own ideas. Sometimes I-- I've got to get out of my own way in that regard. But I, I believe listening to conflicting points of views can only yield stronger public policy. So that's one of the things that I find really interesting here. And I will say that I've-- sitting on HHS, and having bills that when I was there that senator Ben Hansen would bring that out, out of hand I was like, this is a terrible bill. But then he would bring it and I would sit there and I listen and by the end of it I would be like, you know what? There's some things about this that I could definitely get behind. And then there's some that I could never get behind. But if you don't listen, you're going to miss out on really wonderful experiences and collaborations. So that's my take on it all. Thank you, Madam President.

DeBOER: Thank you. Senator Machaela Cavanaugh. Senator Dorn, you're recognized.

DORN: Thank you, Madam President. We're about done with the conversation for today. Part of what I wanted to get up and talk about this time was Senator Brandt gave us a handout called Nebraska Property Tax Burden, May 19th of 2025. And on the back page of that, it was a cigarette taxes by state. So you can look at every state and see what their current rate is. The only one in blue is New York at over \$5. But outside of Wyoming and Missouri, we're the lowest one in that six state region or whatever. And you can see what the rates are and what every state charges. California and the whole west coast, Oregon and Washington, they're all \$2.87 and \$3 per pack or whatever. But part of what really struck me in this handout was on, I call it the third page, which was Nebraska's effective property tax rate. And this is the total property taxes and fees for property divided by the value of land and buildings. In practice, that is a percent of the total value that is owed in property taxes annually. For example, if you have a \$250,000 home, the property taxes is due under a 1% effective tax rate would be \$2,500. based upon the tax rate in 2023, Nebraska's ranked eighth highest in the nation for the highest effective tax rate on residential property and agricultural property. The effective tax for Nebraska residential property is 1.4%, which the national average is 0.9%. That means that we are almost 50% higher on effective tax rates here in Nebraska on residential property than all the other states. So we are one of the highest, the average was eight. But I think the more telling one is that the gross effective tax rate

for Nebraska agriculture is 0.83. And there's a figure down below there that shows us and all of the surrounding states. And we are double most of those states. Nebraska's at 0.83, whereas Iowa's at 0.4, Wyoming's at 0.34, and Colorado's at 0.39. This is on agriculture land. And I think that's-- Senator Jacobson and other people have talked about, and we've talked about for years, is the property taxes on agriculture land have been increasing steadily over the years and that we are I call it when you look at the others around us we are by far the highest one. And the one other thing that I've noticed since I've been up here is the one-- that top part of that thing is the residential property even. We are and have climbed for the last 10 years on residential properties, even sometimes up over 20%. I gave that handout earlier where it showed that statewide our valuations this next year are gonna be up over 9% statewide, that's on all property. Agriculture property is gonna be up over 15%. And yet property taxes have always been a discussion up here. We need to make sure that we focus on, I call it, getting some relief for property owners. Many people have, I call it come up with ideas, some of them good, some of them not so good. But to get something across the finish line I think, as I've been here these seven years, is one of the most challenging things there is, is to get across the finished line. And several people have talked about different ideas, or not bringing ideas, or bringing this idea or that idea. It's one thing to bring an idea, it's another thing to get something across the finish line. Former Senator Briese and Senator Linahan, I call it, we're champions in this area of the discussion on property taxes and all kinds of taxes and leading us down a path where we have, I call it, started to adjust some of this so that property taxes aren't quite as much of a burden as they have been like seven to ten years ago. So I'm really thankful for them and for their leadership. Bringing ideas that we can get across the finish line are very, very telling, are very, very hard to do. I sincerely thank Senator Hughes and Senator Brandt for their efforts this-- with this bill, LB170 and the amendments we have up here. I think this shows all the extreme hard work, the negotiations, the effort it takes to get everybody in this body to come together enough to have some general consensus on some of these directions we can go with this and I'll yield the rest of my time.

DeBOER: Thank you, Senator Dorn. Senator Von Gillern, you're recognized.

von GILLERN: Hello. There we go. Thank you, Madam President. I appreciate that. I was kind of hoping I would be last up, but I don't know. This is going to be pretty close, and Jenny's [PHONETIC] not giving me a nod or anything, no indication, so we'll see. It'll be

close whether this comes in last or whether Senator Ibach gets the last word here today. So we're about ready to wrap this up. I just wanted to review the pie charts that my staff worked on have gone around. They've been passed out. The great volume of information in here, kudos to, to some smart folks down in the Revenue Office for helping pull this together. But a picture is truly worth a thousand words. So I see Senator Holdcroft is digging his out of the trash can to review with me. Thank you. I appreciate that. Go to the last page, the income tax rate step-downs by bracket. It's very telling when you see that the third and the fourth bracket never reach the first and the second bracket. They do step down. They are the only two brackets that step down, but they never quite reach the first and second bracket. And that was by design that those brackets-- those brackets would always pay more than the first- and second-bracket. I mentioned earlier in my time on the mic that the cutoff for the third-- between the second and third bracket is around \$30,000 for a single filer. And so if you make, do some quick math with me, if you make \$15 an hour, which will be the new minimum wage, times 2,040 hours, that's a little over \$30,000. So congratulations, you're in the third tax bracket, and you will receive that step down. And according to many in the room, you are rich but let's work backwards from there. If you work-- well, let's, let's, let's start at the front page. And so there's years of income tax revenue bracket breakdown from 2020 to 2023. You'll see the, the pie charts as I go forward, and then I'm going to forward to 2023, which is a blue chart, income tax revenue by bracket breakdown. And what you'll see is that the fourth bracket, the revenue, 85% of the revenue comes from the fourth packet. And that's illustrated in the bar chart a couple of pages in. But if you flip just one page over, staying on the blue pie charts, income tax filings for 2023, and I mentioned this earlier when I was on the mic, 58% of all filers fall in the third and the fourth brackets. So this, this is a-- the income tax reduction was quite broad, impacts the majority of Nebraskans. And again, impacts people of what many in the room would consider of modest income. So now if you go to the bar graph, total dollars of income tax liability in millions. This is, this is, you know, this gets talked about a lot in different circles where the highest bracket produces the greatest amount of revenue but it's quite telling when you look at here and these are the year-over-years 2020 to 2023, and clearly the, the fourth bracket brings in-- if I'm not-- I haven't done the math in my head, but maybe seven or eight times more than the first three brackets combined. So, so that's-- it's, it's just some, it's some good information, you can, you know, statistics are interesting, you can draw what conclusions from them that you want, but, but it's quite telling as far as I'm concerned about the impact

of the income tax cuts and the fact that we should not be rolling those back. So, so back to that topic, what should we do about if there's any potential change? And so I went to my good friend, ChatGPT, a couple weeks ago, and it was a bit interesting, and I just pumped in the question, do people move for favorable tax rates? And the answer was, yes, people do move for favorable tax rates. How often and why depends on the individual or business. For individuals, it says high-income earners are more likely to relocate to states or countries with lower income tax or no income tax, like Florida, Texas, or Nevada. Retirees often move to tax-friendly states where pensions or social security benefits aren't taxed. And some people also consider property taxes, sales taxes, and estate taxes when relocating. And of course, we've dealt with all three of those in the last week. For businesses, companies frequently move headquarters or expand operations in states or countries with corporate tax advantages, better regulations, or economic incentives. Startups may seek low-tax innovation hubs, while manufacturers may look for places with lower sales or equipment taxes. So it's very telling as far as the im-- the impact that the income tax rates have. And then I went to a book that many of us utilize, that's Rich States, Poor States, and I've referred to this a number of different times. 2023, the year that-- before the income tax-- or the year the income tax cuts were passed, Nebraska's ranking was 35. That we've now moved up to the rank of 31. And that rank changed each of those years. It went from 35 to--

DeBOER: Time, Senator.

von GILLERN: Thank you, Madam President.

DeBOER: Thank you, Senator von Gillern. Mr. Clerk, you have a motion on your desk.

CLERK: I do, Madam President. Senator Brandt would move to invoke close pursuant to Rule 7, Section 10.

DeBOER: Senator Brandt, for what purpose do you rise?

BRANDT: To invoke cloture. Call of the house. Roll call vote.

DeBOER: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 32 ayes, 0 nays to place the house under call.

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DeBOER: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. All unexcused senators are now here. Colleagues, the first vote is the motion to invoke cloture, cloture. All those in favor vote aye; all those opposed vote nay. There's been a request for a roll call vote. Mr. Clerk, please call the roll.

CLERK: Senator Andersen voting no. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting no. Senator Bosn voting yes. Senator Bostar. Senator Brandt voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting no. Senator Conrad voting no. Senator DeBoer voting yes. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Fredrickson not voting. Senator Guereca voting no. Senator Hallstrom voting yes. Senator Hansen not voting. Senator Hardin voting yes., Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Juarez voting no. Senator Kauth voting yes. Senator Lippincott voting yes. Senator Lonowski voting yes. Senator McKeon voting yes. Senator McKinney voting no. Senator Meyer voting no. Senator Moser voting yes. Senator Murman voting yes. Senator Prokop voting yes. Senator Quick voting yes. Senator Raybould voting yes. Senator Riepe voting yes. Senator Rountree voting yes. Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey voting no. Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator Van Gillern voting yes. Senator Wordekemper voting yes. The vote is 30 ayes, 15 nays to invoke cloture, Madam President.

DeBOER: Closure is not invoked. Mr. Clerk. I raise the call.

CLERK: Amendments to be printed. Senator John Cavanaugh to LB170. Senator, Senator Raybould to LB-- excuse me, Senator Guereca to LB150. And a priority motion. Excuse me, name add, Senator Dover, name added to LR201. Priority motion. Speaker Arch would move to adjourn the body until 9:00 tomorrow morning.

DeBOER: Colleagues, you've heard the motion to adjourn until 9 a.m. tomorrow morning. All those in favor say aye. All those opposed say nay. We are adjourned.