

**von GILLERN:** Good afternoon and welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, represented in Legislative District 4, and I serve as chair of the committee. The committee will take up bills in the order posted. This public hearing is your opportunity to be a part of the legislative process and to express your position on the proposed legislation. If you're planning to testify today, please fill out one of the green testifier sheets that are on the table in the back of the room. Please print clearly and print it out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the Introducer's opening statement, followed by proponents of the bill, then opponents, and finally, by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We'll be using a 3-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have 1 minute remaining, and when, and when the red light in-- and the red light indicates you need to wrap up your final thoughts and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It's just a part of the process, as senators may have bills to introduce in other committees. A few final items for today. If you have handouts or copies of your testimony, please bring up 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be a cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position statements on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at [nebraskalegislature.gov](http://nebraskalegislature.gov). Written position letters will be included in the official hearing record, but only those testifying in purpose-- in person before the committee will be included in the committee statement. I'll now have committee members with us today introduce themselves, starting on my left.

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**SORRENTINO:** Tony Sorrentino, Legislative District 39, Elkhorn and Waterloo.

**JACOBSON:** I'm Senator Mike Jacobson, District 42, Lincoln, Hooker, Logan, McPherson, Thomas, and most of Perkins County.

**MURMAN:** Dave Murman, District 38. I represent 8 counties, mostly along the southern border of the state.

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

**von GILLERN:** And we'll loop back over for introductions.

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

**von GILLERN:** All right. Also assisting the committee today to my right is our legal counsel, Savida Tran, and to my left is counsel Charles Hamilton. The far left is committee clerk, Linda Schmidt. And I'll ask the pages to please stand and introduce yourselves.

**LAUREN NITTLER:** Hi, I'm Lauren. I'm from Aurora, Colorado. I'm in my second year at the University of Nebraska-Lincoln, and I'm studying agricultural economics.

**JESSICA VIHSTADT:** Hi, my name is Jess. I'm in my second year at the University of Nebraska-Lincoln. I'm from Omaha, Nebraska, and I'm studying political science and criminal justice.

**von GILLERN:** Ladies, thank for your help-- thanks for your help today. With that, we'll begin today's hearing with LB692, and welcome up Senator Murman.

**MURMAN:** Good afternoon. Excuse me. Let me pass out some hadnouts here. Try again. Good afternoon, Chair von Gillern and members of the Education Committee [SIC]. My name is Dave Murman, D-a-v-e M-u-r-m-a-n, represent Nebraska's 38th District. Today, I have the privilege to introduce LB692. In 2023, the Legislature passed LB243, the School District Property Tax Limitation Act, which sought to provide revenue caps on school districts in order to assure taxpayers that increased funding from the state is met with an equal amount of reduction in local property taxes. LB692 adds new language to the act, which would require the calculation of a school district's property tax request authority to include the previous year's request, adjusted for the excess of the authority. The goal here is fairly simple: to ensure that within the revenue cap, a district's revenue base grows at

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no more than 3% plus the factors of student, poverty, and limited English proficiency growth. Through this bill, we can ensure that a district does not use a carry-forward mechanism to artific-- artificially build its base beyond that 3%. Additionally, a school district could still continue to allow residents to vote to access additional authority as needed. To conclude, I will point out that this Legislature passed LB243 at a 44-0 vote, with the collective goal to keep the revenue growth at 3%. This bill works to ensure we stay with that goal, and ensures it is working to its intended purpose. Thank you and I'll take any questions.

**VON GILLERN:** Thank you, Senator Murman. Questions from the committee members? Senator Sorrentino.

**SORRENTINO:** Thank you, Chairman von Gillern. Thank you, Senator. A very quick question. Were-- we have legislation to ensure that a district doesn't do something, which I'm all for. Do we have suspicion or proof that they are doing this and that's why we need the legislation?

**MURMAN:** Yes, there was a large number of districts voted to go past the 3% last year-- or this year, actually. And I think it was, if I remember right-- don't quote me on this, but I think it was about 80% voted to exceed that 3% authority. Only a few, and I don't remember for sure how many, but it was a lot less than that number-- used that authority. But by voting to exceed that authority, they were able to build their base, and that was not the intent of the original legislation.

**SORRENTINO:** Thank you, Senator.

**VON GILLERN:** Thank you. Any other questions? Seeing none, thank you for opening. I presume you'll stay to close?

**MURMAN:** Yes.

**VON GILLERN:** --and for the rest of the Revenue Committee meeting. Invite up our first proponent for LB692.

**EDWARD BOONE:** Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Edward Boone, E-d-w-a-r-d B-o-o-n-e. And I'm here to read the following statement from Tom Briese, T-o-m B-r-i-e-s-e, in support of LB692. I first want to thank Senator Murman for bringing this bill and for his relentless work on behalf of property tax relief and reform. It is my belief we continue to have a

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property tax crisis in Nebraska, and I would submit to you that the primary cause of this crisis is the state's failure to properly fund K-12 education. Simply put, the state needs to put more dollars in K-12 education, but at the same time, we need to ensure those dollars yield property tax relief. And that was the purpose of the School District Property Tax Limitation Act, LB243, found at 79-3401- 3407. It places a cap on school district revenue growth while allowing for an annual increase to account for inflationary pressures. That act is intended to enable us to put more dollars into public schools, knowing that those dollars would decrease property taxes. So if we want to put more dollars into education, the revenue cap needs to work. I would submit to you that the cap generally works but is in need of some tweaks, as presented by Senator Murman in LB692. Currently, the cap generally allows for a base growth percentage of 3%. Tax asking authority is calculated by increasing the previous year's revenue by 3%. Currently, the previous year's revenue includes any additional revenue that was assessed by a board vote. So if additional revenue was accessed, accessed by a board vote the previous year, this added revenue is built into the base for the next year, allowing for 3% on top of the new inflated amount. I would submit that this negates the intent of the cap. Senator Murman's language addresses this. Currently, the cap allows the district to increase tax, tax asking authority without actually needing to-- without needing it, by voting to increase its base growth percentage. This unused authority can then be carried over, which many districts have done. I would submit this makes it too easy to subvert the intent of the cap without having to answer to the public. Senator Murman's language addresses this, as well. Ideally, a board should have to vote anytime they access additional dollars and vote only for those dollars which they need in a particular year. Senator Murman's tweaks to the act will help ensure that it works as intended. The board will continue to be able to access dollars as needed, ensuring local control. The cap was originally put in place with 2 goals: ensure dollars-- extra dollars put into schools yield property tax relief; and ensure a measure of local control. LB692 is consistent with both goals. Is this the right approach? I think it is, but we'll likely hear from folks that disagree. And it will be good to hear from them, but I have the utmost confidence in Senator Murman and this committee to land on the language that best meets the goals of ensuring the dollars yield property tax relief while ensuring a measure of local control. Thank you.

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**von GILLERN:** Thank you. And as you're testifying on-- are you testifying on behalf of yourself or--

**EDWARD BOONE:** On behalf of Treasurer Briese.

**von GILLERN:** On behalf of the Treasurer. So we'll hold any questions. Thank you for being here today.

**EDWARD BOONE:** Thank you.

**von GILLERN:** Next proponent. Any other proponents for LB692? Seeing none, we'll invite up opponent testimony. Good afternoon.

**CHIP KAY:** Good afternoon, Chair von Gillern and committee. My name is Chip Kay, C-h-i-p K-a-y. I'm currently the superintendent at Columbus Public Schools and I'm here today representing the Greater Nebraska Schools Association, GNSA, and the Nebraska Rural Community Schools Association, NRCSA. So between these 2 organizations, that's 99% of all the public schools in Nebraska-- testifying in opposition of LB692. Governor Pillen is on record stating that the current property tax asking cap process has been effective in meeting its goal. Currently, a district that follows a procedure set forth in statute to access additional percentage of property tax is allowed to carry over unused authority. This allows an adjustment the next year reflective on a local decision for need. LB692 seeks to ensure school districts do not use carry-forward mechanism to build its base beyond a 3% growth, creating a reset hard cap each fiscal year. Given the strict set of guidelines to access additional percentages, this bill creates perpetual shortfalls for some districts. Eventually, some will have more local need than will be accessible. The carryover can be used to design a 3-year average budget, and this will help in keeping task relative-- tax asking relatively flat over time. Resets can create spikes. Currently, the process is predictable, and as we've worked with Governor Pillen to follow the intent of the original plan, we should still allow local boards and stakeholders to make those sound decisions necessary, without having to reset each year. And as you can see by the organizations that I represent today, this, this has the potential to negatively impact all-size school districts in Nebraska. Thank you.

**von GILLERN:** Thank you. Questions from the committee members? Senator Jacobson.

**JACOBSON:** I guess my question and concern is the Legislature placed hard caps on cities and counties the last session. And we did not place hard caps on school districts, largely because there's a lot of moving parts, and we feel like that we need to really look comprehensively at TEEOSA and how schools are funded. But we're getting a lot of pushback because obviously, school districts are roughly 60%, in many cases, of the property taxes that are out there. Those numbers continue to rise, and most of the public is out there saying this doesn't seem to be working. Now, some say it's-- we need to leave it to local control, but yet, we don't see the locals controlling it. They're not going to school board meetings and complaining. They're reading-- they're, they're, they're emailing us and saying, what are you going to do, Nebraska Legislature, to control that spending? So my con-- my question would be, as you look at all your members, at what point are you going to have to take big-- bigger steps to consolidate, whether it be consolidating management, consolidating some of the administration, something to drive these costs per pupil down. I mean, we've got school districts across the state that have a wide range. I know one in my district that the cost per pupil is \$45,500 per pupil. That's just unacceptable. And yet you've got the lowest-- probably OPS, because of the numbers they're driving. What's the thoughts in terms of how we can reassure our constituents that school districts are indeed going to control spending?

**CHIP KAY:** So, Senator Jacobson, I think you made a great point in that the, the local school boards make their decisions in open meetings when they set the budget. There, there is, of course, the pink postcard. And so, I, I would, I would concur with you, encouraging stakeholders to be engaged with their local boards when they're making those decisions. I can't speak for all the different situations as far as when you talk about consolidating, whether it would be schools or services, I think, as well as-- I think you know as well as I do, there's a, there's a difference in western Nebraska where, where you're located and northeast Nebraska, or southeast. So I think it's, it's difficult to, to pinpoint what that might be. I can speak for Columbus. We, we have people that I'm sure are upset about our property taxes, as well. We were a district that the first year didn't access any additional percentage, but we did this year. We had, we had the board access the additional 5%. We'll probably end up using about 4.2%. Some of that has to do with staffing and growth. Our district--

**JACOBSON:** So if I could just stop you there. So how much did your property con-- consolidated tax base go up?

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**CHIP KAY:** It did not go up.

**JACOBSON:** So your valuation--

**CHIP KAY:** Our tax asking was the exact same as the year before.

**JACOBSON:** So your valuation was flat?

**CHIP KAY:** No, no. Our valuation went up but the actual tax asking in dollars was the same for '24-25 as it was in '23-24.

**JACOBSON:** OK, go ahead.

**CHIP KAY:** But we did receive additional state aid. So I don't want to, I don't want to make a perception that we didn't receive additional revenue.

**JACOBSON:** So you are a TEEOSA formula-- you are receiving equalization aid?

**CHIP KAY:** Yes, sir, we are.

**JACOBSON:** OK.

**CHIP KAY:** Yep. Our cost per student is fifth lowest in the state.

**JACOBSON:** OK.

**CHIP KAY:** And so, I, I think where I can speak to our district, our board, board takes the task very seriously. We look at meeting the needs of our students, as well as needing the funds to do it. We have a diverse population, which also might be much different across the state. So while there are certainly some things that can improve our efficiency, I think they're going to be different depending on the district and location in the state.

**JACOBSON:** Well, I would, I would just follow up with the idea that we have all kinds of technology today. And we did have someone testify at a previous hearing here a couple weeks ago, regarding distance remote learning. And his point was that if you-- and [INAUDIBLE] at least the testimony he had, was if you had basically something using effectively Zoom, and had a live teacher who's doing a live class where the students all that-- all the students that are involved across the, the state or wherever they're located at are participating and can ask questions and so on, that the actual outcomes were better, better than

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in-classroom teaching. And they obviously had proctors at different locations. I understand the distance issue, and that's-- part of that's-- out in my district, there are distance issues. But we can't continue to see these taxes go up and up. I had a conversation with the superintendent that's retiring in that district and asked him, so what's your next step? Well, we're advertising for another superintendent. And we're dealing with 30 kids, K-12. And why do the locals not come in and complain? Because they don't want to be singled out by their neighbors as the guy that's against the public school. So they all email the Legislature, and then I get to be the bad guy.

**CHIP KAY:** And I understand that, I understand that conundrum. I just would hope that the Legislature always takes into consideration that a, a move to solve an issue with a district with 30 students isn't going to apply to the maybe 243 other districts. So always take those-- and I know that you do, as legislators, take all those decisions very thoughtfully. But, but I would always-- I guess I would reiterate not making a judgment that's going to solve that problem and create 243 others.

**JACOBSON:** And the last piece of this-- I, I appreciate that. And I, and I would tell you, that's why we've not taken further steps besides what we've done. But we're going to need some feedback from the leadership in the public schools as to how we can curb this. Because otherwise, the state-- the Legislature is going to make their own determination on how to fix this. And I'll guarantee you, nobody's going to like it.

**CHIP KAY:** Senator Jacobson, I assure you, we are all, we are all more than willing to work with you and any of the legislators to come up with a solution.

**JACOBSON:** Thank you.

**von GILLERN:** Other questions? Seeing none, thank you for your testimony.

**CHIP KAY:** Thank you.

**von GILLERN:** Next opponent testimony. Good afternoon.

**LIZ STANDISH:** Good afternoon. My name is Liz Standish, spelled L-i-z S-t-a-n-d-i-s-h, and I serve as the associate superintendent for business affairs for Lincoln Public Schools. I have 2 key points I want to make in my opposition testimony today. The first is exhibited



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in the chart, which is being presented out. It's important to understand that LB692 effectively eliminates the school district's access to the additional authority. So I want to walk you through this chart because this really matters. We had this conversation last session. If a school district had prior year revenue of \$100,000, their base gross with 3%, the growth of \$3,000, and they accessed the additional 4%. So for large districts, it's 4%. They'd have 107. Under this bill, we're only going to carry over the 103. The school board still has to access the 7% to get 3% growth over the prior year, and they have to do that forever. So a school board has to vote every year saying we are doing an override and gaining 7% just to sustain 3% growth. The math behind this bill simply does not work. My second point: the reason school districts need access to more than 3%-- Lincoln Public Schools is a perfect example. Last year, we lost \$32 million in state aid. We had to plan for that loss over multiple years. The year before, we did lower the levy, which was what the Legislature wanted us to do, but we only raised it up about a third of what we lowered it. We had to create a bridge because our valuation went up 22.5%. So when our valuation goes up 22.5%, we have to long-range plan for the big drop in state aid. So it is not realistic to think that school districts have this nice, single-year incremental revenue plan. We have to have a multi-- multiple year revenue plan and we have to have the flexibility to manage that, with possibly larger revenue one year and then smaller revenue the following year. So those tools are critical to managing school district finances across the state, and LB692 cannot advance and it cannot pass. With that, I'd be happy to answer any questions.

**VON GILLERN:** Thank you. Senator Kauth.

**KAUTH:** Thank you, Chair von Gillern. So Ms. Standish, didn't you-- when you say what you lost, \$32 million-- was it 32? So-- and you did correctly reflect that that's because your valuations went up, and according to the TEEOSA formula, then you would be entitled to less because your resources grew. Correct?

**LIZ STANDISH:** Correct.

**KAUTH:** So but didn't the governor's team try to work with all the school districts to take more responsibility onto the state? And your-- Lincoln Public School said no, they didn't want to have the state take over more of the funding. Is that-- was that part of the, the conversation? I know there was a, a hesitancy to have the state be

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more involved in funding schools because of the lack of control. Is it-- does that ring a bell?

**LIZ STANDISH:** I can hopefully unravel where you're going. During the special session, I believe the push was to lower the local effort rate dramatically--

**KAUTH:** Right, and have the state take over more.

**LIZ STANDISH:** --which would then shift the state more--

**KAUTH:** Which would have provided much more stability for you and lowered your property taxes for-- and, and less-- it would have been less sensitive to the valuations, correct?

**LIZ STANDISH:** If the state funding was there for the long-range. The dr-- yeah.

**KAUTH:** I'm not-- I'm just-- my question is when, when you come here before us and say it can't happen, well, we've tried many, many different ways to have the state take over more responsibility for, again, property taxes going up because of the valuations is really hurting people. So I'm just wondering why when that effort was made, the, the public schools-- Lincoln Public Schools was not interested in having the state pay more to them.

**LIZ STANDISH:** Yeah. We had a lot of concerns about what was proposed in the special session, and one of them was the size and the dramatic shift. I did testify earlier this week in support of the governor's plan in LB303.

**KAUTH:** Which is the new one this year?

**LIZ STANDISH:** The new one this year.

**KAUTH:** OK. I haven't heard that.

**LIZ STANDISH:** One of the reasons of supporting that bill is it is an incremental approach.

**KAUTH:** OK.

**LIZ STANDISH:** And so, our concern continues to be unintended consequences. Because every time you change school finance in the state of Nebraska, it takes 3 years of financial data for that change

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to work through the system. So we are a much bigger supporter of more incremental change. And so, that's why we were supporting LB303. And to be fair, you are correct. We did not support the big dramatic move that was kind of being pushed in the special session. So I want to acknowledge, you're right on that.

**KAUTH:** [INAUDIBLE] LB303. Thank you very much.

**von GILLERN:** Any other questions? Senator Jacobson.

**JACOBSON:** Well, let's first go back to the fact that obviously, LES is-- or, or the Lincoln Public Schools is an equalized school district.

**LIZ STANDISH:** Correct.

**JACOBSON:** And there aren't that many out there today. The overwhelming majority of the public schools in the state are not getting equalization aid. So this bill would certainly apply to them. So isn't the real issue trying to figure out how we would deal with the equalized school districts? I mean, North Platte Public has the same, same situation. They've had a drop in, in, in student population, so they saw less equalization aid. So that's impacted their tax ask. But it seems to me that I'm assuming in the case of, of Lincoln Public Schools, aren't you pretty close to being out altogether on equalization aid, given the, the, the value of, of your tax base?

**LIZ STANDISH:** Based on the most current model in January, we still have a little bit to go. So we, we weren't sure where we would land and whether we would be, be foundation aid only funded. We actually grew by 600 students this past year--

**JACOBSON:** So that [INAUDIBLE] number.

**LIZ STANDISH:** --so that, so that changed our formula needs. So we are probably more equalized. And then with LB303, that will take more schools into equalization if that bill were to pass, because that's shifting more responsibility to the state.

**JACOBSON:** Well, I should probably leave this question to Ton-- to, to Senator Sorrentino, because he's the, he's the accountant. But it would seem to me that, that rather than saying this bill can't move forward, that-- does the bill need to be modified to make adjustments for those equalized districts and changes in their state-- their equalization aid? Because obviously, as you indicated, you've seen

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valuations go up, but you've also seen student population go up, so the two somewhat offset. They're run-- we're running different numbers, so it's not going to come to the same result. Population going up increases your needs, valuations going up decreases your-- or increases your resources. So it, it all works with the, with the state formula. But it seems to me that we should try to work in changes in equalization aid, and taking into consideration your formula, the 3% increase, and try to work those 2 numbers together to come out what the caps are for equalized districts. Wouldn't that make more sense?

**LIZ STANDISH:** Yeah. I-- my, my point was really based on the chart and the math that you would be putting a school board in a situation where they're publicly approving 7%, for example, forever, because they took 7% 5 years ago. And now, they're capped at the 3%. I think you and I could have a very long conversation about whether 3% is sufficient for schools in our current labor market. I think that is a challenge for school districts to think about a 3% growth in our current labor market. I think wages and vacancies are demanding salary increases beyond that, and we're about 90% salaries in the work that we do because we're a people business. So the flexibility that was in LB243, in the work that was done with the governor back in 2023, was important to the school leaders in the room. The idea that there was flexibility from year to year was something that brought the whole package together. So I didn't mean to be too strong in my saying that this can't pass. I'm just saying this structurally, mathematically, does not work in its current form.

**JACOBSON:** Well, and I, I, I appreciate that. And I think what we're going to really need is what it's going to take to fix it, because it-- there's a lot of interest in moving this bill forward. So I would hope that the testifiers aren't going to say get rid of the bill, because I don't-- I'm not sure that's going to happen. I think if you want to bring fixes for the bill, I think we all want to listen to that. But the problem is, is we're hearing from taxpayers that are fed up. They've got the same problems. OK? They're not seeing their income going up. And yet, they're continuing to see the taxes coming at them at, at a, at a, at a amazing rate. And, and, and they're sick of it. OK. And they're tell-- and they're telling us that very thing. So I just want to make sure that all the school districts understand that we're getting intense pressure. And at some point, unless the public schools are willing to do, do the steps that they need to do, we're going to have to do it for them. We won't have a choice.

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**LIZ STANDISH:** My only response would be that you had a pretty united force of the school community supporting LB303, which was an effort to take a step forward. So I do see schools wanting to be part of the conversation, wanting to be part of solutions. If there is work that is done on LB692 to identify a problem that needs to be solved, I would be happy to be part of that conversation.

**JACOBSON:** And one last thing I would tell you is to the comments it brought by Senator Kauth. There was a lot of time that was spent on coming up with a formula, whereby the state would take over a significant amount of school funding and local effort would be significantly reduced. It would, it would solve a lot of problems, in terms of those that want to voluntarily merge could, because levy, levy limits would--or levies and valuations, and particularly in this case, mill levies, would not be out of whack, causing one district to say, I can't go over there because the levies are a lot higher. We see that in rural Nebraska to a large degree. There are districts that would merge if the levies were more in line. That bill would have done that. It would have still gotten the money to the school districts. But there was pushback because they wanted more evidently, control. Well, we're thinking at some point, the control is not working locally. And we think that's been proven here, over the years. So, that's what the concern is, just so you know.

**von GILLERN:** Thank you. Seeing no other questions, thank you for your testimony. Next opponent. Good afternoon.

**COLBY COASH:** Good afternoon. Chairman von Gillern, members of the Revenue Committee, my name is Colby Coash, C-o-l-b-y C-o-a-s-h, and I represent the Nebraska Association of School Boards. We are here in opposition to LB692. And Ms. Standish did a great job of kind of explaining some of the math. What I wanted to focus my testimony on was kind of where we were, where we are, where we're headed with regard to this whole issue. When this Legislature, a few years ago, passed LB2-- LB253, that was well-vetted, it was negotiated. And what we ended up with at that time, was some stability, some consistency, and some predictability, which is what leaders, including the governor, had always, always wanted. But what I want to share with you is, is that what this Legislature has done with regard to the cap that was placed in, in that bill that is seeking to be amended here, is working. But you don't have to take my word for it. The governor, November of last year, so just a couple months ago, put out a press release and a report that is on his website that is titled, Governor Pillen Sends Senators the 2024 School Property Tax Collection Report,

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asking them to address inconsistencies in state aid to schools. That report was kind of the foundation for the LB303 that was heard in Education last week. But in that report from the Governor's Office, there's a quote that I want to share with the committee. There are 3 key findings from the report. Key finding number one states: Caps are working to slow the growth of school property taxes. It is estimated that in 2024, growth will be 2.7%, the smallest percentage increase since 2000-- since 2018. So this was research done by the Governor's Office following the passage of what this Legislature did in LB253. And schools collectively have held their growth to under 3%. So I would contend to you that the current system is starting to work. We're, we're just a few years into this new system. As was pointed out, the previous testifier, it takes a couple of years for this to get kind of baked in. And I think what we're seeing is by baking this particular provision in the current law, we're already seeing the smallest percentage growth in many years. So with that, I would appreciate you taking that into consideration as the committee looks at this. And I'd be happy to answer any questions.

**von GILLERN:** Thank you. Yes, you only have one question. Senator Jacobson.

**JACOBSON:** You said school funding. Is that right? Is that the word you used? Growth in school funding was 2.7%?

**COLBY COASH:** Growth of school-- I'm just reading off the governor's report. Growth of school property taxes.

**JACOBSON:** Well, I, I-- OK, So, so be-- OK. So what, what I'm really-- the real question isn't the taxes as much as the spending. OK. Because like you said, we're early into this. So you can take from reserves now. But then are we looking for a big increase after everybody quits looking, so to speak.

**COLBY COASH:** Yeah. And one of the things the governor did about a year after this bill was passed and-- because I was part of helping him reach out to the 244--at the time-- districts, is he said, hey, look, you've got this. Take a look at it. We sent it out to all the districts across the state. They, they listened to the governor. And I think, under his leadership, because of that, we had a slowed growth of 2.7%, which is under the 3% that this bill is seeking to address.

**von GILLERN:** Thank you. Other questions? Seeing none, thank you, Mr. Coash.

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**COLBY COASH:** Thank you.

**von GILLERN:** Next opponent testimony. Good afternoon.

**SHANE RHIAN:** Good afternoon, Chair von Gillern and members of the Revenue Committee. My name is Shane Rhian, S-h-a-n-e R-h-i-a-n, and I am the chief financial officer for the Omaha Public Schools. I am here today in respectful opposition to LB692, which would revise the calculation of property tax request authority for school districts and the carrying forward of unused authority. LB692 proposes to amend 79-3403, which was recently passed by the Legislature in 2023, and therefore, has only been in effect for 2 budget cycles. The resulting impact of 79-3403 after only 2 years of implementation, was noted in the governor's 2024 School Property Tax Collection Report. I quote: Caps are slowing the growth of school property taxes. For the 2024 property tax year, Nebraskans will see the smallest increase in their school property taxes since 2018. This resulted in the smallest percentage increase in property taxes year over year in this century. Close quote. This is a direct result of just the first 2 budget cycles, reflecting the impact of 79-3403. And the current statute should be given additional time for further evaluation of its impact before any potential adjustments are considered. LB692 continues the erosion of local control for boards of education that have been duly elected by their constituents to make decisions which are based on the individual circumstances of each respective school district. School districts across the state are already limited by a basic allowable growth rate on the expense side of their budgets, and are also limited to a \$1.05 levy limit. 79-3403 provides boards of education limited authority to generate revenue for significant, unanticipated needs that are unique to their school district, but LB692 further reduces even that limited override authority. LB692 would essentially require that any board of education desiring to utilize the override to address a long-term need would have no option but to continue to use the override process every year to continue to fund that original need. More importantly, a board of education that has exercised its override authority for a long-term need would effectively be precluded from exercising this override authority with respect to other significant, unanticipated needs or issues that might arise in the future. We ask that you give school districts time to adjust to the new normal before any adjustments are considered to the school district revenue cap limits, already set forth in 79-3403. We also ask that you trust the voters, who elected those local boards of education to make the decisions that are necessary to serve the children and

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families in their community. We respectfully request that the committee not advance LB692. I would be happy to answer any questions.

**VON GILLERN:** Thank you. Any questions from the committee members? Seeing none, thank you, Mr. Rhian.

**SHANE RHIAN:** Thank you.

**VON GILLERN:** Next opponent. Good afternoon.

**CONNIE KNOCHE:** Good afternoon. My name is Connie Knoche, C-o-n-n-i-e K-n-o-c-h-e, and I'm the senior policy fellow at Open Sky Policy Institute. We're here to testify in opposition to LB692 because we think it's too soon to further restrict schools' ability to raise funds. Specifically, the revenue cap imposed by LB243, passed just in 2023, has not been in place long enough to understand the impact, and LB692 would further restrict school district property tax request authority by lowering how much they can carry forward from one year to the next. While much attention has been paid to reducing school dis-- school's reliance on property taxes, reducing the property tax request authority at this time will negatively impact school districts .when comparing actual property tax requested for the general fund and building funds from 2022 to 2023, 90 schools had requested less in property tax than they had the year before, and 82 of those school districts had requested less than 3% in a property tax increase. The average, from '22 to '23, is a 1.4% increase in property taxes. How school boards will manage changes in the property tax request authority from one year to the next is not clear because the revenue cap has not been in place long enough to be fully implemented. The impact is nearly impossible to predict, especially with this interaction with the existing budget authority constraints. These boards are aware of the impact that the increased property tax has on communities they live and work in, and most school districts have been decreasing their property tax asking over time, as they continue to review cost saving measures. Nebraska is a state that prides itself on local control, and we must let the elected school board members manage property tax request authority within the spending and levy limitations already in place. Changes to the current system can wait until we fully understand how these limitations interact and whether they're already addressing the issues they were passed to address. It's important to keep Nebraska's public school investment in education and local control in perspective. Overall, school spending growth over the last 30-- past decade was the lowest in 30 years. The rate of growth in state aid to schools has steadily declined in recent



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years, especially in rural districts where property valuations are high. However, increasing state aid to schools has repeatedly been recommended as the best way to address Nebraska's high reliance on property taxes. Proposals to limit property tax request authority are not only premature at this point, but they also can get-- they also don't get to the root of the property tax problem and stand to harm our outstanding schools. For these reasons, we oppose LB692.

**VON GILLERN:** Thank you. I got a couple of questions, then we'll see if anybody else does. You mentioned property tax average rate was up 1.48%, I think you said. Do you know, is that asking, is it levy, what is that? Is that tax taking?

**CONNIE KNOCHE:** Department of Ed does a property tax request authority calculation each year. So I compared the property tax request. One is actual and one is estimated property tax requests.

**VON GILLERN:** That should be reflective of tax taking in, in dollars.

**CONNIE KNOCHE:** Yes.

**VON GILLERN:** OK. Thank you. And then not to correct you, because I think it all depends on a matter of context. I, I don't think you were inaccurate when you said that state aid had gone down, if you were speaking reflective to-- from TEEOSA. But when you consider foundation dollars, the contribution that the state has made to schools is dramatically higher in recent years than it has been in the past.

**CONNIE KNOCHE:** That is correct.

**VON GILLERN:** OK. Thank you. Just wanted to clarify. Any questions? Senator Kauth.

**KAUTH:** Kind of a-- thank you, Chair von Gillern. Along those lines, the, the actual money the state has been giving to schools has increased. Have we also seen a decrease in scores and in success in schools?

**CONNIE KNOCHE:** I haven't done that analysis to know for sure, but--

**KAUTH:** Thank you.

**CONNIE KNOCHE:** --we could look into that if you'd like.

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**von GILLERN:** Thank you. Seeing no other questions, thank you. Next opponent. Good afternoon.

**DAVE WELSCH:** Good afternoon, Senator, and members--

**von GILLERN:** This is your first hearing you're with us this year.

**DAVE WELSCH:** You bet. I, I just got started in Education on Monday.

**von GILLERN:** Welcome.

**DAVE WELSCH:** So I'm--

**von GILLERN:** All right.

**DAVE WELSCH:** --I'm on a roll this week. So, good afternoon. My name is Dave Welsch, W-- D-a-v-e W-e-l-s-c-h. I'm a farmer, also school board president at Milford Public Schools. I've served for over 33 years as a school board member in this state. I am opposed to LB692, and here are some of the reasons why. With the handout that you have, the first page is school versus state spending. There's a false premise that's been around for many years that the reason property taxes are high is because schools are spending too much money. That clearly is not the case. If you go down to the bold print at the bottom, over the last 12 years, schools have spent, on average, about 2.78%, while the states increased about 2.89%. So both the Legislature and school boards across the state have done a good job in controlling spending. So you might say, well, why are property tax levies so high? So go to the next page. It shows the number of schools on the left hand column and what bracket they're in as far as their levy range. At the top are 15 schools with a \$1 or more levy. And then as you work down, you have 5 schools in the \$0.30 levy range. Look at their average valuation per formula student. Schools that have high levies have a very low valuation per student. As you go down that column, you'll-- at the top, you'll see about \$1 million of valuation per student. And as you work your way down, you can see 3, 4, \$4.5 million of valuation per student. That is why levies are high in certain school districts and not in others, and that's what TEEOSA is there to try to correct, but we haven't kept up with that. The right hand column and in a couple of pages here, you'll see a Simple Plan, which has been put together really over the last 10 years, from input from large schools, small schools, school board members, and, and many, many people across the state, different pieces that I've learned over that time. So that right hand column, that shows you what targeted property tax relief

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can look like. And at the bottom there, let's be very clear. The 20 schools with the highest levies in our state, 10 of those are Class A and B schools; 10 of those are Class C and D schools. This is not a urban and rural issue. It's a statewide issue and it needs to be dealt with. And the Simple Plan, if you want to look at that, obviously I won't have time to go over all of that. But Senator Jacobson, in an earlier question, he said we need leadership from public schools. That's why I'm sitting before this committee. I'm one of many leaders across the state that are working to try to solve not only our school funding problem, but our property tax problem. And this Simple Plan, I think is a good target to shoot for long-term. Whether we could pull this off this year or not, I don't know. It shows what the goals are at the top, it shows the changes being made to TEEOSA, and it shows where the funding comes from. And at the very end, it shows the economic impact that that could have in our state. And then the last one, simply the TEEOSA component part chart, if you're not familiar with that. Thank you very much.

**von GILLERN:** Thank you. Senator Jacobson.

**JACOBSON:** Well, first of all, I want to say thank you for-- I know you have been working on this for some time. I'm not sure I know anyone else in the state who has done anywhere close to the kind of work you have, in terms of trying to work the numbers to try to come up with an alternative plan. And, and I appreciate that.

**DAVE WELSCH:** Thank you.

**JACOBSON:** It's, it's-- this is not a simple thing to do. I would say I'm a little-- I find it a little bit rich that you're comparing school district spending and state spending. When you start thinking about how much has the state given to public schools, I guess if you cut that out, would our growth be quite a bit less, then? You know, so I, I just think it's ironic that we would be compared that way.

**DAVE WELSCH:** OK.

**JACOBSON:** But I think and certainly in recent years, the state has really stepped up in terms of what it's done and, and have been frustrated that we've not seen a greater tax relief. And, and I--

**DAVE WELSCH:** Right.

**JACOBSON:** --I think, again, we look at that 3% cap, but we're looking at all the money that's gone out in, in formula. If you look just

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across the nonequalized districts, between formula aid, between SPED increases, you know-- so you look at foundation aid and SPED spending, that's a lot of money that's gone out to all school districts. And yet, we haven't seen really, the, the, the kind of reductions in, in property tax we were looking for. I, I did find it really rich that the president of the NSEA came in and said we are spending a lot less because look at your property tax statement, which I thought was the most misleading, ridiculous comment I've ever heard. Because I would argue that your, your property tax bill went down largely because of LB34 and where we changed how we did the sales tax-- or the income tax rebate and frontloaded it into a property tax reduction.

**DAVE WELSCH:** Right.

**JACOBSON:** And that's where that savings came from. But I appreciate your efforts. At the end of the day-- is this in a bill, working with a senator this year on, on your Simple Plan or--

**DAVE WELSCH:** I was hoping that would be introduced this year, but unfortunately it was not. You know, Senator Hughes introduced LB303 on behalf of the governor, which is a very small step towards the Simple Plan here. And when you have time, please read through it. I think when you take a look at the rationale for foundation aid, you will find that that is not a good way to distribute money to schools. The number one goal, which you'll see on the top of that, is to increase the number of equalized schools. And for this plan to work, every school needs to be equalized. For TEEOSA to work, every school needs to be equalized. And if we do that, we can bring levies down and closer together. You, you really mentioned, you know, both of those-- we really have a 2-tier system right now. We have equalized schools, not equal-- equalized schools. When you put foundation aid out there, you're helping the nonequalized schools. If you lower the local effort rate or the lid, they work together, then you're helping equalized schools. So it just-- so to, to make-- you have to make 2 changes to try to benefit both tiers of schools that we have out there. That makes it more complicated to create a solution in our state, where if we can jump ahead and create 244 equalized schools-- actually, 245 this year, we have-- then I think we can, we can make one change that will impact all schools. It will simplify the process if they're all equalized. And you mentioned about school consolidations. I'm assuming you were referring to McPherson County. Last I looked, just a year ago, I thought they still had about 60 kids, not 30, not that that's a huge difference when you're--

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**JACOBSON:** [INAUDIBLE] clarify that. They've got 22 or 23 net transfer students coming from North Platte.

**DAVE WELSCH:** OK.

**JACOBSON:** [INAUDIBLE] there, and that's, that's a-- local kids, it's about 30.

**DAVE WELSCH:** OK And, and that's a real challenge. You mentioned transportation can be an issue when you've got a school district that covers an entire county. And I'm guessing some of those kids from the far side might be traveling an hour to that school already, and then you merge them with another neighbor, it's a, it's a challenge. But under the Simple Plan, we'll get every school equalized. Tax-- the general fund levies across the state would range roughly between \$0.30 and \$0.45. And then schools-- neighboring schools can start talking about, hey, maybe it's time to consolidate. It'll be much easier to pass that vote by the property owners if they don't-- if one's not sitting there with a \$0.35 levy and one with an \$0.85.

**von GILLERN:** Thank you.

**DAVE WELSCH:** Yeah.

**von GILLERN:** Thank you. Any other questions? Mr. Welsch, thank you. Appreciate the information, appreciate your time.

**DAVE WELSCH:** Very much appreciate your time, as well. Thank you for the questions.

**von GILLERN:** A lot of effort has gone into this. Thank you. Next opponent. Are there any other opponents for LB692? Is there anyone who would like to testify in a neutral capacity? Seeing none, we'll invite up Senator Murman. And as you come up, for the record, there were 2 proponent testimonies, and 3 opponent on the record, and zero neutral and zero ADA. Senator Murman.

**MURMAN:** OK. Well, a lot was said about local-- maintaining local control. And actually, this bill, LB692, does maintain local control. The school board or by a vote of the people, every year can, can exceed that 3% budget authority. But all this bill does is restrict school boards or the vote of the people from voting to exceed that budget authority and-- by saying, oh, we're just going to exceed the authorities, just in case we need it for an emergency. And then-- and that's fine, except I don't think you ought-- the, the school ought to

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be able to keep that increase in base that they said they were never going to use, to use that to automatically increase their base the following year. So that's what I'm trying to correct here. Of course, the, the author of LB243 was up here testifying-- or in lieu of-- and he did-- the way it was intended was that the schools couldn't automatically increase that, that base budget authority every year without a vote. So that's what I'm trying to do. And, and it was mentioned that property taxes have increased. Well, I heard, I think 2.8% to 2.78 or something like that, and then 1 point something. But whatever it is, property taxes are still increasing with the tremendous increase in state aid that we've been able to provide the schools for the last couple of years. So with, with the increase in foundation aid and the increase in SPED funding, put together with, with other increases in, in state aid and the million dollar-plus Education Future Fund-- and you know, we're-- I'm really glad that we're able to do that. But we need to have the assurance that by doing all of this, we are seeing a like amount of decrease in property tax asking. So with that, I'll take any questions you might have.

**von GILLERN:** Questions from the committee? Senator Murman, would it--if I was-- if I heard what you just said, would, would it be safe to say that-- this is going to sound terrible, but I'm, I'm just going to say it. For the billion dollars-plus that the state has put into school budgets, we've seen no return on that in the form of property tax relief.

**MURMAN:** No, I wouldn't-- I would say we have seen return on it. But as was mentioned, the increase in property tax asking has tremendously slowed. But I still-- I think we can all see that we still don't have an equal amount of reduction in property taxes, compared to what we have increased state aid with.

**von GILLERN:** OK, wanted to make sure I understood your comments. Thank you.

**MURMAN:** And I'd just like to add one more thing. I'm willing to work with anyone to improve the bill, also. So.

**von GILLERN:** Very good. Any other questions? Seeing none, thank you. This will close our hearing on LB692. We will open on LB355. You drove the school kids off.

**ANDERSEN:** They're not here for me.

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**von GILLERN:** We'll open our hearing on LB355. Welcome, Senator Andersen.

**ANDERSEN:** Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name, for the record, is Senator Bob Andersen, spelled B-o-b A-n-d-e-r-s-e-n, and I represent District 49, which includes northwest Sarpy County, part of Omaha, Nebraska. Today, I am introducing LB355. LB355 is a cleanup bill from the Department of Economic Development, which eliminates obsolete language and provides the Department of Economic Development with the ability to substitute data for the aid to economic development districts, or EDDs. As specified, decennial census data is not available. LB355 will eliminate obscure-- obsolete references in the U.S. Census and replace those with references to current census data sources used in the DED, or Department of Economic Development programs. The 2000 decennial census was the last U.S. census that used the quote unquote, long-form to collect data for income, employment, and housing. Beginning with 2010 decennial census, the only data collected on the census form was for purposes of population enumeration. At that time, the Census Bureau's American Community Survey, ACS, became the only data source for household income, employment, and poverty statistics. A little history on the issue that caused DED to bring the bill. After data became available for the 2020 decennial census, DED discovered, in their efforts to distribute state aid to economic development districts, that previously reported population data was not available for the 2020 decennial census. The distribution to EDDs is made in 3 parts: 50% is divided among the districts equally, 30% is based on the proportional share of the local government within the developmental districts, and finally, 20% is based on the proportional share of population in the unincorporated areas in the districts. The number of governments, number of governments was reported, but not the population outside the incorporated areas, as had been the case in-- prior to the decennial censuses. Working with the state data center at UNO, it became clear that there was no way to calculate this population using other decennial census data reports, nor was it likely that the later census publications would include this data. Workarounds were discussed, and DED thought that some ability to use another source of data that would yield similar results would be helpful in statute, when the census reporting changed, DED was able to use very similar data from the Census Bureau's Population Estimates Program. This data represents the mid-year baseline estimate for the 2020 population as of July 1, 2020, rather than the official decennial census data of April 1, 2020, and was very similar to the official

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decennial census data from county and city populations. DED used the latter data to distribute state aid to EDDs in FY '23 and '24, and would like the statutory authority to make substitutions, should the portions of the decennial data be unavailable. While searching for other potential census issues in programs the DED administers, DED, Economic Development, discovered that references to the American Community, Community Survey, ACS, were used in combination with decennial census to reference data that are only available from the ACS. Some older statutory references made no mention of the ACS at all. LB355 would eliminate obsolete language, bring all census references in statute effecting DED to language that reflects the U.S. Census Bureau's current programs. I apologize for all of the acronyms in my statement, and I thank you for your time and attention. I look forward to working with the committee to advance LB355 to the entire legislation for consideration. Please refer questions to Director K.C. Belitz from the Department of Education [SIC] Development, who will be testifying immediately after me, as he is the expert on this. And with that, if there's any questions, I'd be happy to answer.

**von GILLERN:** Could you rerun all that for Senator Sorrentino?

**SORRENTINO:** I read it.

**von GILLERN:** Thank you. Any questions from the committee members? We'll anxiously await, we'll anxiously--

**ANDERSEN:** DEDs and EDDs and ACS.

**von GILLERN:** Yeah. The acronyms got us. We'll anxiously await our testimony to follow you. Thank you for your opening. We'll invite our first proponent.

**ANDERSEN:** Thank you, Mr. Chairman.

**von GILLERN:** I think he was trying to make this more difficult than it really is, but he--

**K.C. BELITZ:** It's possible.

**von GILLERN:** --he proved me wrong.

**K.C. BELITZ:** Good afternoon, Chairman von Gillern, members of the Revenue Committee. I'm going to start in-- with another acronym, because my name is K.C. Belitz, and I'm going to go K-C. My last name is B-e-l-i-t-z. I'm director of Department of Economic Development. I



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could simply say ditto. But I will, in the interest of formality, highlight some of the points that Senator Andersen made. And certainly I do want to thank him for, for his partnership on this. And we are certainly officially testifying in support of LB355, which, as he said, really just purely updates the sources of census data that, that we use to determine distribution of aid to those economic development districts and program eligibility, simply because past sources have, have gone away. It's that simple. So we have 8 development districts in the state. They serve communities, regions across the state. They receive federal funding through the Federal Economic Development Administration of the U.S. Department of Congress, and then the state, through DED, also helps fund their operations. And that formula, as the Senator outlined, is based in part on the share of the population that lives in those districts in unincorporated areas. And that is the number that's no longer available in, in the source that was previously identified, starting with that 2020 census. So this would simply give us the flexibility to find that number elsewhere. And as the senator said, it's probably in the ACS, the American Communities Survey. And then the second piece of it is that the Census Bureau also discontinued that long form census survey after the 2000 Census, and we had relied on that for information on income, unemployment, poverty, that, that helps determine program eligibility in some of the things that, that you all put forward over time. So that data is now available in the ACS, and, and that would be specified in, in LB355, as well. So it's, it's really that simple. We have 2 pieces, where we had data that was available from the Census Bureau before and it is no longer, and we need good data to make good decisions. So we appreciate the Legislature considering this change and certainly am happy to take questions. The real expert is Dr. Dearmont, who is with us today as well if there are technical questions, but I'm happy to answer any questions that the committee may have.

**von GILLERN:** Just keep kicking this can down the road.

**K.C. BELITZ:** That's right. There's got to be an expert somewhere.

**von GILLERN:** Questions, for-- questions from the committee? Seeing none, thank you for your testimony.

**K.C. BELITZ:** Thank you.

**von GILLERN:** Next proponent. Any other proponent testimony? Seeing none, any opponent testimony? Seeing none, is there anyone that would like to testify in the neutral position? Did we miss somebody along

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the way? OK. Seeing Senator Andersen, would you like to close? As you come up, we'll-- let's see. We had 2 proponent letters, 1 opponent, zero neutral, and zero ADA testimony.

**ANDERSEN:** Thank you, Chairman von Gillern and members of the Revenue Committee. This is a cleanup bill from the Department of Education-- or Department of Economic Development-- different department-- which eliminates obsolete language and provides the Department of Economic Development with the ability to substitute data for the economic-- the EDDs-- there will be a quiz later-- as specified decennial census data is not available. I want to thank Director Belitz and the Department of Economic Development for his testimony in support of LB355. I look forward to working with the Committee to move LB355, with its acronym listing of all the acronyms to the floor for consideration by the entire Legislature.

**von GILLERN:** Thank you. Any questions from the committee? Seeing none, thank you, thank you Senator Andersen.

**ANDERSEN:** Thank you, Mr. Chairman.

**von GILLERN:** That will close our hearing on LB355, and we will open our hearing on LB384, and welcome up Senator Storer. Good afternoon.

**STORER:** Good afternoon.

**von GILLERN:** Welcome to open.

**STORER:** My first time in front of Revenue.

**von GILLERN:** Well, we'll take it easy on you.

**STORER:** Good afternoon, Chairman and members of the committee. My name is Tanya Storer, S-t-o-r-e-r, T-a-n-y-a S-t-o-r-e-r. I'm here today to introduce LB384, which is asked to require a majority of the governing board members of a property taxing entity exceeding its allowable growth rate to attend a corresponding joint public hearing. Over the past several years, the pink postcards mandated by Nebraska's Truth in Taxation law have revolution-- revolutionized transparency in property taxation. These postcards provide clear, accessible information about proposed tax increases and their impacts. They empower taxpayers to verify the necessity of these increases and to participate actively in public hearings by doing their research, preparing informed statements, and taking the time to attend their county's pink postcard meetings. LB384 builds on this success by amending Nebraska's Truth in

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Taxation law to require that a majority of the property taxing entity's governing board, those who will vote on the, on the budget, when seeking an increase beyond the allowable growth rate, to attend the related joint public hearing. This change deepens accountability, en-- enhances community involvement, and ensures transparency in local government decision-making. To comply with the Truth in Taxation law, many property taxing entities have habitually sent officials that are not on the board who are going to vote on that budget, such as directors or county clerks, to these high-stake public hearings. This practice effectively puts people who are not going to make the decision, the ones in the firing squad of the public scrutiny, despite the fact that these employees neither make nor have the authority, again, to justify the decisions in question. By requiring that a majority of the elected officials who make the decision attend, LB384 ensures that those with real decision-making power, the elected officials voting on the budget, mandated by the voters are held directly accountable in an open forum. More of the decision-makers' presence can not only provide more robust explanation of the financial circumstances and policies behind the proposal, but also offers residents who have already been mobilized by the pink postcards a genuine opportunity to engage, ask questions, and express their concerns. With more voices present, the hearings will better represent the community's interest in-- and uphold the democratic, democratic principles. In summary, LB384 modernizes the process by replacing the inappropriate practice of delegating critical accountability to a-- to officials who are not in a position to actually take the vote, with the requirement that those with the real authority and responsibility be present. This strengthens the transparency and integrity of property tax decisions, ensuring the elected officials answer directly for the fiscal choices made on behalf of their constituents. And I would just add that this came to my attention when I served as a county commissioner. Not to brag, but when I was county commissioner, we actually didn't have to send out the pink postcard. However, when the law was passed, it was a mystery to me why the elected officials were not be required to be at the hearing when we're asking our taxpayers to come, provide testimony, ask questions. They should be respected enough to have those folks present who are going to actually be taking the vote there to answer those questions and, and hear their concerns. So that's sort of the background and the basis for my bill. Happy to answer any questions.

**von GILLERN:** Thank you for your opening testimony. Any questions from the committee members?

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**SORRENTINO:** Thank you, Chairman von Gillern. Senator, thank you for bringing the bill. I personally don't have any opposition to it. I did look at the online comments, and one person made a point. I would just like to get your input. And by the way, it's not someone in your district. I'll quickly read it to you. School districts are required to hold both a budget and tax hearing and monthly open meetings, providing open comment. The format of this meeting is not conducive to productive dialogue. I guess that's their opinion. The meeting being held after a school year begins is also creating an unrealistic expectation of changing-- expectation of changing a budgetary need. Decisions on the budget are made from April to June, especially now with the property tax asking cap. It's time to eliminate the joint public hearing requirement for schools. This is not a necessary addition to the process. Your thoughts?

**STORER:** Yeah, that's, that's not what my bill is addressing it all. So what this would do would really have no impact on the, the frustrations of that individual. I would say that I think there does need to be some adjustments to the, the, the Truth in Taxation law, in terms of the timing of when those hearings are held. Because I know, even out in Cherry County-- and I, I have heard this happening elsewhere and that's what this is alluding to a little bit, albeit in a different--

**SORRENTINO:** This is Columbus, Nebraska.

**STORER:** --in a different way. But the-- oftentimes, by the time even the postcards are sent out, the-- when those preliminary budgets are presented to determine whether or not they are going to exceed or proposing to exceed the allowable growth rate, there's not enough time to even get the postcards out. People are receiving the postcards 2 or 3 days after the hearing has been held. So there is generally a timing problem. I would, I would agree with that.

**SORRENTINO:** But that really doesn't have any effect on the bill you're bringing, correct?

**STORER:** No. That's, that's-- that would have no-- what I'm proposing would have no impact either way on, on that concern.

**SORRENTINO:** Thank you for the answer.

**von GILLERN:** Thank you. Senator Kauth.

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**KAUTH:** Thank you, Chair von Gillern. So looking through the bill, I didn't see this anywhere. It says a majority, but you're not specifically saying who has to be in that majority. They figure that out themselves. Correct?

**STORER:** Yeah. I mean, if it's a 6- or 8- or 9-member board--

**KAUTH:** They [INAUDIBLE].

**STORER:** I guess they can draw straws and put-- yeah.

**KAUTH:** Thank you.

**STORER:** Yeah, you bet.

**von GILLERN:** Thank you. Any other questions? Senator Murman.

**MURMAN:** Yeah, and I've got to apologize, too. I haven't looked through the bill completely, but I'm, I'm just wondering, you know, there could be unforeseen circumstances that a majority couldn't make it. Is the hearing just canceled-- like sickness or something like that?

**STORER:** Yeah. Yeah. I mean, I'm certain there are-- things happen, right, especially in small communities. But the intent of this is very clear. I don't think anybody is probably going to show up and make an arrest if, you know, you're one person short of the majority. But the, the intent is to get the elected officials at those hearings to listen to their constituents. The way the bill is currently, currently written, they're not, they're not required to be there, just an elected official. So in the, in the case of counties specifically, oftentimes it's the county clerk that goes, which, the county clerk is not voting on the budget. And so I feel like it's just a huge disrespect to the taxpayers to ask them to take their time to come to a hearing, and the, and the folks who they elected to do the budget and vote on the budget aren't there.

**MURMAN:** Yeah. I totally agree. Thanks.

**von GILLERN:** Thank you. Any other questions? Seeing none, thank you for your opening. Will you stay to close?

**STORER:** Absolutely.

**von GILLERN:** Thank you. We'll invite up our first proponent. Good afternoon, Mr. Kagan.

**DOUG KAGAN:** Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n, Omaha, testifying for Nebraska Taxpayers for Freedom. When the Legislature passed the Truth in Taxation law several years ago, the intent was to require elected officials who voted to raise our taxes in their budgets to justify their reasoning for voting that way. The problem, in our opinion, is not in the intended process delineated in the original bill. The problem is that, in Douglas County especially, very few of the elected officials attend to face the inquiring public. In fact, in some instances, the elected body sends someone other than themselves to defend their tax increase who could not explain it. By requiring a majority of the governing board members of a property taxing authority exceeding its allowable growth rate to attend a joint public hearing, elected officials will have to prepare justification and face the proverbial music, quote, quote unquote. Each of these officials might have a different or distinct reasoning to explain the tax increase. Perhaps one of them could more simply explain the reasoning for taxpayers to understand. However, there is no requirement in the legislation for the represented officials to definitively answer questions from the public. Actually, the State Legislature should set an earlier date for these hearings so that local taxing authorities can hold these meetings well before the date budgets are required at the State Revenue Office, and therefore, have sufficient time to revise their budgets. Now, I would just add, as an addendum, people in our group religiously go to public budget hearings in the summer. Especially, the school districts will hold them in June, July-- the county. And so by August, they've set their budgets. So if you have a public budget hearing in September, just a couple of weeks before they're due at the State Revenue Office, it's really too late to do anything because most of the taxing authorities are not going to revise their budgets. So what we suggest is just push the date back to actually before the public budget hearings, and that would give more people incentive to actually go to the regular budget hearings. Because the way some of the taxing authorities advertise their regular budget hearing, is they add them onto the regular meeting and when people see the notices, they don't see the budget. They just see the regular meeting, so they don't know that there's a budget hearing. Thank you.

**von GILLERN:** Thank you. Questions from the committee members? Seeing none, thank you for your testimony. Next proponent. Good afternoon.

**ALAN SEYBERT:** Good afternoon. Alan Seybert, A-l-a-n S-e-y-b-e-r-t. Thank you for the opportunity to testify before this committee. I'm from Omaha. I'm from a-- sorry. I'm a member of Nebraska Taxpayers for

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Freedom, and I'm for LB384. The bill says that if a political subdivision wants to exceed the limit of its taxing authority or a levy limit, a majority of the elected members of its governing body is required to attend a joint public hearing. I think every member of those governing bodies should be required to attend. Attendance should also be required of at least one representative from every political subdivision, whether they want to exceed their levy limit or not. Attendance should also be required of county assessors. All of them should have to listen to how their votes and actions directly affect the people who elected them. As for Section 1, why are counties, cities, school districts, and community colleges the only political subdivisions required to attend joint public hearings? Why aren't ESUs, Fire Districts, NRDs, and SIDs excluded? In particular, why is the Regional Metropolitan Transit Authority excluded? That Transit Authority, which was the Omaha Transit Authority, was created in 2019 by LB492, which was a bill sponsored by then State Senator Justin Wayne. That bill would have allowed a new bus line from Omaha and Fremont. There is no such bus line. The Transit Authority has the power to borrow money and issue bonds, and it also oversees the Omaha streetcar. In 2019, the Transit Authority's levy was 4.953. In 2021, the levy was 4.731. After Omaha started talking about the streetcar, the levy began increasing, such that in 2024, the levy was 10. The levy has more than doubled in just 3 years. More than just the Transit Authority ought to be-- should be required to explain that. At the bottom of the page is a history of levies for the Metropolitan Transit Authority. Thank you.

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

**ALAN SEYBERT:** Thank you.

**von GILLERN:** Next proponent testimony. Good afternoon.

**NICOLE FOX:** Good afternoon, Chairman von Gillern, members of the Revenue Committee. Nicole Fox, N-i-c-o-l-e F-o-x, representing the Platte Institute. Platte Institute, we were a big supporter of LB644, which was passed by the Legislature in 2021. It established the Property Tax Request Act, also known as Truth in Taxation. It created a direct postcard notification and joint public hearing process for identified political subdivisions wishing to capture additional property tax revenues resulting from increased property valuations. And we worked very closely with Senator Hansen at the time. And we identified those political subdivisions, the 4 highest that we-- the 4

that we felt were, were responsible for a highest proportion of the property tax bill, that being schools, cities, counties, and community colleges, at the time. Also, the-- does-- the notion for the joint public hearing was to have a, a hearing where everybody was together, so that working Nebraskans were not having to take tons of time off work to go to daytime budget hearings-- because several of those budget hearings are during the day. And they could attend one hearing in the evening, which would hopefully be more convenient. This process, it's triggered when desired political subdivisions' spending levels exceed revenues that go beyond the previous year's property tax revenue collected plus real growth plus 2%. Truth in Taxation provided for long overdue transparency. Automatic windfalls because of quickly rising property valuations were not uncommon prior to Truth in Taxation. No longer could elected officials claim they weren't raising property taxes just because they did not increase a levy rate or they kept the levy rate the same. Political subdivisions had to print on a postcard the increased tax dollars to be collected compared to the previous tax year. While we can't monitor all hearings across the state, we've monitored several, and we've also received feedback from those that attended others. We've heard stories of packed rooms. We've heard stories of people standing in the halls. We've heard stories of very few attending and stories of several attending. It's not a perfect process and it has undergone some changes and there are more that will be proposed before session is over, including the timing issue, and also one addressing community colleges. We sup-- we've supported changes over the year, including requiring a public member. We took that for granted because we did hear that, that some subdivisions were bringing somebody else, a paid city employee and not the elected officials. So we feel this proposal is reasonable. While it-- while yes, Senator Murman, it would be ideal to have everybody there, we understand that maybe not every single person can be there due to last-minute emergencies. But we do feel that it does continue to build upon that notion that we want Nebraska taxpayers being ha-- be-- being given the opportunity to interact with the very locally-elected officials who make decisions regarding their property taxes. And so because of that, we thank the Legislature for their efforts to support the Truth in Taxation process, the tweaks over, over time, and continued support. So we thank Senator Storer for bringing this proposal. And with that, I'm happy to answer any questions.

**von GILLERN:** Thank you. Any questions from committee members? Senator Jacobson.



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**JACOBSON:** I would just have one, I guess.

**NICOLE FOX:** Yeah.

**JACOBSON:** I know you've talked about maybe dealing with the timing of this.

**NICOLE FOX:** Yes.

**JACOBSON:** Clearly, that needs to change, and it seems to me that it's got to be earlier. And I know that most political subdivisions, you could say we don't know exactly what our, what our property tax base is going to be, but they've got a pretty good idea. OK.

**NICOLE FOX:** Exactly.

**JACOBSON:** And so, even if it's considered a preliminary budget hearing, that's really what we'd like for it to be, is preliminary.

**NICOLE FOX:** Yes. And, and that is a change that we've advocated for for several years. And this year, we did find a senator that's willing to bring that, and I believe that might be heard next week. So we'll be here--

**JACOBSON:** Good.

**NICOLE FOX:** --advocating to have that process moved up.

**JACOBSON:** Thank you.

**NICOLE FOX:** Mm-hmm.

**von GILLERN:** Other questions? Seeing none, thank you for your testimony. Next proponent.

**CARTER THIELE:** Hello.

**von GILLERN:** Good afternoon.

**CARTER THIELE:** Thank you very much, Chairman von Gillern, Vice Chairman Jacobson and members of the Revenue Committee. My name is Carter Thiele. That's C-a-r-t-e-r T-h-i-e-l-e, and I'm here today on behalf of the Lincoln Independent Business Association in full support of LB384. The Truth in Taxation law was created because there was an understanding that local property tax increases are having such an effect on Nebraskans' lives that measures are needed to provide

residents an express notification of proposed property tax increases beyond a certain threshold that were being considered and be personally invited to learn why and provide feedback to the local entities proposing the hikes. The law was designed to facilitate transparent justification from the entities who plan to exceed their allowable growth rate while receiving community feedback. But despite the intentions to mobilize informed and empowered engagement from the public, customarily, citizens have been rallied together to show up to pink postcard hearings, only to address nonvoting administrative representatives who have little to no bearing on the final decisions regarding property taxes. Thus, the law's intention to make resident feedback matter in local property taxing decisions cannot be fulfilled when residents show up to voice their concerns to individuals who will not be voting on the proposals. By adopting LB384, we can ensure that a majority of the governing board who will vote on the decision to exceed an allowable growth rate will have had the opportunity to hear firsthand the concerns of the residents who will be affected by the increase. This attendance obligation aligns with the intention of the Truth in Taxation law. It fits within the scope of what can reasonably be expected from a body of elected representatives and provides governing board members themselves the opportunity to show willingness to listen to their constituents. As has been alluded to, the current Truth in Taxation law is far from perfect, but LB384 is the most essential improvement to align the law with its intention. It is only fair that those who are called to action do their research and take time out of their lives to attend the pink postcard hearings to share their feedback are afforded the opportunity to address those who truly hold the power to make these decisions. Thank you very much, and I would be happy to answer any questions.

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

**CARTER THIELE:** Thank you.

**von GILLERN:** Good afternoon.

**RYAN McINTOSH:** Good afternoon, Chair von Gillern, members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, and I'm appearing before you today as a state director and registered lobbyist for the National Federation of Independent Business. I would like to thank Senator Storer for bringing this important legislation. Ms. Fox talked a little bit about the history of the Property Tax Request Act. When this was first passed in 2021, same as today, it requires a joint

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public hearing of any political subdivision within the county that's seeking to exceed the property tax request beyond the allowable growth. Shockingly, this has been construed since that time as not requiring elected officials to show up to these meetings. When I think of joint public hearing, I think of elected officials showing up. This was changed in 2021-- excuse me, 2023, through LB529 from Senator Ben Hansen that was amended into this committee's gargantuan 31-bill bill, LB727, in 2023. And it clarified that you had to have somebody from the political subdivision actually participating. And since that time, it has only-- that has still not fixed the problem for some of these political subdivisions. I don't mean to criticize all political subdivisions. Some do a very good job of meeting their constituent needs and showing up and participating in these, and setting responsible budgets. Unfortunately, it has been abused by some. So with that, we would urge the committee to advance LB384. Thank you.

**von GILLERN:** Thank you. Questions from the committee? Senator Bostar.

**BOSTAR:** Thank you, Chair. Thank you, Mr. McIntosh. Which political subdivisions do you feel are abusing it?

**RYAN McINTOSH:** I don't have a list. I'd be happy to, to do some research and get that to the committee.

**BOSTAR:** Yeah.

**RYAN McINTOSH:** The reason for this legislation is that we do have these countywide- and as Ms. Fox noted for the county-- or as Senator Storer noted that for the counties, it's often the county clerk. For the cities, it's the city administrator of the budget. If you want specific examples--

**BOSTAR:** I would. Yeah. I could help.

**RYAN McINTOSH:** --I can do some homework for you.

**BOSTAR:** Thank you.

**von GILLERN:** Thank you. Any other questions? Seeing none, thank you--

**RYAN McINTOSH:** Thank you.

**von GILLERN:** --for your testimony. Any other proponents? Proponents for LB384? Pro? You sure? OK. Seeing none, any opponent testimony regarding LB384?

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**DOUGLAS KINDIG:** I almost jumped the gun on you.

**von GILLERN:** You made me look twice.

**DOUGLAS KINDIG:** Good afternoon, Chairperson von Gillern and members of the Revenue Committee. My name is Douglas Kindig, spelled D-o-u-g-l-a-s K-i-n-d-i-g. I'm the mayor of the city of La Vista. I appear before you today to testify in opposition to LB384 on behalf of the United Cities, which is made up of Bellevue, Papillion, Springfield, Gretna, and my city, La Vista. Together, we speak as one voice on these type of issues. LB384 would require the majority of the city council to attend a joint public hearing when requesting an increase in property tax revenue. Mandating the attendance of a majority or more of the entire city board to be present in a hearing where they cannot act seems redundant and ineffective. Adding more people only makes coordination of schedules and public hearing notice more difficult, and it makes no substantive change to the meeting's outcome. These changes are unnecessary when the existing requirement ensures adequate transparency and public accountability. Current law requires one elected representative from each political subdivision to attend these hearings. I have been to all of these hearings each year that they have been held. I believe this to be necessary and reasonable, because having the mayor attend and address the concerns of the public directly is why I was elected and what the voters expect. I want to answer a couple of things that were brought up today. Number one, we invite our public to every city council meeting. We have budget hearings early in the spring. It's by public notice. We publish it in our city newsletter when our meetings are. We then have to hold 3 readings of the budget, which have to be to the state by September. So on our timing, I can agree that this meeting, even though I didn't support it in '21, I can say today I do support it. And that's because when I went to these meetings, I heard the taxpayers. I heard from the woman that had bought her first house the year before, and because of the increases in taxes, she could not afford it. You know what? That's my job to be able to hear that. I went back. I filled my council in. If I wasn't able to attend, I would send my council president. I do think it should be an elected by-- an elected official from the body that is allowed to vote. I will tell you that if you come to one of my council meetings, every member of my city council will be there to hear from you. We publish the agenda. We put it in numerous outlets, including our website. We can't force the people to read it, but what we can do is we can be completely transparent. I think we do that. I will give my phone number out to the public. That's what we should do as elected officials. Asking a

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majority of my city council to come to this meeting, again, is redundant, because the public does have the opportunity to address those citizens 4 times, when they're walking the street campaigning and in a community they know where we live. So because of that, we are in opposition of this bill, not because it will create added transparency and make us accountable, not because of that, but because we are already doing that at the local level. I'd be happy to answer any questions.

**von GILLERN:** Thank you for your testimony. Questions from the committee members? Senator Jacobson.

**JACOBSON:** Well, I, I just have one. I, I know you said you're speaking for multiple cities, but yet, you just spoke about your own. OK.

**DOUGLAS KINDIG:** Correct.

**JACOBSON:** And, and I guess my concern is, is that we're talking about one political subdivision in a larger city. But when you look at all of the political subdivisions across the state, not just cities, all political subdivisions, I can tell you that by having the pink postcards meeting, it's a call to action for everyone who's got a concern.

**DOUGLAS KINDIG:** Correct.

**JACOBSON:** Just show up all at the same meeting. All the feedback I tend to get from people when I ask them, why are you not going to your city council meeting, your school board meetings and others, when they're talking about the budget to, to make a, make a point? They said because we don't want to be singled out. We don't want to be singled out as we're opposed to our school district or we're raising concerns, and then their local business gets shunned in the community. That's their concern. So consequently, they're sending me an email and saying, you fix it. So, I will tell you what this does, is it does allow for more like-minded taxpayers to show up at one meeting and not be standing there alone. I would also argue that I think-- not to speak for Senator Storer, but I can tell you, sitting in the Banking, Commerce and Insurance Committee, and you start hearing testimony from people who have been affected by, let's say, a loss of preauthorization, and now they've got terminal cancer. When we're sitting there hearing that testimony, all of us, firsthand, it makes a difference. And all of us are the ones that would be voting on that particular bill. So it does make a difference. It's great that you can

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pass the message back to your board, but I'm not sure you're going to pass it back in the same vein that it was heard. And that's why I think there's a concern about that. Does that make sense?

**DOUGLAS KINDIG:** Yeah. And first of all, I do represent the 5 cities of Sarpy County. We come as a majority. I will talk about my city because I know it the best. I said that I enjoy going to the meetings. They're not always pleasant, but I can go. And I think giving the citizens a chance to come as a group has worked. There was over 200-300 people at the Sarpy meeting that we had. It is good--

**JACOBSON:** But shouldn't the rest of the board-- why shouldn't the rest of the board hear that testimony firsthand? The majority of the board, at least?

**DOUGLAS KINDIG:** So safety comes in numbers. And maybe that's why those individuals go to those meetings, right? They have the opportunity, Senator. We're not taking their opportunity away.

**JACOBSON:** But you're not answering my question. Why shouldn't the majority of the people hear this firsthand?

**DOUGLAS KINDIG:** They do. By communicating with their public when they're campaigning--

**JACOBSON:** That's not firsthand. That's not firsthand.

**DOUGLAS KINDIG:** Yes, it is, sir. They're--

**JACOBSON:** Not at this meeting. Not at that meeting.

**DOUGLAS KINDIG:** --they're, they're-- not to argue with you--

**von GILLERN:** Hey, hey. The, the-- let's [INAUDIBLE] down.

**DOUGLAS KINDIG:** But they're delivering the same message. They hear the same message when we're in the public. We hear it from our constituents. Now, this is a group meeting, and that's absolutely fine. And I do think the city should be represented at those meetings. But, you know, there's nothing been addressed about a quorum. How do we handle that at these type of meetings? Again, the Senator, in all due respect, if we couldn't get a majority of council there, well, then it would be OK. I had our city attorney tell me once that if you make a law or an ordinance and you make exception to it, you don't have a law or an ordinance. So if we are going to put together a bill,

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let's put together something that's obtainable, that we don't have to have exceptions. But I'm in the public every day, sir, so I hear it first hand from my citizens. It may be a single voice, but it's the same voice that I'm hearing in a group.

**von GILLERN:** Thank you. Senator Kauth.

**KAUTH:** Thank you, Chair von Gillern. First of all, Mayor, thank you very much for being here. And I might quibble about the best city, but anyway. I, I appreciate how much work you do in showing up to those meetings, because it is tough sometimes when the public is yelling at you. Does the mayor vote on the budget?

**DOUGLAS KINDIG:** No.

**KAUTH:** OK. So-- and, and--

**DOUGLAS KINDIG:** A strong council form of government.

**KAUTH:** I think, is probably where this bill is trying to go, is get more of the people who are actually voting on the budget being the ones to be in the hot seat. I mean, it sounds like you're-- like, La Vista is doing it right. You guys are showing up on a lot of things. I think the concern is that some places are not. But-- and just when-- the, the sentence, it makes no substantive change to the meeting's outcome, I think we don't know that yet. So I, I, I would like to be able to, to see more people who actually do take the vote show up at those meetings to see if it does impact how it changes, so. But thank you very much for being here. I appreciate it.

**DOUGLAS KINDIG:** Yeah. And Senator, if it would be OK, I'd be willing to sit down and compromise. I think asking a majority of the council is going to create some issues that maybe haven't either been thought about, or it is actually a scheduling issue. So I would be willing to at least sit at the table and see that this bill could be made better, for lack of a better word.

**von GILLERN:** Thank you. Senator Bostar.

**BOSTAR:** Thank you. Chair. Thank you, Mayor Kindig, for being here. Do you think it's-- I, I appreciate you going to the meetings. You know, from some of what we've heard, where, let's say a county sends its elected clerk but no one else. Do you feel like that's appropriate?

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**DOUGLAS KINDIG:** Yeah, I think I said earlier on that if it was a elected official of the voting board or council or committee, I can see that that's a reasonable request.

**BOSTAR:** OK. Thank you.

**DOUGLAS KINDIG:** I may not-- my, my 4 other cities hasn't signed off on that, so I'm speaking about my own opinion on that [INAUDIBLE] right there.

**von GILLERN:** Thank you. Any other questions? Just one. How long have you been mayor of La Vista?

**DOUGLAS KINDIG:** In my 19th year.

**von GILLERN:** I was going to say, it's as long as I can remember. So, all right. Didn't want to change the signs on the city limits, do they?

**DOUGLAS KINDIG:** It's been a long time, so yeah.

**von GILLERN:** Good. Thank you for your service. Thank you for your testimony.

**DOUGLAS KINDIG:** Thank you, Senators.

**von GILLERN:** Next opponent testimony. Good afternoon.

**DAVE WELSCH:** You're, you're so kind when you said I was here finally, I thought I'd come back right away the same day.

**von GILLERN:** You don't-- now you're double dipping. Yeah.

**DAVE WELSCH:** My name's Dave Welsch, D-a-v-e W-e-l-s-c-h. Thank you to Senator Storer for introducing this bill. But I do stand opposed to this bill. As I mentioned at the hearing-- couple hearing-- or testimony a couple bills ago. I have been a school board member for 33 years on, on 2 different school boards, 27 years now at Milford. And I really take offense to the term, Truth in Taxation. It makes it sound like us as school board members are trying to hide information from the public, and that just absolutely is not true. That's why I take offense to that term. School boards are very truthful. Every year for 33 years, I've been a part of 33 budget hearings, 33 tax request hearings. At all of those, there is a majority of the board present at those meetings. Otherwise we wouldn't have a quorum. We couldn't have



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those hearings if we didn't have a quorum. There is public comment at each of those public hearings. So if our constituents want to get involved, I truly believe that's the place to do it. Under the pink postcard bill, I think, I think the person said, what, there's 4 entities that potentially could show up there. So say you've got 4 school boards in a county, you've got 4 municipalities or towns within that county. There's 8 right there, plus whatever the other 2 are. There's 10 different entities there, with the majority of their board president-- present. How is that constituent going to have a discussion with the one school board that they want to make comments to when there's 9 other entities there? I mean, you're wasting a lot of people's times. If people really want to get involved, they need to come and talk to the school boards ahead of time, and the other governing bodies. You know, you-- the, the timing of the bill is what really needs corrected-- the pink postcard. It, it happens way too late in the process. I think Senator Raybould has a bill, LB683, that tries to address that. I haven't read it thoroughly, but it tries to encourage people to come to these other hearings that we have, or even come before that. By the time you get to the hearing, most boards have already, you know, debated and come to a decision on what their budget is going to look like and their tax request. You need to talk to us really, all year long, about concerns that you have. Don't wait until the last minute. That's what we should be encouraging Nebraskans to do. Come, come have that conversation with their elected officials early on. And somebody made a comment about inaccurate statements. It drives me crazy as a, as a pers-- person that was a math major for a while that oh, we kept the levy the same. That doesn't mean the tax requests stayed the same. Or they say, oh, our valuations were flat this year, and-- very frustrating. And you try to explain that at your, at your hearings, but oftentimes when it gets translated into the newspaper or, or to the coffee shop especially, it's not as accurate as it could be. So, thank you.

**von GILLERN:** Thank you. Questions from the committee members? Thank you again for your testimony.

**DAVE WELSCH:** Yep, thank you.

**von GILLERN:** Next opponent.

**CHRISTY ABRAHAM:** Oh, sorry about that.

**von GILLERN:** Good afternoon.

**CHRISTY ABRAHAM:** Senator von Gillern and members of the Revenue Committee-- that was graceful. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities. I want to thank Senator Storer for introducing this bill. And I just wanted to raise, I think, 3 concerns that the League has about this bill, many of which have been touched on before. The League and our member municipalities really want our folks-- our, our residents to come to our budget hearing. Each municipality is required to have them. There are very specific notice requirements in state law about the budget hearing. 3 copies of the budget have to be at the hearing. There is a presentation given to people, so they can understand the budget, and it can't be limited in time. So the public can have as much time as it needs about public budget hearing to talk about their concerns. Again, this budget also-- the budget hearing also happens, I think, at a better time for citizens' comments to be taken into account and have the budget be changed. There-- it's kind of in the middle of the budget formation process. So there is an opportunity for that budget to be changed at that hearing. As you've heard before, when you get to that pink postcard hearing, that budget often has already been adopted. So then it's a little bit harder to change after that, after the pink postcard hearing. There is a bill, LB683 that the league is very supportive of. Again, this is a bill that's going to put on your property tax statement, which every property tax payer gets, a notice about when the city council is going to meet and have that hearing. So we really are in support of that bill. We think that's a good way to get people interested in going to the, to the budget hearing. Our second concern feels a little bit more practical. The last testifier mentioned it. We did sort of just a random county. We picked Madison County. And in Madison County, there are 5 cities, 5 school districts, 1 county, 1 community college, and that equals potentially 72 elected officials that could come to that public hearing. And then additionally, you would need the designated representative, as well. So that's a lot of folks to accommodate, so we just kind of want to bring that forward as a practical concern. Our final thing is actually something that Senator Murman asked earlier. What if a majority of the city council does not appear at this public hearing? Is there any ramifications to the city's budget? Is it still valid? Is their budget OK? So those are some of the concerns that we have. I'm happy to answer any questions. Again, we, we appreciate Senator Storer and her wanting constituents to raise their concerns in front of their elected officials. And again, we just think the budget hearing is the best place to do it.

**von GILLERN:** Thank you.

**CHRISTY ABRAHAM:** Thank you.

**von GILLERN:** Questions? Senator Kauth.

**KAUTH:** Thank you, Chair von Gillern. So with the LB683-- and I haven't seen that yet. That's not about the postcard at all. That's just saying on your property tax statement, it'll tell you when the budget hearing is.

**CHRISTY ABRAHAM:** Right.

**KAUTH:** OK.

**CHRISTY ABRAHAM:** Right. Yes, that's correct.

**KAUTH:** OK. Thank you.

**CHRISTY ABRAHAM:** You're welcome.

**von GILLERN:** Thank you. Other questions? Seeing none, thank you for your testimony.

**CHRISTY ABRAHAM:** Thank you so much.

**von GILLERN:** Any other opponent testimony? Good afternoon.

**BETH BAZYN FERRELL:** Good afternoon, Chairman von Gillern, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials, I'm appearing in opposition to LB384. Our position is really the same as-- same reasons as you've heard, concerns about maybe let's try a different approach. If we want to get the majority of the board there, maybe let's, you know, have the folks come to the budget hearing. Let's try and get them to the budget hearing. So with that, I'm just going to go ahead and, and read my prepared testimony on that point. We would suggest that it would be more effective for people to come to the budget hearing for each taxing entity. By the time of the joint hearing in mid-September, many crucial decisions have already been made and time is short to make changes before final budgets are filled-- or excuse me, are filed by September 30. Limited instances of budgets being changed after the joint hearing are by far the exception and not the rule. Further, our experience has been that the majority of the persons who attend the

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joint public hearings are there to register their disagreement with the valuation, when valuation protests are due on or before June 30 and when most county boards have rendered their valuation decisions on or before July 25. Many counties have already begun preliminary work on their budgets for fiscal year '25-26. They have had numerous public meetings or will have them as they prepare their budgets, and a required public hearing that is separate from other regularly scheduled meetings. We would suggest that it would be more effective to encourage public input at that budget hearing. And that-- at that hearing, the majority of the board would be there. If the notice is early enough, it could also let taxpayers know that if their concern is the valuation of their property, not the overall budget, they could protest that valuation. As has been mentioned, we would be in support of LB683 that would do some of those things. And I would be happy to take questions.

**VON GILLERN:** Thank you for your testimony. Any questions from the committee members? Senator Bostar.

**BOSTAR:** Thank you, Chair. Thank you, ma'am, for being here. Do you-- so, you know, currently an elected official is, is required in statute to attend. Do you think it's, it's, it's appropriate for a county, for example, to send their clerk as that representative, when it's, when it's related to budgets and valuations and taxation and spending?

**BETH BAZYN FERRELL:** I think it's going to depend on the individual entity, why they send, for example, the clerk. I think in some cases, it might be because the clerk is the one that works on the budget. And they-- there may be a feeling that the clerk is the one who could best answer questions about that part of it, you know, as far as just the practical, A plus B equals C kinds of things.

**BOSTAR:** That's interesting. What counties have the clerk responsible for creating the budget?

**BETH BAZYN FERRELL:** I don't know. I don't have a list of those, but we may be able to find out.

**BOSTAR:** Yeah, that's an interesting model. I'd be interested in seeing that. Thank you.

**VON GILLERN:** Senator Kauth.

**KAUTH:** Thank you, Chair von Gillern. So I was looking-- and since you brought up LB683, I started looking it up after the last testifier.

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And I did not realize that LB683 actually repeals the postcard, the Truth in Taxation. Is that your understanding of it? And maybe-- I'm, I'm just reading it briefly so-- but it looks like if you put it on the, the billing statement, then you're going to repeal the postcard?

**BETH BAZYN FERRELL:** Right. It would, it would replace the postcard with a notice that would go out earlier. So as, as I understand, it would be with a notice of valuation changes. Right now, counties send out a notice only if the valuation changes, but this would send the notice out to everyone, not just those people who had a valuation change.

**KAUTH:** OK. All right. Thank you.

**von GILLERN:** Any other questions? Seeing none, thank you for your testimony. Any other opponent testimony? Good afternoon.

**COLBY COASH:** Thank-- good afternoon. Thank you, Senator von Gillern, members of the Revenue Committee. For the record, my name is Colby Coash, C-o-l-b-y C-o-a-s-h. I represent the Nebraska Association of School Boards, and we are here in opposition. But we-- my-- our opposition and my comments today are not really on the proposal here, because if this bill became law, we, school districts, school board members would comply. My comments are more on the process that we, we currently have, and it's kind of been discussed a little bit. We understand the frustration that brought Senator Storer to bring this bill. Our members are frustrated, too. And the frustration our members feel is they participate in these meetings because they're required to, but it's past the date where they can do anything with the feedback that they're getting. And I've been to several of these meetings over, over the years. And Beth was right. Most people think they're coming to talk to their elected officials about the valuations, which happened, happened months before. And I, I feel for the taxpayer in this, and our members feel for that because they want to be in a position to do something and to respond to those concerns. But the current process and the timing is frustrating for them and, and for our, our members. So, you know, this has been mentioned, but a couple things that haven't been is that this Legislature has tried to take a few steps in this direction already, and I think it's starting to have some impact. The, the measures that have been-- have happened, primarily through this committee are, one, the budget hearings are separately noticed. So prior to that change, which happened a few years ago under Senator Linehan's leadership, was budget hearings were just kind of one of the agenda items in a regular school board

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meeting. Right? So you'd-- you might-- you have to pay your bills, and hire teachers, and do all this. And then somewhere within that, that agenda, the, the budget would be discussed. And so unless you were looking at the actual agenda, you might not know that the budget was being discussed. Well, now, there's a separate notice, right? And so the regular meeting of the political subdivision is noticed, and then the budget meeting is separately noticed. Sometimes those meetings-- and frequently, they are on the same day because everybody's there. But at least the public now, because of that bill, has, has an understanding that the budget happens at this time and, and that place. I, I think-- my experience, one of the meetings I went to, my own community right here in Lincoln, and it really illustrates how frustrated I think school board members have become, but also the public, is the, the Lincoln-- Lancaster County was held here in Lincoln. But because of the community college district, it's kind of southeast Nebraska, a guy from Nebraska City drove all the way to Lincoln because he got a notice, not because of his school, but because of the community college in his district. He came there. He had to listen to a school presentation. He had to listen to the county presentation. But the only evaluation change that affected him was his community college valuation. But he had to travel 48 minutes to get to that, and he was confused, and I understand that frustration. So I'll end with, with echoing some of the comments that happened before. Hopefully, this committee will take a good look at LB683. That might correct some of those issues. And, and we hope that you'll consider all of that.

**von GILLERN:** Thank you.

**COLBY COASH:** I'll leave it at that.

**von GILLERN:** Questions from the committee members? Seeing none, thank you for your--

**COLBY COASH:** Thanks.

**von GILLERN:** --testimony. Next opponent. Good afternoon.

**COURTNEY WITTSTRUCK:** All right. Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Courtney Wittstruck, C-o-u-r-t-n-e-y W-i-t-t-s-t-r-u-c-k, and I'm the executive director of the Nebraska Community College Association. And I'm here to testify in opposition of 3-- of LB384. And I'm basically going to throw out all the comments I had prepared because everyone ahead of me made such

good points and I don't want to waste your time with anything redundant, but I will point out just a couple of things. Yeah, so as Ms. Fox stated earlier, originally the 4 political subdivisions were selected because they were the 4 subdivisions that received the highest amount of property taxes levied, as many of you know, and were part of the Legislature 2 years ago. Community colleges were then changed to a different funding model that moved us way down on that list. So going from number 4, we're now to number 7 out of 9, just over 1%, I believe, of the total for the state. So I wanted to make that note Also, I would like to direct your attention to a bill that you will be hearing at some point, LB495. That's from Senator Ben Hansen. His bill, I think Ms. Fox alluded to it, would take the community colleges off of this requirement. And we'll go into obviously more detail when that bill is heard. But there is a cost associated with sending out the postcards. So when you think of a political subdivision that has, you know, 1% of the total or little over 1% of the total property tax receipts for, you know, \$200,000 for the cost of postcards, you wonder if, you know, the juice is worth the squeeze, if that makes sense, if the cost of the postcards is worth, is worth the information that is tran-- transmitted on those. Also, I would like to address just a couple of things that I heard from other folks that wasn't addressed earlier. There was-- so we've-- all the political subdivisions have been working very closely with Senator Hansen and others who support the Truth in Taxation concept. And some of the things that had been discussed in the past were, for instance, adding, instead of on the pink postcard the joint public hearing, adding the date of the political subdivision's budget hearings. So that way it would direct the folks, as previous testifiers have mentioned, it would direct the folks to the budget hearings where those decisions are made, instead of directing them to a joint public hearing, where it's, you know, 1 day or 2, maybe, before the budget has to be finalized, just so that they could get some-- get their input in well in advance, in time for the boards to make any changes. And then also, someone mentioned about having it-- making it being difficult for citizens to attend meetings during the budget hearing meetings because they're during the day. I can't speak on behalf of all political subdivisions, but I know the community colleges, many of them do meet in the evening for that purpose. But the ones that don't have already said-- and they said a year or 2 ago that they'd be happy to move the budget hearing meetings to the evening to accommodate people wanting to express their opinion on them, so that that way they can be heard, they can be heard in a timely fashion. I see I have a red light. I'll be happy to take any questions from you all.

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**von GILLERN:** Thank you for your testimony. Any questions? Senator Jacobson.

**JACOBSON:** I guess I had one quick thing. Would you agree that, that when the pink postcard bill went into effect, by year 2, every political subdivision wanted-- was dreading the thought that they might have to appear at those meetings, and took that into consideration when they were setting their budgets?

**COURTNEY WITTSTRUCK:** Well, I see where you're getting-- where you're going with that, Senator, but I can't speak, unfortunately, on behalf of every political subdivision or what they were thinking at the time, but I would imagine that that's probably the case.

**JACOBSON:** Thank you.

**COURTNEY WITTSTRUCK:** You're welcome.

**von GILLERN:** Thank you. Other questions? Seeing none, thank you for your testimony.

**COURTNEY WITTSTRUCK:** Thank you. I'll see you for LB495.

**von GILLERN:** OK. Any other opponent testimony? Seeing none, anyone who would like to testify in a neutral position? Seeing none, Senator Storer, would you like to close? As Senator Storer comes up, we had 5-- or excuse me, 8 proponent letters, 2 opponent, and 1 neutral, and no ADA comments online. Senator Storer.

**STORER:** Thank you, Chairman von Gillern. I think we-- this generated some good, good questions, some of which were relevant to the specific bill and some of which were not necessarily. But it is, it is, I think, clear that maybe there's some, some things we can do to make the pink postcard process more effective. I would address a couple of things specific to the timing. You know, and every, every subdivision would be maybe a little different. On the county level, it was tight, but we were able. There was time in between getting your preliminary budget advertised and your budget hearing and being able to send them out. And it, it was more about mail delivery, not necessarily being efficient, but it was tight. It is possible, but, but I do think that needs addressed, to make, make this process more effective. I just want to point out a, a, a couple of things. Most of the opposition that you heard today and this is not to be critical, but, but there was a clear trend and most of the opposition came from the folks who were asking to attend these hearings or representatives of those



folks. I heard a lot about, well, why can't we just get them to come to the budget hearings? And I, and I don't disagree with that, but that wasn't effective and it's why we ended up with the pink postcard method. That was an attempt to create more transparency, make it easier for people to come to 1 meeting, rather than attend 3 or 4 in, in order to have their concerns addressed. And so, I, I think a lot, a lot of the opposition in general is-- was more, is this entire process good or not-- the, the pink postcard, the Truth in Transparency Act. To, to the specifics of what I'm trying to address is we do have the Truth in Transparency Act. And as long as we're going to have it, we need to be respectful of our taxpayers. To, to ask them to take their time to come to a hearing and not expect the people who are there voting on the budget to be there is, is just insulting in my mind, to, to our taxpayers. There was a-- there was one comment made-- and, and Senator Bostar, to your question about clerks, there, there are some counties, I know. Cherry County was one of them, where the clerk was paid a, a separate and distinct fee to do the budget. That wasn't required. That was just-- it, it is done that way in some counties. It just is-- they are-- they've taken the training. They're, they're capable of doing it. And other counties hire somebody outside of the county. But it, it, it is done. I don't know how many-- I don't have a number for you, but that is the way we did it in Cherry County. That being said, yes, the clerk should be able to answer a lot of questions about the budget, but I would push back on the notion that the people who are voting on the budget are not prepared to answer those questions. Because if they can't answer good questions to their ta-- to their constituents about the budget process, why they're, why they're making the ask for the increase, then I would say they're not well-prepared to make the vote, quite honestly. So, so they too should be just as prepared as the clerk or whomever is preparing that budget for them, to answer those questions to their taxpayers. I think I've kind of covered most of, most of the things I heard, in terms of opposition. I guess, just one final note. You know, there was, there was a little bit of concern in general about, you know, is it-- what if, what if the majority can't show up? When you're elected to a position, as we all are, there's a certain expectation of your job to the taxpayer and the people who voted you in. And I, I kind of push back and reject the idea that asking these elected officials to attend one additional meeting to listen to their taxpayers is burdensome. I, I don't-- I, I can't, I can't agree with that being an undue burden on, on someone elected. With that, I think I've kind of covered everything in terms of, of what I heard and what I thought maybe I could help address. So, happy to answer any additional questions.

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**von GILLERN:** Thank you. Any questions from the committee? Senator Bostar.

**BOSTAR:** Thank you, Chair. Thank you, Senator. I just-- trying to find more clarity on this. I, I understand the clerk can have a role in, in creating the budget, and maybe that was the wrong phrase for me to use before. But is, for example, in Cherry County, did the clerk have-- were they deciding on spending decisions?

**STORER:** No, not when I was sitting there as a commissioner.

**BOSTAR:** And I guess that was more of what I was trying to get at is, is while the-- having the technical experience in, in sort of budget document creation is one thing--

**STORER:** Right.

**BOSTAR:** --it doesn't seem like they're a good representative for what the people are really there to find out, which isn't did you use zero-base budgeting, but why are you spending this money?

**STORER:** Correct. I couldn't agree with you more.

**BOSTAR:** OK. Yeah. And thank you for that.

**STORER:** Yes.

**von GILLERN:** Any other questions? Seeing none, thank you. That will close our testimony-- or close our hearing for LB384, and close our Revenue hearing for the day. If I could ask everyone to hang for a little bit.