

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 26, 2025

von GILLERN: All right. Good afternoon everyone. If we can get-- I don't have a gavel. Thank you. Welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing the 4th Legislative District, and I serve as the 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 before us. If you're planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Please be sure to print clearly and fill 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 at 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'll begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally, anyone speaking in the neutral capacity. We'll finish with a closing statement by the introducer, if they wish to give one. We'll be using a three-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'll have one minute remaining, and the red light indicates you need to wrap up your final thought 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. If you have handouts or copies of your testimony, please bring up at least 12 copies and bring 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 comments 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. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I'll now have the committee members with us today introduce themselves, starting at my left.

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

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KAUTH: Kathleen Kauth, LD31, Millard area.

JACOBSON: Mike Jacobson, District 42: Lincoln, McPherson, Hooker, Thomas, McPherson-- or, excuse me, Thomas and Perkins County. And Logan County. I think I got them all, now.

von GILLERN: All right.

JACOBSON: It's a long list.

MURMAN: Dave Murman from Glenvil, the southern tier of counties along the southern part of the state, and I'm not going to name them all.

IBACH: Teresa Ibach, District 44, which is eight counties in southwest Nebraska.

von GILLERN: Thank you. Also assisting the committee today, to my right is legal counsel Sovida Tran, and to my left is legal counsel Charles Hamilton. To the far left is our committee clerk, Linda Schmidt. Thank you for your help today. Also our pages for the committee today, if you would stand and please 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's Jessica. I'm from Omaha, Nebraska in my second year at the University of Nebraska-Lincoln, and I'm studying political science and criminal justice.

von GILLERN: Thanks for your help today. With that, we'll begin today's hearing on LB81, and we'll welcome up Senator Hardin. Good afternoon.

HARDIN: Thank you, Chairman von Gillern. And good afternoon, senators of the Revenue Committee. I'm Senator Brian Hardin. For the record, that is B-r-i-a-n H-a-r-d-i-n, and I represent the Banner, Kimball and Scotts Bluff Counties of the 48th Legislative District in western Nebraska. I'm here today to introduce LB81, a necessary fix to an unintended gap in property tax relief. Last summer, when we passed LB34 during the property tax special session, we made a significant move toward easing the tax burden on Nebraskans. However, in doing so, we inadvertently created a gap year in state aid for the people's property tax relief fund. This oversight means that tax year 2024 is currently left out of the property tax credit program, a mistake that LB81 seeks to correct by making 2024 eligible for the Property Tax Credit Fund. We all know that property taxes in Nebraska are too high. There's hardly a

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person in this room or across the state who would argue otherwise. That's why the 108th Legislature took a bold step in tackling the property tax issue when we were called into a special session by Governor Pillen. We made progress, but we did not achieve perfection. In our attempt to provide meaningful relief, we missed a crucial detail, and that's how we ended up here today with LB81. I'll be the first to acknowledge my role in this; I supported, supported LB34, I voted for it. But at the time, I did not realize that in doing so I was contributing to the creation of this gap in, in the tax relief. Maybe some of my colleagues saw it coming, but I'll be honest, I didn't, and I take responsibility for that. However, ignorance is not an excuse, nor should it be a reason to avoid taking corrective action. When we recognize a mistake, the only right thing to do is fix it. Last summer, we unintentionally shortchanged Nebraska landowners; by failing to include the 2024 tax year in the property tax credit, we placed an additional financial strain on families, farmers, and small business owners across our state. In an economy where people are already stretching every dollar and budgeting down to the penny, this added burden is simply unacceptable. LB81 is not about politics; it's about fairness; it's about standing by the commitment we made to Nebraskans when we promised property tax relief. If we do nothing, we will force hardworking families to dig even deeper into their pockets at a time when they can least afford to do it. That's not the message we want to send, and it's certainly not the leadership Nebraskans deserve. Support for LB81 means correcting this oversight and delivering the relief that Nebraska taxpayers were promised. So, let's do the right thing. This concludes my opening comments. I'm prepared to answer any easy questions you may have, but there are experts behind me. So, thank you, Mr. Chair.

VON GILLERN: Thank you for your opening statement, Senator. Any questions from the committee members? Senator Jacobson.

JACOBSON: I don't intend to ask many questions today because I think many people made up their minds on this. I would just-- I want to get it on the record. Is it true that the state has not missed paying a year? In other words, the state had been paying \$540 million the previous year, and last year it was like \$780 million because they included those who did not apply for the income tax rebate. So, the state has paid their portion. We can all argue whether it's a lost year, or a year moved ahead, or reallocation, but it's not like the state didn't write the check. Is that, is that-- would that be true?

HARDIN: It's not like the state didn't write a check.

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JACOBSON: A check.

HARDIN: I would go with the indefinite article instead of the definite article on that one.

JACOBSON: But they wrote a check to the counties to reimburse the political subdivisions so that they could give the property tax-- the direct property tax credit that everyone saw on their property tax statements last December.

HARDIN: They wrote a check which was for what was upcoming, and that was the paradigm shift. It was that instead of it being something that happened reflexively, it was now to happen in a proactive fashion. And so, unfortunately, if the-- we change the question to "did we skip a year?" We did.

JACOBSON: I'm not arguing that. I, I would just ask one other question. The 2020-- 20-- the 2023 property taxes that were paid in 2024, which is what's in question--

HARDIN: Right.

JACOBSON: --you would be claiming-- had we not changed anything, you'd be claiming your income tax rebate when you file your 2025 income tax return. Correct?

HARDIN: Unless you-- yes. Unless you paid it inside that year, as 15% did.

JACOBSON: Yeah. So-- but-- so, the-- just follow me on this. You'd be getting that re-- the-- you'd be getting it then. So, since the property tax credit was awarded in December last year, the first half of the property taxes, depending on where you live in the state, are due either April 1 or May 1 of this year, which would time out when you'd be re-- would have been receiving the income tax rebate that was in place before. Correct?

HARDIN: No, I don't think it is correct. And I think that's why we're here today--

JACOBSON: But--

HARDIN: --is to essentially talk about that very issue, because what we did was a, a paradigm flip.

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JACOBSON: I understand that, but I'm, I'm-- just follow me on this. The-- if you're-- if that was still in place, you would be applying for an income tax rebate when you filed your 2025 income tax return ostensibly by-- on or before April 15 of this year. Correct?

HARDIN: You would be filing, correct.

JACOBSON: Right. OK. So, if the old program was in place, you would be getting 30% of what you paid to public schools as a rebate with that tax return. It may take 30 days to process once it's filed.

HARDIN: Sure.

JACOBSON: Instead, you're getting a direct property tax credit. That was on your 2024 property tax statement. And if you paid a year in arrears, the first half would be due the same time as when that rebate would be coming, and the second half would be due four months later.

HARDIN: The, the challenge though, is that still, with all of that, we've missed a year. And so, if you take a, a, a ten-year view of it, for example, nine of those ten years will get an adjustment, but one of those years, we didn't get those LB1107 credits, and we're saying that's where it's broken.

JACOBSON: And I just was looking for a simple answer to the question. The cash flow didn't change. OK? The cash flow didn't change, and if you paid that property tax on that piece of property and then sold that property this year, you would also yield the benefit of that 30% discount. So, we've moved ahead instead of in arrears is my argument. So, I'm just saying I-- the state has already paid once, and this bill, because it's got a \$600 million fiscal note, is because the state's being asked to pay it a second time.

HARDIN: And I would say, as it should have in the first place. And I think that's-- the people behind me will say that same thing.

von GILLERN: Thank you.

JACOBSON: Thank you.

von GILLERN: Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you, Senator Hardin. I apologize, I'm going to have to leave to introduce another bill. But just to follow up on that, is it fair to say that another, I guess,

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articulation of the problem here that I've heard is folks who claimed their LB1107 credit on their 2023 property taxes in 2023--

HARDIN: Yes.

DUNGAN: --then additionally get the benefit of the front-loading that we achieved in LB34, whereas folks who were paying their 2023 property taxes in 2024 do not get the same benefit. Is that a similar way to address that?

HARDIN: If, if-- we would need to address that via an amendment so that a so-called double dip would not take place, I, I think that's probably a good idea. Really, I think the, the grand concern here is the 85% who did not.

DUNGAN: And I, and I share that concern. I think my con-- my issues with the bill are more fiscal-note-related, but I think the articulation of a missing year-- sometimes people can agree or disagree, but the articulation of a double dip is what some people have talked to me about, that I think is easier to understand. Is that your understanding as well?

HARDIN: And I think if we need to address that 15%, we certainly can. In this case, it has to do with the-- I think that's the stress of the wrong syllable, so-to-speak. I would put the syllable, the syllable stress on the proper part of the word and say, let's look at what happened to more than four out of five people.

DUNGAN: Thank you, Senator Hardin.

von GILLERN: Thank you. Any other questions? OK. Thank-- I presume you'll stay to close.

HARDIN: I shall.

von GILLERN: All right. Thank you, Senator. Is this an, a proponent that would like to speak? Would you like to go ahead and come up? Seeing as your challenge-- no, I would, I would welcome-- why don't you come up next, and then that will ease life over you and the, and the baby.

ALLIE BUSH: I don't have very much to say today. All right.

von GILLERN: You have a unique challenge with none of the rest of us are dealing with at the moment, so.

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ALLIE BUSH: She just likes to talk with you guys.

von GILLERN: Thank you.

ALLIE BUSH: Hi, guys. My name is Allie Bush, A-l-l-i-e B-u-s-h. I am representing a grassroots group called Nebraskans Against Government Overreach. We have over 7,700 members, and hopefully a bunch of them submitted comments on this one, but we are in support of LB81. There were many members who reached out stating that they did not receive that property tax credit the way that they thought it was going to be coming through, and so they asked that you guys pass LB81 to help rectify that issue. That's all I've got.

von GILLERN: Thank you for your testimony. Any questions? Seeing none. Thanks for being here.

ALLIE BUSH: Thanks so much.

von GILLERN: All right, now, next proponent.

ROD ARMSTRONG: Thank you, Mr. Chairman, members of the committee. My name is Rod Armstrong, R-o-d A-r-m-s-t-r-o-n-g, here in support of LB81 on behalf of myself, my wife, and our two adult children who are all property owners and pay property taxes. I want to thank Senator Hardin and the other co-sponsors for bringing this bill. We have owned, lived in and paid property taxes on our home in central Lincoln for 37 years. And as of the recent redistricting, we're now in seven-- Senator Bostar's district. My wife also owns some farmland in Dawson County in Senator Ibach's district she inherited from her father. I am not an accountant, but I have been preparing and filing our income taxes since we were married almost 50 years ago. I've also taken advantage of the property tax credit program since it's been made available. What I want to do is take some data from our past three years' income tax filing, along with the property tax statement we received in December to illustrate how the gap affects my wife and I. You've all seen these things; this is a property tax statement we got in December. If you take--

von GILLERN: Sir, I, I-- I'm sorry. We're not allowed to use any props, so--

ROD ARMSTRONG: Oh, OK, well--

von GILLERN: You can refer to it.

ROD ARMSTRONG: Yeah, OK.

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VON GILLERN: Thank you.

ROD ARMSTRONG: Well, you, you--

VON GILLERN: Thank you.

ROD ARMSTRONG: --understand what I'm saying.

VON GILLERN: Yes, yes.

ROD ARMSTRONG: But if you look at the property tax statements for our home and for the farms, we received a \$2,000 reduction in our property taxes for tax year 2024 that is being paid this year in 2025. If I go back to the taxes I filed in 2023, we received a property tax credit of just over \$2,000 for tax year 22-- for 2022, the taxes that were due for 2021. Same story in 2024, \$2,000 credit. When I filed our 2024 taxes a couple of weeks ago, the amount of the tax credit was zero. So, \$2,000 credit, \$2,000 credit, zero-- \$2,000 reduction in the current year. So, there's your gap. And I don't-- I can't speak to what the Legislature has and hasn't funded, but I can say that's an expensive oversight, and I would encourage you-- I hope someone will prioritize the bill, would encourage you to support it and support funding it going forward just to deliver on the promise that you all have been making for property tax relief. So, thank you.

VON GILLERN: Thank you for your testimony. Any questions from the committee? Seeing none. Thank you for being here today. Good afternoon.

MERLYN NIELSEN: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Merlyn Nielsen, spelled M-e-r-l-y-n N-i-e-l-s-e-n, and my residence is in rural Seward. I am speaking today as a proponent for LB81 on behalf of the Ag Leaders Working Group. We appreciate Senator Hardin for bringing this bill and continuing the discussion of the change in property tax credits following passage of LB34 in the 2024 special session. Some have expressed doubt that there was a loss of credit to taxpayers. I have prepared and distributed to you an example of property taxes across tax assessment years of 2021 through 2024 for one of my family's real estate parcels. Our family has historically paid our property taxes in the year following the year of assessment for the year of billing. My example shows the year of assessment, the year that a property tax credit was given at the time by the treasurer in preparing the billing, the subsequent year when we paid the remaining balance, and then the year following that when we did our Nebraska income tax return and claimed the income tax credit for school and community college property taxes. The folks who pay

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their property taxes in the year following assessment then have to look at three different years that something is happening in order to grasp what has happens with LB34 that took away the tax credit declared at time of tax preparation for 2023 property taxes. We would then have been declaring the credit on our 2024 income tax statement, which is filed in Ap-- March and April of this year of 2025. As one can see from my personal example, my family will believe-- will be losing about \$3,000 on just this one parcel; across all the parcels that my family has across Nebraska, our loss is going to be a little more than \$11,000 this year. For those citizens like me who have taken the property tax problems seriously and have worked with the Legislature and the governor to try and make relief a reality, the loss of the 2023 tax credit is a very sour pill to swallow. For those who know their property tax burden is excessive and have actively taken the effort to get the income tax credit, it hurt greatly to lose this one year of credit while the Legislature was making a change so that everyone could get credit at the time of tax billing. As I and the groups I represent have done in past legislative sessions while interacting with the Revenue Committee, we wish to be positive helpers in finding an acceptable solution. We stand ready to try and help. Again, I appreciate Senator Hardin for bringing this bill forward, and thank you for letting me up here today in support of LB81. I'm happy to stand for any questions.

VON GILLERN: Thank you, Mr. Nielsen. Any questions from the committee?

JACOBSON: I, I just have one question in following your math. To be clear, in 2023, you say there was no income tax credit, but in fact, you did get an income tax credit in 2023, didn't you?

MERLYN NIELSEN: OK, I'm talking about tax--

JACOBSON: I'm just asking the question. Did you get an income tax credit in 2023?

MERLYN NIELSEN: I got a tax credit in the year 2023.

JACOBSON: And this, this says none. So, when we go to 2024, you're not going to get an income-- or, or actually in 2024, you would have received one as well. So, now we move forward to 2025. In 2025, you're going to get the reduction in your, in your property taxes paid with no income tax credit that largely offset each other. Would that be true?

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MERLYN NIELSEN: No, I disagree with you. I think part of it, it comes in-- if you-- you've, you've gotten to have a little bit of time to be able to read my example, Senator Jacobson. [INAUDIBLE]--

JACOBSON: Actually, I just glanced at it, [INAUDIBLE] right here. And you're telling me that you didn't receive an income tax credit.

MERLYN NIELSEN: OK, you, you read across the line that starts with the year of assessment of a tax. And you read across, across what happens across three different years in order to follow that. One of the confusions we have all the time is when we talk about a year of paying a tax and a year what the tax is. For example, you today have said the 2025 income tax. I'm paying my income tax this year, it's for-- but it was for 2024. Yeah, I pay it in 2025, but it's 2024. And this is where confusion keeps coming in. People don't know what's-- what line you're talking about.

JACOBSON: Well, my only question was-- and I won't, won't belabor this. I just, I just want to make it clear that if you look at cash flow, cash received, class going out, I would argue that you're getting pretty close to being whole. Might be a little timing difference within the year, but the same money flow. That's why the state didn't get a savings, and that's why if this bill passes, it would be a \$600 million additional expense to the state.

MERLYN NIELSEN: OK. So what about the--

JACOBSON: But that-- and you've answered my question otherwise. So, we-- we're good.

MERLYN NIELSEN: I appreciate your questions today.

von GILLERN: Thank you. Thank you for the question and the response. Seeing no other questions, thank you for being here.

MERLYN NIELSEN: Thank you.

von GILLERN: Next proponent. Good afternoon.

JAMES GREISCH: Good afternoon, Chairman von Gillern. Thank you for the opportunity to visit with you and other members of your committee. My name is James Greisch, J-a-m-e-s G-r-e-i-s-c-h, and I'm here today representing the Nebraska Society of CPAs-- of which I am a proud member-- the Greater Omaha Chamber, and the Lincoln Chamber of Commerce to urge your support for LB81 to correct a significant issue created by the passage of LB34 during last year's special session. LB34 was

intended to simplify the way Nebraskans receive property tax by automatically applying tax credits to property tax statements when assessed. However, in the process, the law retroactively eliminated the refundable income tax credit for most property tax owners who pay their 2023 school property taxes in 2024, the customary process. The result is a one-year increase of more than \$550 million, essentially a 10% increase in Nebraska's total property tax burden. And for some individual taxpayers, this amounted to an 18% hike in their property tax bill. We certainly understand this was not the intent of LB34, but that is the reality. The timing of its implementation created winners and losers among Nebraska taxpayers. Property tax owners who paid their 2023 taxes before January 1, 2024 could claim the refundable income tax credit on their 2023 income tax return. The vast majority of Nebraskans, particularly those who paid through mortgage escrow, paid their 2023 property taxes in 2024, and now find themselves completely excluded from claiming the credit. These taxpayers followed the law, yet they are now unfairly burdened with an unexpected tax hike. This is not just an accounting oversight; it is a direct financial burden to farmers, ranchers, homeowners, and small business owners across the state. These Nebraskans budgeted for their property tax relief, had they every reason to expect. Instead, they are facing higher tax bills at a time when property taxes are, are already a major concern for Nebraska families. We recognize Nebraska is facing a projected budget revenue shortfall, and we appreciate the difficult budgets decisions the Legislature must make. However, correcting this issue is about ensuring fairness and upholding tax relief that was already promised to Nebraskans. Addressing this unintended tax hike is a matter of equity, and LB81 provides a reasonable solution to ensure taxpayers are treated consistently. LB81 offers a simple, common-sense solution; it ensures that all property tax owners who pay their 2023 school taxes, whether in 2023 or 2024, are fairly and equitably allowing-- allowed to claim the credit and relief they were promised. We should not penalize taxpayers for the unintended consequences of legislative timing. I urge the committee to advance LB81 and correct this mistake. Nebraska taxpayers deserve consistency, fairness, and the full tax relief they were promised. Thank you for your time this afternoon. I stand ready to answer any questions.

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

SORRENTINO: Thank you, Chairman von Gillern. Thank you for your testimony, Mr. Greisch. In, in light of the number of testimony-- or testimonies we'll have, I'll be brief. It is your contention, then,

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that the so-called gap year is not a timing difference, it's a permanent loss to that taxpayer. Correct?

JAMES GREISCH: That's correct.

SORRENTINO: Secondly-- and this is maybe just our opinion here-- it would seem to me-- I, I believe the Nebraska Department of Revenue has walked away from assessing any penalties for people who might pay their taxes now late because of this unintended consequence. But it would seem to me that on or about April 15, or maybe later for those who extend, the Nebraska Department of Labor or the state of Nebraska would have a windfall, because many people based those estimates on having the credit. So, when we try to put a fiscal note to this, or a cost to it, would you agree that there will be a, a plethora of funds coming in around April 15 for all the people who are behind the eight ball on this, or not?

JAMES GREISCH: I do agree with that, and it is highly likely that there will be substantial underpayments for, for taxpayers in Nebraska who claimed the credit on their 2023 return in accordance with the law and opportunity, who paid their estimated taxes based on 2023. I'd-- even if they are following the safe harbor rules, they will be under-- underpaid, and there will be an extra inflow of cash into the treasury.

SORRENTINO: Thank you.

von GILLERN: Thank you. Any other questions? Seeing none. Thank you, Mr. Greisch. Next proponent. Welcome back.

CURT FRIESEN: Thank you, Mr. Chairman. I'm Curt Friesen, C-u-r-t F-r-i-e-s-e-n, from Henderson, Nebraska. I don't think any of you were probably on the Revenue Committee when LB1107 was passed, which is this document here. And I wanted to just refresh everybody's memory, I guess, of the reasons why we did some things that we did back then. The reason for the refundable tax credit was the governor at the time, Governor Ricketts, said that he wouldn't support any other method. What he liked about it was that people still had to pay their large property tax bill as when it was due, and so they would still continue to put pressure on their school boards and their cities and their council, you know, to hold down spending, to keep down that spending. And then six months later, you'd file for this refund and get it back, and then there was kind of this disconnect between the two. You would forget from year to year, and so you would continue to put pressure on your schools and everybody hold down spending, and you have-- when you filed your taxes, you would get this refund. So, it was a-- it was kind of a,

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a win-win for a lot of us. We, we, you know, all looked at it as it would be simpler to just put it on your statement and give it to you, like you guys moved it forward. It's simpler, but some of the things we talked about is that there could be absentee landlords that were living out of state that should have filed a Nebraska return but didn't. They couldn't collect a refundable tax credit. So, now, with the change of law, they're going to get their refundable tax credit; they're going to get it up-front, and they still may not file a Nebraska return, because there's really no way of monitoring that. We have no way of measuring it. So, when we had people that were not participating in this, we don't know if it was absentee landlords or who it was. We really don't know. So, that was a little bit of the history, I guess, of, of LB1107. And in that bill, I mean, we had the Imagine Act. We covered a lot of territory with this bill. It was a huge fight. And this all happened in the last days of the session, and it was one of the biggest wins in my career of doing anything for property tax relief. All the talk we ever had, we just talked. In short, I don't care really how people want to spin this, but when I look at this bill and what's going to happen here, I will be paying \$11,000 more in income tax this year than if this bill was-- if you had not changed it during the special session. So therefore, I am going to be paying a lot more tax, but I had planned on getting the refundable tax credits until you had the special session and cut it off. And I don't want to-- I can talk about cash flow and any other reason; you guys can spin it every way you want, but in the end, this costs me \$11,000. And I will pay that bill, and I'm not going to be angry. I'm-- I've sat up there, I've listened to testimony for eight years. I get it. But this is one of those things that there's no other way to spin it. People are short of money. And he points out the red light [INAUDIBLE] stop.

von GILLERN: I know you know what the red light means.

CURT FRIESEN: We're, we're not used to stopping.

von GILLERN: Thank you for your comp--

CURT FRIESEN: Thought I'd be able to answer any questions if you'd like.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Thank you for being here today, Senator.

CURT FRIESEN: Thank you.

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von GILLERN: Appreciate it. Next proponent. Good afternoon. I know you know what the red light means, too.

STEVE ERDMAN: Thank you, Senator. Good to be before the prestigious Revenue Committee. My name is Steve Erdman, S-t-e-v-e E-r-d-m-a-n. I'm here representing myself and about a million other taxpayers who are going to get shortchanged on '23. Senator Jacobson had made a comment and suggested that the state had written a check for that property tax relief; the state didn't write no check. It was a credit. Now, when I first became a member of the Appropriations Committee, the Nebraska Advantage Act had \$780 million in credits that were earned. And I asked the question, "where is that accrued for?" And Stinner told me, "you don't have to approve for something that's a credit; they just don't pay it." And so, those years that we got those credits, the state never paid a dime. The people just didn't pay the taxes, so they got a refund on their income tax. So, let me make it clear on how this works as a loss. I got a call from a farmer last week. He filed his income tax. He'd been living on, on crop insurance for the last couple of years because of the drought. He doesn't pay any income tax because he doesn't owe income tax, he never made any money. His tax credit for '23 property tax paid would have been \$76,000. The state would have written him a check for \$76,000, but they lowered his '24 taxes by nearly just a little more than that in '24. So, he figured it out that he funded his own property tax relief for '24 with the credit that he lost from '23. That's a loss. And the problem is, you have to compare the tax year with when the taxes were earned, not paid. That's the issue. So, here's the issue with LB34. As you know-- and, and if you don't know, I'm going to tell you today-- I voted no. And I voted no because it wasn't what we had envisioned in fixing the property tax problem. This was the largest retroactive property tax increase in history. 28-- 3-- 18 to 22% increase, retroactively, in property tax relief. Increase. And when you run for re-election, whoever your opponent is is going to put on their palm card that you voted for the largest property tax increase in history. This is an issue. This has got to be done. This is the most important bill before this Legislature this year, greater than your budget shortfall. This is a problem that's got to be fixed. Here's the other issue with LB34. They're going to distribute the money to the schools on January 31 and April 1. That should have never happened that way. It should have been distributed at the same time when the schools would have gotten their money if the property tax were paid. Then you could pay it in two fiscal years, and you wouldn't have to have it all in one year of \$760 million. The other issue is the state is going to collect \$550 million more in taxes than they would have because the credits are not going to be claimed in '23. So, don't let people tell

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you that we're going to have a \$730 million shortfall. It's not that, because you're already going to get the credit. And by the way, LB1107 credits that weren't claimed over those three years was \$307 million, and the state spent it. So, the question is this: who elected you? Who do you work for? And whose money is it? Now, the answer is the same to both those questions. It's the voter. So, who do you work for? The voter. Whose money is it? The taxpayer. Give it back to them. I support LB81, and I pray that you do, too, because the last two governors that raised property tax-- taxes rates served one year-- one term. That's what happens when you raise taxes, and that's what this is. Thank you.

von GILLERN: Thank you, Senator Erdman. Questions from the committee members? Seeing none. Thanks for being here today.

STEVE ERDMAN: Thank you.

von GILLERN: Next proponent. I know you're out there. Hop on up. If you move to the front rows, it'll go a little faster.

JOHN MAROUSEK: Wow. How do I go after that one? Thank you. So, my name is John Marousek, J-o-h-n; last name, M-a-r-o-u-s-e-k. And thank you for listening to me. I'll be brief. Thank you for Senator Erdman for responding to my email. Even though I'm not in his district, he responded. Thank you for [INAUDIBLE], Senator Hardman [SIC], for this tax relief program. So, bottom line, I don't care how you spin it, we're going to lose the years in tax money. I'm going to lose \$1,700. OK? It's not \$11,000, but I am semi-retired on a fixed income and \$1,700 matters. I believe when Governor Pillen called the special session, he said property tax relief for all Nebraskans, or did I miss something? I think he did say to property tax relief for all Nebraskans. What, in fact, you're doing is you're penalizing the people that took advantage of the property tax program. You're making them pay more money. How is that fair? Seriously, how is that fair? Why do I have to pay more money because I did nothing? He said we-- he said basically take property taxes and decrease them, not increase them. This increased what I'm paying to \$1,700 per year. The other thing that comes around is basically, yeah, you could have paid it in 2023 and all that stuff. The funny thing is, the tax bill didn't pass until 2024. By then, it was too late to pay your taxes in 2023. So, people that say you could have paid it, no you couldn't, because the bill was passed in 2024. And most people pay their property tax in arrears. There was also a comment made that this only affects a few Nebraskans; I would say thousands is not a few Nebraskans. This is the big deal, when people start paying their taxes, they're going to go, what's going on here?

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So, that's it with me. And thank you very much for your time. I appreciate you listening.

von GILLERN: Thank you for being here today. Any questions from the committee members? Seeing none, thanks again.

JOHN MAROUSEK: Thanks.

von GILLERN: Appreciate you being here. Next proponent. Good afternoon.

SUZAN DeCAMP: Good afternoon, Chair von Gillern and committee members. My name is Suzan DeCamp, S-u-z-a-n D-e-C-a-m-p, and I'm here today to testify in support of LB81 as an individual taxpayer. So, my husband and I are part of the 55% of those Nebraska taxpayers who qualified for this school tax credit, property tax credit, which is paid on our income tax return the following year. We actually claimed that. 55% of, of people, according to the "statixis" I've-- statistics that I have read, have claimed that; the other 45% who qualified did not claim it. But we have been claiming that credit since its inception with LB1170 in 2020. Last year, that credit for us amounted to almost \$1,200. I realize that's not nearly as much as some of those who have testified before me, but in order to put it into perspective, for a, a couple who are semi-retired, we both still work a little bit to help pay expenses, and we're pretty much on a fixed income. That \$1,100-- or, almost \$1,200 would pay for four months of our home-- house-- home insurance, our homeowner's insurance; it would pay for four months of-- I'm sorry, three months of groceries for our household. So, when you put it into perspective, that \$1,200 does make a big difference to, to a couple like my husband and myself. It was a big hit on our budget, and we have to have household budgets and manage those budgets and balance them, just like those in the legislative body have to balance the state government budget. So, we also-- because I own a small business and am self-employed, I-- we send in quarterly estimates. The first two quarters were relying upon getting that tax credit of \$1,200; that's what our estimates were based on because at that point in time, we thought we were still getting that credit. We didn't realize until the middle of the year of 2024, in August, when they had the special session for LB34 that we would not be able to get that credit anymore. So then, for the next-- the last two quarters of the year, I had to up that quite a bit to send in for quarterly estimates. That was hard to find in our budget. Like I say, I could have been paying our homeowners insurance; I could have been buying food with that; I could have paid for our insurance supplement, our Medicare insurance supplement for four months with that money, but instead, I had to send it in in order to not receive a penalty for underpayment of taxes. Now, I'm not sure--

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I still am not positive if that penalty was waived for this year, but if it weren't waived, there would have been a penalty on top of losing that tax credit. So, that was another hit for us. I just wanted you to know how it affects those-- even the smaller families, your constituents who really don't have that much extra money to work with. I know our property taxes-- and, and I know, Senator Jacobson--

von GILLERN: Can I get you to wrap up your comments, please?

SUZAN DeCAMP: I'm sorry.

von GILLERN: That's all right.

SUZAN DeCAMP: OK.

von GILLERN: Thank you.

SUZAN DeCAMP: I just-- yeah. I wanted to just talk about, you know-- everybody knows valuations have increased tremendously, but ours increased over \$48,000 that year that we lost that tax credit.

von GILLERN: All right. Thank you for your comments.

SUZAN DeCAMP: So--

von GILLERN: I just-- I-- before we ask for any questions, I do want to clarify the Department of Revenue did come out sum-- this summer or fall, I don't remember, with, with a clarifying statement: the penalties would not be assessed for underpayment, so we do know that much. Any questions from the committee members? Seeing none, thank you for being here today.

SUZAN DeCAMP: Could I ask, ask a question about that? So, the penalty that was waived was for underpayment of estimated payments, but at the end of the year when you did your tax return, if you owed, say, \$1,100 like we may have had I not sent in estimates, would there have been a penalty on that? Because there's a penalty if you underpay by 500--

von GILLERN: I know what they sent out. I'm not going to speculate on that. I'm not an accountant.

SUZAN DeCAMP: OK.

von GILLERN: Thank you.

SUZAN DeCAMP: OK. All right. And thank you all for what you do.

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von GILLERN: Thank you all for being here today. Appreciate it.

SUZAN DeCAMP: And I know-- I truly appreciate--

von GILLERN: Thank you, ma'am. I'm sorry.

SUZAN DeCAMP: --the fact that you're all working to help us with our property taxes.

von GILLERN: Thank you.

SUZAN DeCAMP: Thank you.

von GILLERN: Thank you for your comments. Next proponent, please. Good afternoon.

MARK BONKIEWICZ: Good afternoon, Senator von Gillern and members of the Revenue Committee. My name is Mark Bonkiewicz, M-a-r-k B-o-n-k-i-e-w-i-c-z. I live in Millard, Nebraska, Legislative District 12. I'm providing in-person testimony in support of LB81 because property tax reduction is desperately needed in the state of Nebraska. My wife Paula and I have been married for 52 years, and live in our middle-class home in Millard for the last 39 years. In the past three consecutive years, the tax valuation on our home has increased by a minimum of 20% per year. When compounded, that means our property tax bill has increased by 72% in three short years. This places a terrible burden on our family finances, since we're retired. The burdensome property taxes in Nebraska are one of the main reasons why many of our retired friends are moving from-- their families to an affordable state. LB81 is a solution for the error that the Legislature made when passing legislation during the 2024 special tax session. Senators did not allow the 30% tax credit to property owners who pay their property tax in arrears. That equates to over \$1,000 tax credit on a home or property valued at \$300,000. That's a significant amount of money for all working families or retired families in our state. We taxpayers do not expect perfection from our elected officials, but we do expect excellence. We also expect you to admit a mistake when it's been made, and take action to rectify your error. Please vote LB81 out of committee as quickly as possible and be champions for its passage on the floor. Thank you.

von GILLERN: Thank you for your comments. Questions from the committee members? Seeing none. Thank you for being here today.

MARK BONKIEWICZ: See you. Thank you.

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von GILLERN: Next proponent.

WARD GREISEN: Good afternoon. My name is Ward Greisen, that's W-a-r-d G-r-e-i-s-e-n. I'm here representing Nebraskans for Founders Values, and I'm gonna take a little bit of a different approach here in terms of describing what I see the issue is. And I think our-- I'm going to liken our tax credit thing to an after-purchase rebate. And a lot of people shop at Menards, and Menards, you get an 11% off everything you purchase, but you get a rebate, right? So, you pay for the product full-price upfront, and later on, you fill out the form, you send in your rebate form, and you get your credit back. That's, that's what Menards does, and that's how I view what our tax credit was. You know, you paid for your taxes, right? What you get, you got allowed to stay at your house or your home, or you got to keep your farm ground. Well, now with the change, it's like the state changed it to a sale price, right? You walk into the store and you get 11% off your sale price, and so you pay for a reduced product. Meanwhile, I've already paid for the product that I was promised the rebate. Only thing is, I can't find my rebate form anymore. It went away with the special session. So, I've got this product that I was promised 11% off-- or, in this case, in taxes, 30% off-- but I have no way to collect my rebate that I was promised. And that's how I view it. And what's the right thing to do? If a, if a company actually did that, I would be up in arms; I'd be in the Better Business Bureau or wherever I could to, to voice my opinion in my complaint and, and try and get my money that was rightly due because it was promised when I made the purchase. Anyway, that's how I view this. So, you got a chance to make this right. I urge you to pass LB81 to correct the issue that's already been well stated. And that's all I have, unless you guys have any questions.

von GILLERN: Thank you. Questions from the committee members? Seeing none. But I am constantly filling out Menards rebate certificates, so thanks for the--

WARD GREISEN: So am I. Yeah.

von GILLERN: That one hits home. Thank you. Good metaphor. Next proponent. If you're going to come up and testify, please make sure you have a green sheet filled out.

ERIC von SEGGERN: I didn't know of it.

von GILLERN: If you can fill one out when you're done, that'd be great. Thank you.

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ERIC von SEGGERN: I'm sorry, I didn't know of it.

von GILLERN: That's all right. When you're done, go ahead and fill one out and give it to the page.

ERIC von SEGGERN: Sure.

von GILLERN: Thank you.

ERIC von SEGGERN: This the first time I've been here. Appreciate it. Hello and-- hello, I am Eric von Seggern, E-r-i-c v-o-n S-e-g-g-e-r-n, from Niobrara. I have taken my whole day with all costs associated with it to come here for three minutes in support of LB81. Our paid legislators who were elected to get our property taxes cut are not qualified to get the work done, as going into special session, passed a bill, and still do not get the income tax credits on 2024 tax returns for 2023 property taxes paid in 2024. The taxpayers of businesses, homes, and farms/ranches are being cheated, lied to, and used. The Legislature should follow a similar income tax credit formula for 2023 property taxes paid in 2024, as was done for year 2022. Without certain watchdogs, Rob Rohrbough and Steve Jessen, I and most other busy, hardworking taxpayers are at risk of losing our home and property because our taxes are higher than what we can afford, according to what it produces. Our land is assessed at too high a value to what it produces. Nebraska is the eighth-highest-taxed state. When a black swan happens, I still have my burdensome high property taxes to pay. You have raised the cost of production and living, and the output of my farm is not there because of all the black swans; high property taxes and droughts. For each drought I have, it takes five years to make up for it. I am 150 years behind. That sounds very ridiculous, but it is very real and true. My 40 years of property taxes equals my outstanding debt. I never made enough money to invest in other sources of retirement except for my land. If I sell it to a young, young family for \$250 per acre, they will have a most difficult time making the payments, and I will have \$160,000 to live on. Is that enough? Or should I sell it to someone who has the money for \$3,000 per acre, and who has no interest in the community of church, school, or businesses? I can't help but to believe your agenda is to force homeowners, farmers and ranchers to lose their homes and land. The only solution that makes real sense is to implement the consumption tax. Please and thank you for passing LB81. Respectfully, Eric von Seggern.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Seeing none. Thank you for being here today.

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ERIC von SEGGERN: Thank you.

von GILLERN: Appreciate your time. You bet. Next proponent. How many other testifiers are there? Who else is planning on testifying on LB81? OK. All right. Thank you. Good afternoon.

JOHN GAGE: Good afternoon. Chairman von Gillern and members of the committee, my name is John Gage. That's J-o-h-n G-a-g-e, and I'm the state director for Americans for Prosperity. I'm here on behalf of our thousands of activists across the state of Nebraska to testify in support of LB81, which will provide for the gap year in property tax credits. LB34, which was passed this past special session, front-loaded the property tax credit under the LB1107 program, but cut the property tax credit for taxpayers who paid their 2023 property tax bill in 2024 rather than 2023. The bill created a situation where a large chunk of Nebraska taxpayers will see a significant tax increase this year on their income tax returns. While the intention behind LB34 was noble-- providing this tax credit to all property owners instead of just those that applied-- it has become clear in the intervening months that many, if not most of the senators who voted for the bill, did not know that it would cause taxpayers to lose a whole year of property tax relief. The goal, the goal of LB34 was to end the picking of winners and losers when it came to the LB1107 tax credit program, not create more winners and losers. Nebraska taxpayers deserve better than to have their tax relief taken away because of a speedily-passed and misunderstood bill. We believe additional efforts need to be made to provide property tax relief for Nebraskans. Passing 11-- LB81 represents a small start in making things right for Nebraska property owners who do not have the opportunity to claim their 2023 property tax relief. No doubt, finding the money to pay for this gap year is going to be expensive and difficult. Lawmakers will need to be creative in finding the funds necessary, and even potentially space out the relief to taxpayers over multiple years. Lawmakers should have moved with more caution in passing LB34 to begin with. Regardless, things should be made right by fixing the gap year and giving Nebraska taxpayers the property tax relief they are owed. I urge this committee to support LB81. Thank you.

von GILLERN: Thank you, Mr. Gage. Questions from committee? I just have a quick question. You-- I think it's a quick question. You say we need to be more creative to find the funds necessary. Give me a couple examples of creativity.

JOHN GAGE: Well, so I, I mentioned in there, it-- because understanding that we do have a budget hole right now, I think something that could--

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that we-- could be done is spacing it out over several years. So, that--

VON GILLERN: Because isn't the issue that we're hearing today is it's a cash-flow crisis?

JOHN GAGE: Well, yes, for some, some-- for some folks, it's a cash-flow crisis. I'm saying I think there needs to at least be something done, and if you believe it's a cash-flow crisis, then yeah, absolutely, we need to get this.

VON GILLERN: I didn't say that. I said that's what we're hearing today.

JOHN GAGE: Well, yes.

VON GILLERN: OK. All right.

JOHN GAGE: Yes.

VON GILLERN: So, spacing it out over years would not help folks that legitimately have a cash flow concern.

JOHN GAGE: It would-- so, so, yes. For those folks-- it, it, it, it might not be helpful for some of those folks.

VON GILLERN: OK.

JOHN GAGE: But I do believe that these are the-- these are the people's money, and it needs to be gotten to them one way or another. And that was just an example I gave. Maybe that's a bad example.

VON GILLERN: Well, it's fine. It's-- I-- it was an easy question. Thank you. I appreciate your testimony.

JOHN GAGE: Yep. Yep. Thank you.

VON GILLERN: Oh, Senator-- I'm sorry. There was a question. Senator Kauth.

KAUTH: Thank you, Chair von Gillern. Just real quick. So, last year before the special session, we were working on a bill-- and I think it was LB338 [SIC]-- trying to get tax relief passed. And we were being very creative, we were working on a lot of different aspects. And I remember-- I believe you guys came in and opposed. We had a lot of the chambers, a lot of the professional organizations who came in strongly opposed, and fought us tooth and nail to try to get those tax measures then that were smaller, but they would have started the, the process of

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providing relief. So, I guess I'm confused when you say be more creative, but yet you "stomped" our creativity.

JOHN GAGE: I think we were pretty clear on our position on that bill, which was that was not tax relief; that was shifting taxes, and in fact would have raised taxes overall for Nebraska taxpayers. So yes, in that case, we didn't support the creativity because we believed that that bill was going to cause an overall tax increase on Nebraska taxpayers.

KAUTH: And what did you bring to the table that would have been better? Did you, did you have something?

JOHN GAGE: Well, so frankly, I-- well, I've been state director for one year. So, going into that session, I had been state director for about one month.

KAUTH: Right.

JOHN GAGE: So, no, I didn't bring anything. And regarding that, I think there needs to be a mindset shift before we can get to real solutions. Because the mindset right now is, "well, let's raise taxes to lower taxes," and we've been pretty clear that that's not a good solution.

KAUTH: So, broadening the tax base is not something that you think is appropriate?

JOHN GAGE: No. We support broadening the tax base, and--

KAUTH: Isn't that what you've called a tax shift?

JOHN GAGE: But not-- no. So, broadening the tax base to lower the rate is something we've supported. We've been clear about that. The problem with shifting it to property taxes and the way it was being done and how it was indirect, is it would have caused an overall tax increase on Nebraska taxpayers.

KAUTH: OK. Thank you.

von GILLERN: Thank you. Seeing no other questions, thank you for being here today.

JOHN GAGE: Yep. Thank you.

von GILLERN: Any other proponents? Seeing none. What about any opponents to LB81? Good afternoon.

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REBECCA FIRESTONE: All right. Good afternoon, Chairman von Gillern, members of the Revenue Committee. I'm Dr. Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e, executive director of OpenSky Policy Institute. We're here today in opposition to LB81, strictly on the basis that this is not feasible given the state's current financial situation. The state has made very significant strides towards bringing down property owners' tax bills for several years now, and there are important efforts underway this session to continue that effort in an attempt to keep up with valuation changes. However, the state entered the 2025 legislative session with a \$432 million shortfall for the coming biennium, and with the release of the preliminary appropriations budget proposal last week, the body still has work to do with the shortfall remaining \$262 million. Additionally, the preliminary report shows that the short-- the shortfall ballooning to more than \$730 million in the out years, with structural imbalances in each of the four coming fiscal years shown on the financial status which I handed out to all of you. The effects of LB81 would-- could be felt this current fiscal year and into the coming biennium, significantly impacting the budget the Legislature must enact the session. Revenue reductions imposed by this bill will make the already-negative ending balance even more negative, and its enactment will likely necessitate cuts to General Fund spending. As a quick reminder, 90% of General Fund spending supports education, health care, and public safety. And so, with a revenue loss of more than \$650 million in the fiscal note, LB81 is not feasible. Open size-- Sky's concern that any attempt to make this legislation work within the current fiscal confines could be harmful to the state's fiscal health. The Legislature must address not only the shortfall for the upcoming biennium, but also ensure the state is structurally balanced and has the ability to adequately fund its obligations now and into the future. The enactment of LB81 would make these tasks more difficult than they already are. Additionally, the Legislature, with the help of this committee, has enacted legislation in the past years to bring down property tax bills, and all in, the Legislature is on track to dedicate \$3 billion of state general funds to property taxes in the coming biennium, or about 22% of projected revenues over that time. With such significant state dollars already earmarked for property taxes and given the state's current fiscal situation, OpenSky opposes the advancement of LB81. Thanks. I'm happy to answer any questions.

von GILLERN: Thank you. Any questions from the committee members? Yes, Senator Ibach.

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IBACH: Thank you, [INAUDIBLE]. So, if the fiscal issue was not an issue for you; if, if we didn't have the shortfall, do you agree that there was a skipped year?

REBECCA FIRESTONE: We have gone round and round with the Legislative Fiscal Office, Department of Revenue and trying to figure out-- that out. And ultimately, we defer to their assessment about that particular situation, that really we should be asking that question of the people responsible for administering these programs.

IBACH: Thank you.

von GILLERN: Thank you. Seeing no other questions, thank you for your testimony. Any other opponents?

TERRY KEEBLER: Good afternoon, Chairman von Gillern, members of the Revenue Committee. My name is Terry Keebler, T-e-r-r-y K-e-e-b-l-e-r, here testifying in opposition to LB81. I'm not here representing anyone but myself. My opposition to LB81 is that the intent listed is to address the gap year in the property tax credit fund created by LB34, which in my estimation is not true. This is a solution to fix something that didn't happen. The LB34 school tax credit moved the credit from an income tax credit to a credit against the following year's property tax statement. The handout shows that almost everyone received the same four years of income tax refunds, totaling 91.3% of school taxes paid. Those that paid in December got four years of income tax relief; those that paid in arrears got four years of income tax relief. It was just different years. I feel part of the confusion comes from calling this a front-loading of the credit. The definition that we were talking about front-loading at meetings last year was to send dollars directly to schools to lower taxes levied, and therefore, property taxes paid up front. LB34 just moved the tax credit from income tax refunds in February/April of the following year to a tax credit against next property tax statement due December 31 and paid mostly in April and August. So, going back to Senator Erdman's statement that they funded their own property tax relief, he's right. Because the property tax relief from '23 became on the statement from '24 because LB34 said the credit will be based on the previous year's school taxes levy, not the current year's. Handout I gave you also shows the tax credit in LB34 equaled 27.81% of the total 2023 school taxes levied. Since the income tax credit had been at 30%-- so, you're allocated failed to reach that 30%-- I'm moving on to other issues, I guess, but-- 30% of total school taxes levied in 2023 would have equated to 808,980-- \$685. So, the missing relief is a little over \$58 million. I've also estimated the amount needed to reach 30% of the 2024 school taxes levied, which would

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have been done last December. Sorry, I'm almost done, Senator von Gillern.

VON GILLERN: Yep. Quickly, please.

TERRY KEEBLER: Versus what the intent of LB34 says for this year of \$780 million. I'd be happy to take questions.

VON GILLERN: Thank you, Mr. Keebler. Senator Jacobson.

JACOBSON: Could I get you to just-- I know you were rushed at this last piece, and I think it's an important point to make. So could you just restate that and kind of tell us what, what the impact is, in your mind?

TERRY KEEBLER: Sure. So, the income tax credit had been 30% of school taxes paid. That was in the directives. The 2023 school taxes levy was not quite \$2.7 billion. 30% of that, showing down on the bottom of this sheet, 808,000-- \$808,980,685. LB34 allocated \$750 million, which is the number that had been thrown around through the regular session last year as funding property tax relief. So, the, the \$58-59 million of missing is the difference between those two numbers. And then, I have that estimated out for 2024 taxes. I couldn't find the exact number in the Department of Revenue. I think it's because what they show as property taxes are levied for 2024 includes some levy override taxes that would not be included in this program. So, it was-- couldn't find the exact numbers, but--

JACOBSON: Thank you.

VON GILLERN: Thank you. Any other questions? Seeing none, thank you for being here today. Is there any other opponent testimony, LB81? Seeing none. Anyone who'd like to testify in a neutral position? Seeing none. Senator Hardin. As you come forward, we had online comments. We have 140 proponents, 0 opponents, and 1 neutral online comments. Welcome back, Senator Hardin.

HARDIN: Thank you. Of those 140 proponents, they came from 39 legislative districts. And so, I appreciate that; also appreciate the people who drove a long time to get here, then now have to go back home. I know that when I came into office, I was promised there was a wormhole that would get me here quickly from 400 miles away. I have yet to find that wormhole. So, for being here 180 seconds to testify, I appreciate the hard work on the part of so many people. In summary, a lot of this kind of reminds me of the notion of a young person who goes out and buys a shiny new car, has a big car payment, and then they lose

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their job. And they go "wait a minute, I wouldn't have bought that wonderful new car had I known that my job was going away." I think maybe we have a lot of federal workers who are beginning to wonder about that right now. And so, I think that's kind of where we are, because interestingly, the propensity of the arguments against LB81 are summarized in, "gee, how do we pay for it?" and kind of skips past the "whoops, we didn't mean to, but we did something that went the opposite direction of what we intended." And so, I think that's our challenge right now. We've got \$550 million that-- of revenue that came in and then was not exacted to be paid back to those folks in that year. If we look at a period of, for example, four years-- well, three of those four years, we got the credits; if we go to five years, well, four of those five years, got the credits; if we go to ten years, well, nine of those ten years, got the credits. And so, that's the thing that's staring us in the face. And so, well, how do we pay for it? I think it starts with just saying, "well, we didn't mean to. Made a mistake." Thanks.

VON GILLERN: Questions for the senator? Senator Sorrentino.

SORRENTINO: Just one. Thank you, Chairman von Gillern. And it-- I don't know, you probably had a chance to read a lot of the commentary. There's one unintended consequence that didn't get a lot of airtime today, and it's not going to get some, but I'll just mention it. We talked about the perhaps lost year on real estate taxes. For those people who are in the rental property business, it's always been that you can take your rents minus your taxes, and you've got your income. Now, it's your rents minus your property taxes minus the tax credit--

HARDIN: That's right.

SORRENTINO: --which has-- raises adjusted gross income, and Nebraska is a percentage of the adjusted gross income, so-- that doesn't get a lot of airtime, but that is there, too. Thank you.

HARDIN: And a large-- some owners of some large rental properties have come to me on that, that issue. And it's quite a burden.

SORRENTINO: Thank you.

VON GILLERN: Any other questions? Senator Hardin, I want to ask this question carefully and with all due respect. Your, your closing comment almost implied that a, an acknowledgment would be an acknowledgment of the issue would be satisfactory. That's not what I heard from any of the testifiers.

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HARDIN: Well, and, and--

von GILLERN: And the reality is-- I'm sorry. Let me finish. The reality is that it does have to be paid for, and you will be one of 49 votes to either move this forward if it comes to the floor or not.

HARDIN: Right.

von GILLERN: How will you reconcile that with your vote--

HARDIN: In this--

von GILLERN: --knowing-- understanding that we currently have a \$432 million deficit, which may change--

HARDIN: Right.

von GILLERN: --and this would add to that.

HARDIN: Right. Well-- and I got even more wonderful news earlier today as chairman of HHS of other challenges that are being handed to us from on high, federally. And so, we ain't seen nothing yet in terms of how we may need to reprioritize our lives as a state. Let me give you some good news there. I would rather be us than many, many other states when it comes to that re-shuffle that's going to happen in terms of what the federal government does by saying we're going to cut these kinds of benefits that have been coming to states, and so on and so forth. And so, I think that the challenges are going to be even bigger than what we're looking at presently. And in the coming biennium, we're going to have challenges; the next biennium, we're going to have challenges. And so, I think it does mean that we're going to have to take a hard look at all of it. I think we should all be thankful that we serve on these committees and not on Appropriations, because their lives are going to become even more interesting. But I think that is what is at the heart of it, is it's, it's bigger than just one committee or another. As a state, we have to rethink all of it.

von GILLERN: I'm not sure your answered my question, but out of respect, I'll receive that. Seeing no other questions. Thank you for your testimony today, thank you for bringing the bill today. Thank you to all those, especially that traveled a long way to be here. And we appreciate that. That'll close our hearing on LB81.

HARDIN: Thank you.

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von GILLERN: Thank you. We will open our hearing on LB354. Senator Clouse.

There is a sector which is not happy about this. No. I think that's so interesting.

You want to give us just. Just a minute? Let's let the rumor flare.

So I'll be done for the clear. My favorite.

One. I saw that.

It was right on top. That.

I have no intention of.

Telling you to try.

It was just. You know, when I took

von GILLERN: Senator Clouse, we're really glad to see you.

CLOUSE: Thank you.

von GILLERN: You're welcome to open on LB354.

CLOUSE: OK. Thank you. Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Stan Clouse, S-t-a-n C-l-o-u-s-e, representing District 37. I proposed this bill with the intent of limiting access to municipal equalization funds to smaller communities, first-class cities. But how it came out in drafting and how it was presented was all Class I cities, so my intent was all Class I cities with a population of over 15,000. So obviously, I've had a lot of discussion on this bill with the League of (Nebraska) Municipalities, a lot of communities from around the state, and I've decided the best way to continue this is I have to hold it in committee so that we can take a look at it, and maybe do some additional follow-up to make sure we get a good, a good bill that, that comes out. And so, I-- my intent is to introduce an interim study on the municipal equalization fund. And so, I would ask the committee to sit on the bill and give me an opportunity to work at it that way. And that--

von GILLERN: Well, you're really making this easy on us today.

KAUTH: We love you [INAUDIBLE].

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von GILLERN: Could there possibly be any questions from the committee? No? From anyone who wants to remain on the committee.

CLOUSE: Yeah.

von GILLERN: Yeah. Are you-- would-- well, we'll open for testimony regardless, I suppose.

CLOUSE: Yeah.

von GILLERN: Thank you for your opening. Are you going to stay to close, or?

CLOUSE: Thank you.

von GILLERN: OK then. Senator Clouse will waive closing. Are there any proponents for LB34 [SIC]? Seeing none. Are there any opponents for LB34 [SIC]?

LINDA SCHMIDT: LB354.

KAUTH: 3-5-4

von GILLERN: What'd I say?

KAUTH: LB34.

von GILLERN: Oh, I said LB34. LB354.

DAVID SCOTT: Yeah.

von GILLERN: My apologies. No wonder nobody stood up.

DAVID SCOTT: I, I figured--

von GILLERN: Well, my apologies. Good afternoon.

DAVID SCOTT: All right. My name is David Scott, D-a-v-i-d S-c-o-t-t. I am the city manager for the city of Sidney, Nebraska, and I am here in opposition of LB354. I want to thank Senator Clouse and everybody else that was involved in adding an amendment to ease the burden of communities or cities, municipalities of less than 15,000 population; that certainly would include the one that I'm here representing, and so I'm very appreciative of that. But I did want to kind of speak a little bit about-- to what could have been had this been passed in its current form on the floor. Sidney, Nebraska is already a city that's been hard-hit, as you know, over the last 5 to 7 years by the loss of our

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major employer and about 2,000 high-paying jobs, followed by a pandemic, and then, of course, skyrocketing inflation that just has made things impossible to, to, to still provide services to the community that, that they need within what-- within our means. This revenue is very helpful to us. Currently in our budget, we receive about \$374,000 of equalization money, and that, that would be devastating for us to lose that. So, I just wanted to let you know what could have been. And then also, I want to say that I still sympathize, though, with other cities and communities that, that might be in a similar situation, and those that might be over 15,000 in population that might-- may very well have similar stories to what we do. So, I'm, I'm happy to hear that they're going to move forward with a study to, to see how this can be maybe better presented and, and, and better funded. I appreciate that very much, and I would support any efforts in that. I also want to say that I hope that while doing that study, it's taking into consideration the, the detriment to the cities that are impacted rather than just the financial note. So, anyway, I, I thank you all for letting me come here today and, and say my piece, so.

von GILLERN: Did you travel from Sidney today?

DAVID SCOTT: What's that?

von GILLERN: Did you say you're mayor of Sidney? I couldn't hear when [INAUDIBLE] the door was open.

DAVID SCOTT: I, I am not-- I'm sorry. I'm the manager-- or city manager for city of Sidney.

von GILLERN: Got it.

DAVID SCOTT: But, but I was here for the League conference Monday, Tuesday, so--

von GILLERN: OK. All right. So you just stuck around, then.

DAVID SCOTT: So I didn't-- I, you know, I just stayed an extra day, I guess.

von GILLERN: OK.

DAVID SCOTT: The drive-- weather's been great. It's a good drive.

von GILLERN: Well, we're glad you're here. Thanks for your-- any questions from the committee? Seeing none. Thanks for being here.

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DAVID SCOTT: Thank you.

von GILLERN: Any other opponent testimony? Good afternoon.

TOBIAS TEMPELMEYER: Good afternoon. Tobias Tempelmeyer, T-o-b-i-a-s T-e-m-p-e-l-m-e-y-e-r. I'm the city administrator and general manager for the city of Beatrice. First off, I want to say thank you for pulling this and having the interim study. I do appreciate that. I want to talk to you a little bit about what LB354 would have done to Beatrice had it passed as originally introduced. We would have lost just short of \$800,000 in revenue this fiscal year. That-- those revenue dollars go into our general fund; I don't know how familiar you are with city financing, but general fund is largely produced or comes from sales tax dollars and property tax dollars. And so, a loss of \$800,000 out of that pool of money would be significant. To make that up, honestly, I can't make people buy more goods in my town, so my only other option would be property taxes, and we would have to look to increasing our property taxes 24.5% to make up that difference in, in lost revenue. Now, I know you're all looking at the other side and saying, well, what can you reduce your spending on? The general fund pays for seven departments in our city. We throw out police and fire, right? Those are always tough to cut, if you're ever going to try to touch those two. That leaves me with four departments that their total budget is smaller than the amount of municipal equalization funds that we receive: that would be my library, my community development department-- which is building inspections-- it's public properties, so all my parks and public buildings, and my airport. Each one of those has a, a total budget that's smaller than the amount of municipal equalization funds that we receive. So, as you can see, this would have a significant impact on the city of Beatrice. I appreciate the interim study. Hopefully, we have an opportunity to sit down and have some conversations through that. With that, I'd be happy to answer any questions.

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

TOBIAS TEMPELMEYER: Thank you.

von GILLERN: Any other opponents? Seeing none. Anyone who'd like to testify in a neutral position on LB354? Seeing none. Senator Clouse? Now you want to close.

CLOUSE: I hadn't expected that. Sorry. Yes, thank you. The municipal equalization fund was started in the late '90s, mid '90s, and that was

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an effort to-- when they put caps on the levies for cities. It was an effort to provide funding-- very similar to, as I read through this, the TEEOSA funding. So, if they have the capacity to pay, then there's a formula, and it's fairly complex when you work through it. But it was really to help those that couldn't get below that lid, to help them offset that. And as with everything that's gone on for 30-some years, and it's probably time to review it to see how-- you know, what the impact is on communities. And obviously, it's, it's different on various communities where they're outsized communities, things like that. So, you heard a couple of the opponents; had I proceeded with this, you would have heard a lot more opponents than you will opponents-- or, I mean, proponents. So, I think that's one of the reasons you just heard why I think we need to do this and just have a study. Nothing may come of it. I don't know. We'll just sit there and try to figure something out.

von GILLERN: Thank you. Senator Jacobson.

JACOBSON: I, I, I, I know the horse is dead, but I just wanted to clarify it. I think it was good for you to share with us the-- how the fund works, and, and-- can you tell us again how it's funded and where the funds would not-- would go if this weren't in place?

CLOUSE: Well, initially when I looked at that, it was, it was really the, the larger the communities and some of those that have, have-- now have casino gambling funding, funding that are still qualifying for that. And so, you know, it was just look-- taking a look at that, is-- does this a good fit? In-- and it-- can we say-- and it may not be a lot, but it might be \$3 or \$4 million that we can move into property tax relief. Those types of things help in the budget. That was the intent.

JACOBSON: So-- but would the savings stay in the fund? Or could it be used in the General Fund for--

CLOUSE: It would-- my plan-- well, I would think it'd be used in, in the General Fund to help out--

JACOBSON: But, but you plan to bring an interim study?

CLOUSE: Yeah.

JACOBSON: All right. Thanks.

CLOUSE: And we'll see how it works.

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VON GILLERN: Thank you. Senator Bostar.

CLOUSE: Yes.

BOSTAR: Thank you, Chair von Gillern. Thank you, Senator Clouse. What impact would this have had on Kearney?

CLOUSE: Kearney's a-- Kearney's never gotten it. In fact, when we had the, the levy lid put in, the citizens voted on a 1% sales tax and dropped it from 40-some cents down to eight. And over the last few years, we've had creep, and so, our, our levy-- city levy is \$0.15 now. So, we've never qualified for it.

BOSTAR: Got it.

CLOUSE: So, it wasn't-- it's, it's not an effort to-- and, and I had this discussion with my city manager numerous times. He didn't think it was fair. And I said, "you know what? I'd rather be at \$0.15 than have to need it and be dependent on it," just, just as you heard Mr. Tempelmeyer. You know, if we'd never need it, I don't want to use it, but it's time to review it.

BOSTAR: OK. Thank you.

VON GILLERN: Very good. No other questions, but before we go, there were 2 proponent testimonies and 11-- or, letters and 11 opponent and 0 neutral for online comments. So--

CLOUSE: OK.

VON GILLERN: Thank you for your testimony today, Senator Clouse. That'll close our hearing on LB354, and we'll open on LB495.

Senator Hansen here?

Yeah.

It's just arrived. You're up.

Let's go. We're ahead of schedule. Don't miss it.

I was over here.

They'll be 34.

Yes, sir.

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What are you doing? It'll be 81, right?

OK.

HANSEN: All right. Good afternoon, Chairman von Gillern, and members of Revenue Committee. My name is Ben Hansen-- that's B-e-n H-a-n-s-e-n-- and I appreciate the opportunity to present LB495 today. This bill is short and simple. In 2021, I worked to pass LB644 to create the Property Tax Request Act. This requires local taxing entities whose property tax request has increased more than the allowable growth limit plus 2% from the previous year to notify taxpayers and invite them to take part in a joint public hearing. The process is known across the country as "truth in taxation." Pink postcards are sent to each property owner who would be affected by the property tax increase; the postcards include information about the proposed property tax request and how it would impact the taxpayer dollar, along with details of where and when a joint public hearing will be held. Citizens are invited to come and voice their concerns or opinions to elected officials. At the hearings, political subdivisions are expected to provide material that justifies the reasons for the increase and how the property tax revenue would be used. Since then, over a thousand constituents across the state have taken advantage of the opportunity to engage in the process, showing up at hearings and becoming involved in local politics. I initially included the top four political subdivisions that receive funding from the property taxes and truth in taxation. These included counties, cities, school districts, and community colleges. However, in 2023, the Legislature voted to eliminate the majority of the levying authority for community colleges for property taxes, as they now receive their funding through the state. Community colleges now have a two-cent cap for property taxes, and, and what those funds are used for is limited. They go for receipt-- they will go from receiving 5.4% of property taxes levied by local governments to only around 1.3%. Because of this, I introduced LB495 to remove community colleges from the truth in taxation process. This bill simply strikes community colleges from the act. I'd be open to answering any questions you might have, and would like to note that there will be people following who can provide more details on community colleges. With that, I want to thank you for your time, and ask you that you support LB495.

von GILLERN: Thank you, Senator Hansen. Questions from the committee? Seeing none. Will you stay to close?

HANSEN: Yes.

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von GILLERN: All right. Thank you. We'll invite up our first proponent. One of you, go.

COURTNEY WITTSTRUCK: 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 support of LB495. When the truth in taxation bill was enacted, only four entities-- like Senator Hansen mentioned-- were required to appear on the postcards. And community colleges, as you heard, were one of the four at that time, collecting less than 5% of the total property taxes levied. Since then, the community colleges funding model has been drastically changed, almost completely eliminating our levy authority, authority, which is why we thank Senator Hansen for bringing this bill. We appreciate him recognizing that because of the drastic change to our funding model, it makes sense to remove our current postcard obligations and spare their associated costs. Thank you for your time, and I'd be happy to take any questions.

von GILLERN: Thank you. Questions from the committee members? Seeing none. Thank you for your testimony. Next proponent.

JUSTIN BRADY: Senator von Gillern and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for Metro Community College. I won't take a lot of your time and echo what the two-- what Senator Hansen and what Ms. Wittstruck spoke about. But yes, we approached Senator Hansen and asked to look at it now, since he was the one that originally brought in the pink postcard, that now would community colleges be removed, that their bulk of their property tax authority had also been removed by the state. So with that, I'd try to answer any questions.

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

JUSTIN BRADY: Thank you.

von GILLERN: --for your testimony. Next proponent. Good afternoon.

JON CANNON: Good afternoon. Chair von Gillern, distinguished members of the Revenue Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify today as a proponent for LB495. I certainly thank Senator Hansen for bringing this. We've had a lot of good conversations recently about how the postcard and, and the timing and, and all the people that, that show up [INAUDIBLE]

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what the postcard should look like. I actually don't have much else I could add that would, would really add anything to conversations. You know, everyone knows what the breakdown is for the property tax load in the state. The community colleges go from fourth to somewhere around seventh, and, and there's miscellaneous districts that are, that are now occupying the number four pole position, so those miscellaneous districts are, are just a, a whole bunch of different things which have actually very small levy authorities that are granted to them by the county. So, I'm happy to take any questions you have.

VON GILLERN: Thank you. Any questions from the committee? Seeing none. Thank you, Mr. Cannon.

JON CANNON: Thank you very much.

VON GILLERN: Any other proponents? Seeing none. Are there any opponents that would like to speak regarding LB495? Seeing none. Any neutral testifiers? Seeing none. Senator Hansen, welcome to close or waive. We had 1 proponent letters, 0 opponent letters, and 0 neutral.

JACOBSON: Waiving is an option?

VON GILLERN: I wanted to make sure you knew all of your options.

HANSEN: Well, I had, like, a five-page closing. But I'll, I'll edit my comments, Chairman. All I'm gonna say is I encourage-- if you guys and gals have not been to one of the pink postcard hearings, go to one of them. It is a very enlightening experience. You might hear a few swear words from people, but it's encouraging because you start to see the taxpayer light bulbs go off when they start learning about levying authority and property tax valuations. They start understanding how the process works. Like Mr. Cannon would like, I would encourage them all to go to the budget hearing of the actually county and the city and the school district they're in. But this pink postcard joint hearing is very enlightening. It's, it's refreshing to hear people actually, you know, voice their concerns and learn about the process. And so, if any of you have one of those going on in your district, I highly encourage you to go to one of them, so. Thank you, Mr. Chair. I'll take any questions if anybody has any.

VON GILLERN: Any questions from the committee? Seeing none. Thank you for being here.

HANSEN: Thank you.

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von GILLERN: That'll close our hearing on LB495, and we will open on LB679. Welcome, Senator Ballard.

Nice to meet you. OK.

Let me just let go.

Yeah.

OK. Yeah. I'm in the wrong committee.

Oh. Thank you.

This is a first. Just so you.

von GILLERN: You're welcome to open.

BALLARD: All right. Good afternoon, Senator von Gillern, and members of the Revenue Committee. My name is Beau Ballard. For the record, that is B-e-a-u B-a-l-l-a-r-d, and I represent District 21 in northwest Lincoln, northern Lancaster County. I'm here today to present LB679, which seeks in its primary intent to provide Nebraska counties with the optional tool for management of properties that have unpaid property taxes. The bill does three things. First, it authorizes the negotiated bulk sale of tax sale certificates by counties if the county board determines that doing so is in the best interest of the counties. This particular structure of selling tax sale certificates is authorized in other states, including states like Ohio, Connecticut, and Tennessee. The key that I want to emphasize about this bill is that it is meant to be entirely optional by individual counties. If the county determines that the-- using negotiated bulk sales approach is beneficial, then it could "oppin"-- opt in. If it does not, then the process would continue in the county in the way it works today. I understand that the Nebraska County Officials Association [SIC] has some concerns about the structure of the bill, and the representatives of NACO have met with myself and proponents, and they have discussed the concerns with the county. An amended version of bill is being worked on. I'm confident that we'll be able to find a revised, revised bill-- revised amendment that addresses their concerns, and that the tool may be available for a county that makes sense. With respect to the two pieces of the bill, the first addresses an issue with the ensuring personal service for tax sale certificates is issued, and clarifies that process. The second issue addresses the issue of attorney's fees, and may be available to ensure consistency in light of the current standard being used by the courts. The committee has previously heard from a bill by Senator Bostar that addresses the two items similar ways, and it seems to be a

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general consensus that, that those changes make sense. Ultimately, I plan to work with the-- with indivi-- with the organizations such as NACO to address their concerns, but I'd be happy to answer any questions that the committee might have.

VON GILLERN: Thank you, Senator Ballard. Senator Jacobson.

JACOBSON: Well, I-- I've been reached out to by those in the lobby that are supportive of this, and I first asked the question, "what problem are we trying to fix?"

BALLARD: Yes. So, I, I think it's just-- it's efficiency. [INAUDIBLE] that's not just individual sales, or we can have a bulk sale, that we're not cherry-picking the, the best properties and making sure that's--

JACOBSON: But aren't they still doing that cherry-picking and then saying I want to buy them in bulk?

BALLARD: Yeah, but it, it-- it's all [INAUDIBLE] the county treasurer's process. So, it's not the, not the buyer, per se.

JACOBSON: I, I guess my, my biggest hesitation on this-- and I realize it's up to the counties, but it's really up to the county board to make this decision.

BALLARD: Correct.

JACOBSON: And I think that-- I know of a lot of people in Lincoln County, and I think across the state, that do their homework, recognize there are people that habitually pay their property taxes late. I don't mean before the delinquency date; after the delinquency date, and it starts accruing at 14%. And so, there are people that like that 14-- that-- that's a pretty good number.

BALLARD: Mm-hmm.

JACOBSON: I mean, it gets my attention, OK?

BALLARD: Mm-hmm. Absolutely.

JACOBSON: And so, they do the research to know that these are good properties that ultimately are going to-- the taxes are going to get paid. So, if you can get that property and earn 14%, pretty good investment. Don't we really run the risk that if they do bulk sales, that we could really have out-of-state companies well-capitalized to

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just come in and buy them all up, and, and people living in Nebraska lose the opportunity-- particularly people in the county-- lose the opportunity to buy those tax certificates and keep that money in Nebraska.

BALLARD: Yeah, absolutely. And that's-- those are some of the guardrails that we're working on with--

JACOBSON: Yeah.

BALLARD: --with opponents of the bill.

JACOBSON: Thank you.

BALLARD: Yes. Thank you.

von GILLERN: Senator Kauth.

KAUTH: Thank you, Chair von Gillern. My-- when, when you were talking about your testimony, my biggest question is beneficial for who? I think you're talking about it making it easier for the bureaucracy to handle getting it done and getting it off their plate versus the people who are losing their homes or other people-- individuals, who-- Senator Jacobson's point-- who are trying to invest in this process--

BALLARD: Mm-hmm.

KAUTH: --I think going to a bulk sales model, does that lend itself to cheating the people of that area?

BALLARD: Cheating the people of that--

KAUTH: Well, the, the people who might want to purchase those properties, who might want to get involved in investing. Or, the people who are living in those homes who may want to be able to try to buy it back or, or stop the foreclosure--

BALLARD: Mm-hmm.

KAUTH: I'm just wondering if, if developing a, a strategic partnership with big companies who buy houses in bulk is actually in the benefit of individual Nebraskans. So, that's--

BALLARD: Yeah, that-- yeah, absolutely. That, that-- that's a concern. Trying to work on some clarifying language. We'll work on that as well. So.

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JACOBSON: I do have one other question.

von GILLERN: Senator Jacobson.

JACOBSON: So Senator Bostar brought-- I'm going to call it "a" bill. OK?

BALLARD: I heard it was a few.

JACOBSON: Yeah, I would say it was a very complex bill. But the fourth bill in that bill seemed to be--

BALLARD: Out of six.

JACOBSON: --addressing the same issue that you're going after, and I really kind of like that piece of his bill. So--

BALLARD: Yes.

JACOBSON: I'm guessing we could call-- caught-- cut an arm off of that bill and bring it back. [INAUDIBLE] with the two of you talked about that, and, and is there some commonality that we could maybe get together on so that we can maybe get a bill that, that-- because I think there were a lot of good points in that portion of his bill.

BALLARD: Yes. Yeah. And I always, I always like working with Senator Bostar, so. It's one of the highlights of my week.

JACOBSON: It is mine.

von GILLERN: Are there any other questions?

SORRENTINO: It was a question?

von GILLERN: Will you stay to close?

BALLARD: I will be here. Thanks, Chairman.

von GILLERN: Thank you. We'll invite up our first proponent.

MARK LAUGHLIN: Mark Laughlin, M-a-r-k L-a-u-g-h-l-i-n, speaking for LB679. I am the-- I'm born and raised in Omaha, and I'm the owner and CEO of NAR Solutions, which is a tax lien company. Bought my first tax lien in Douglas County in 1996, so I've been in the industry for a long time, and I've seen a lot of things both in Nebraska and outside. I think Senator Ballard did a good job of summarizing-- this is non-exclusionary; nobody has to do anything. These county officials can

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choose to stick with the system, they can choose to do-- sell some in bulk and some under the regular system. They could sell to one, two, three or four bulk sale people and none of the regular system. It's-- it is non-exclusionary and completely and utterly optional. I think I'm going to kind of throw out my script and maybe just address Senator Jacobson and Senator Kauth, your-- some of your concerns, or at least try to. It-- this actually does help that. You know, Senator, you talked about having out-of-state companies come in, you know, and that-- or, or was that you, Senator? You know, and obviously, as a Nebraskan, that's near and dear, you know, to my heart as well. Under the current system, they-- Nebraska counties are forced to sell to whoever shows up. And I will tell you, for example, that there are some of my competitors that have over three quarters of a million EIN numbers, and so they'd like nothing-- they love this system. They're not here testifying because they want to come in, and-- I can go with NAR Solutions, that's one; you know, they can come-- that-- there's companies out there with hundreds and hundreds of thousands of EIN numbers. The other thing is there's some bad actors around the country in my industry, and every Nebraska county is forced to accept one EIN or 100 EINs or 10,000 EINs; they have no choice. And so, this actually gives the ability to, to, to, to deal with someone that you trust. There's two letters from some out-of-state treasurers that say, what we like about this system is the ability to be able to choose a trusted partner, someone that we know. And let me, let me throw out something. What if a, a, a Nebraska county person says-- county official-- I'd like, I'd like you to offer payment plans for 12 months as opposed to foreclosing. OK. We do it. Hey, you know what? We, we want to go farther than Senator Bostar did, and say no more tax deeds. OK, we'll, we'll agree to that. There's no way that county officials can do that now. They're prohibited. They can't do it. And I'll just tell you that, you know, as someone who tries to do things the right way, it's very frustrating to see-- be, you know, chased out of states because of, of everything. So, there-- this bill actually, in my view, senators, addresses the exact questions, and is the exact reason why having an optional thing and optional tool is better.

von GILLERN: Let's see if you have any questions. Any other questions from the committee members? Senator Bostar.

BOSTAR: Thank you, Chair von Gillern. Thank you, sir, for being here. You talked about-- I mean-- well, a number of things. But one was not even using a tax deed system. What, what-- not utilizing tax deeds, what is-- what could that look like?

MARK LAUGHLIN: Sure. So, if there was an option for a negotiated sale where the county could say we-- we're going to set some additional rules that are not provided for in statute. Like, for example, we don't want you to do tax deeds, we want you to foreclose solely through judicial-- the judicial option, sell on the courthouse steps if there's no payment. So, there's no equity theft, there's no nothing. Then, that, that-- that's exactly what this process is set up to do. So, local county officials can figure out "What do I want? What's best for my community?" And they can set the rules and negotiate with individual people who are actually willing to do it. And not, not that this-- this is a little touchy-feely, OK? But they can also figure out is this person somebody I trust? Because frankly, the number one thing that Nebraska county officials, in my view, should be interested in when they're talking about who's buying tax liens, is what's going on in the foreclosure process afterwards, when nobody's looking. And, you know, they're-- this gives them a, a, a mechanism to, you know, look people in the eye and say, are these people that I, I trust? You know, financially unsophisticated people who aren't paying their taxes.

BOSTAR: All right. Thank you.

von GILLERN: Other questions? Senator Jacobson.

JACOBSON: Well, I-- I'm just back-- again, I mean, this all sounds great. I mean, I, I feel like singing Kumbaya right now. But, but I-- my concern is, is how do they know to trust you? OK? With no experience with you. And if the county board makes the decision they're going to sell them in bulk, and they're going to decide who gets these--

MARK LAUGHLIN: Yes.

JACOBSON: --these high-income plans, here, the-- at the end of the day, I don't know that you're going to buy any of them that are in risk of foreclosure. I mean, let's face it, there are a lot of people who just fail to pay on time. It starts accruing 14%. At some point, six months, eight months later, whenever, the b-- the bell goes off that says, "oh, I got to pay this," and they write the check. If I select all of those, I get a pretty good return, and I leave those that are subject to foreclosure for somebody else to buy. I mean, I don't see anything in this bill that assures us that we're going to have a trusted partner that, that can't-- and, and it can't be gamed, either, by the officials making the decision who we're going to sell to. Because now, it seems like we're just deciding, hey, I like this outfit; I'm going to-- we're going to sell these to you. The rest of you, you're out. I mean, that, that just seems wrong to me. I, I mean, that's, that's where my holdup

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is on this. So, am I wrong, or what the-- how, how can I be assured that that isn't going to happen?

MARK LAUGHLIN: Sure. Well, you-- I, I, I, I, I break down what you said into two buckets. One is if you trust the county officials, then, you know, how, how are they going to be assured that they're dealing with a trusted partner? And the only answer I can give you is that's exactly what this process has set up, where people can-- I can sit across the table from you and say, hey, let me, let me show you my record; let me, let me give you some references of people who we've bought for and how we treat our people and payment plans, and what we-- and directing people toward money that they can actually pay when they were COVID funds and things of this nature. And then, the county officials themselves can make the decision. If your question is, is there a question of the county official, him or herself, and that the system is rife for abuse-- I mean, you know, in some sense, you know, you can't legislate away everything. But we are working with NACO on-- call them guardrails, and, and we're going to work with them on that. But at the end of the day, you know, there's-- there, there has to be some judgment. But, you know, we're working on maybe a standard of, of a responsible bidder who's going to treat taxpayers with dignity, "transparency," and respect. I, I-- you know, I, I can't really give you too much more, because on some very basic level, yes, there has to be a trust, and, you know, am I known in Lincoln County? No. But I would, you know-- and, and some of my competitors would-- you know, could, could sit down and, and, and look people in the eye, and make their case.

von GILLERN: I have a question. I think I know the answer to this, but, but sometimes that's dangerous. The, the tax certificates are sold based on the value of the certificate. They're-- this is not a bid process. So, if they're, they're sold by one-by-one, if they're sold a half a dozen at a time, if they're all sold at one time, is there any difference to the county in what the county receives?

MARK LAUGHLIN: No, other than to the extent that it, it-- that, that it opens up a different avenue and possibly other bidders that where it makes economic sense, whereas before it doesn't, which-- I bought zero Nebraska tax lien for the first time ever in 2024. But to the extent that this would provide additional buyers, then yes, they, they might sell more.

von GILLERN: They would, they would sell more, but they would not receive more per certificate.

MARK LAUGHLIN: They would rec--

von GILLERN: This is not a bidding war.

MARK LAUGHLIN: It's not a bidding war.

von GILLERN: It's not a bidding process, OK? But the flip side of what you said is that if they package large numbers of them together, it also precludes other buyers: the moms and pops, the, the house flippers, the, the neighbor that wants to buy the house next door that was foreclosed, or that has been abandoned because they want to do whatever.

MARK LAUGHLIN: Sure, sure.

von GILLERN: So-- and there's also a risk that it would preclude other buyers, correct?

MARK LAUGHLIN: By definition.

von GILLERN: OK.

MARK LAUGHLIN: I, I mean, yes.

von GILLERN: OK.

MARK LAUGHLIN: The-- there was-- you know, what, what happens if, if some one neighbor wants to buy and, and take, you know-- do you want that, or do you want someone who is going to agree with the county that they're going to take payment plans and they're not going to foreclose until the last possible minute? You know, that-- I mean, so, there, there-- I--

von GILLERN: Well, if it's my house and my neighbor, I want the first-- the former, not the latter, because I, I don't necessarily want the-- anyway, we're going down a trail I didn't intend.

MARK LAUGHLIN: No, I, I understand.

von GILLERN: The question was a financial one. There is no net difference to the county, no matter who buys them, whether they're sold one, two, three at a time or 50 at a time.

MARK LAUGHLIN: Correct.

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

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MARK LAUGHLIN: Thank you.

von GILLERN: Are there any other proponents? Are there any opponents to LB679? Good afternoon.

MARC ODGAARD: Good afternoon, Chairman von Gillern, members of the committee. My name is Marc Odgaard, M-a-r-c O-d-g-a-a-r-d, representing Guardian Tax Partners. I'm here in opposition of the bill not because I oppose change to the current legislation. It changes Section 77-1818 and 77-1909 is necessary for the tax certificate process to be viable. However, I oppose the bill because I think there is a competing bill, a different bill-- LB458-- which is currently out there and which was referenced earlier in this hearing. Specifically, Sections 24 and 37 of that bill, which better address and more accurately deal with the fixing of the problems with the current law. One of the concerns with this bill, as was just addressed in detail, is the fact of the bulk sale. In my five years of practicing in this area-- almost exclusively in this area-- I've never experienced any difficulty with that process. I have not heard and, and I am unaware of anyone having difficulties with that process. Section 77-1802, as it is currently written, is an established, time-tested and proven process that does not need fixing. LB458, which I am in support of, does not propose such a change to the sale process. There are other aspects of this bill which are-- which I differ-- which I differ with and have a different opinion with. Those are clearly set forth in LB458, so I don't really want to take up the committee's time with that. But simply to mention, as Senator Jacobson mentioned, what problem are we trying to fix? We've got a relatively good system in place, which has worked for a long period of time. My concern with, with leaving it up to the counties to make decisions is the fact that this is a pretty nuanced and-- just it's, it's a sophisticated area, a fairly complicated area. And the people, with all due respect, on these county boards and these county commissions, they've got full-time jobs. You need to really, really understand this area of the law if you're going to start meddling in it, I think. And I don't know that necessarily, again, that, that it's best to leave it up to local officials to make the decisions on who and, who and shouldn't be buying, as well as the fact that I think it opens-- it keeps it open to a process of, of influence and bias and coercion. Under the current system-- again, if it ain't broke, don't fix it. That's our position on, on 77-1802, and again, my differences with the rest of the bill are set forth in LB458 which we, which we support. So, if there are any questions, I can answer those.

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

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MARC ODGAARD: OK. Thank you.

von GILLERN: Other opponents?

CANDACE MEREDITH: Good afternoon.

von GILLERN: Good afternoon.

CANDACE MEREDITH: My name is Candace Meredith, C-a-n-d-a-c-e M-e-r-e-d-i-t-h, and I am here on behalf of the Nebraska Association of County Officials in opposition to LB679. First, thank you, Senator Ballard, for bringing, you know, a potential tool for-- to address delinquent tax listings. But as mentioned, there is concerns that NACO and the Nebraska Association of County Treasurers, they do have with this bill. As mentioned, we do have a process in place where our constituents, be-- they are-- those who are delinquent, they'll get a notice on their tax statement in December letting them know that their taxes are delinquent. Oftentimes, in January, the treasurer will send a courtesy letter letting them know, "hey, by the way, these are going to be advertised soon; make sure you come in and get those paid." Not statutory, but just courtesy. And then they're advertised for three weeks prior to the public sale. So, there is time for a citizen or their neighbor to maybe catch, either through the advertising process or get their mail. Maybe, you know, sometimes some people just forget; they go to Florida or Arizona and just simply forget to get their taxes, or their tax statement comes before they leave, that type of thing. So, those, those occurrences do happen. So, when we look at the-- you know, the public sale, it's now in a round robin format. So, basically everybody does get a shot at a tax certificate lien, and it just kind of goes in a round robin form. There was a-- quite a long time ago. I had darker hair back then. This is [INAUDIBLE]. But we used to have-- at the public sale, there was an interest-- there was where they could-- investor could say, I would like to take 86% interest in that property, and they could say, I want to take 86% interest in all of their property, and there would be a bid process at the public sale. So, this is-- when I saw this legislation, I'm like, OK, that's what it, it kind of felt like, where we would maybe do a bid-down process or something like that at the public sale. But in reading this, it looks like there's really no timelines of when this could be negotiated. I also-- when I think of negotiation and, and when Mr. Laughlin was talking about negotiation, I don't think it's-- a, a treasurer has to follow-- and a board has to follow statute, and so I don't think they can put those agreements in place, because at the end of the day, we have to follow statute. So, there is provisions on value, whether you can file a deed now, and what-- or, or where we can do a foreclosure.

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So, there's those type of concerns about citizen notification, a fair process for all investors, and what that-- a negotiation would look like at the county level. So, again, I will answer any questions that you might have.

VON GILLERN: Thank you. Questions from the committee? Seeing none. Thank you for being here.

CANDACE MEREDITH: Thank you.

VON GILLERN: Any other opponents? Seeing none. Any neutral testimony? Seeing none. Senator Ballard, you're welcome to close.

BALLARD: Thank you, Chair.

VON GILLERN: As you come up, we had 0 proponent, 0 opponent, and 1 neutral online testimony.

BALLARD: Thank you, Chair. I'll be brief. I just again want to thank NACO for bringing their concerns to me beforehand. We're, we're looking into those-- kind of the guardrails, I think the term was used, to make sure that this is, is done efficiently. I, I think I just want to reiterate the point that this is just a tool in the toolbox. We're not changing the process. Noth-- nothing with dates, or-- it's something that counties are able to do. With some counties seeing more delinquent properties coming to, to sale, it's just something that they can utilize that creates more efficiency in county government. So, with that, I'd be happy to answer any questions.

VON GILLERN: I have a quick question. Do you-- are you actively working on an amendment, or are you just taking comments from today and considering [INAUDIBLE].

BALLARD: Actively-- yes. I will work with the committee. I will work with Senator Bostar, I guess, since I'm getting mandated to do so.

VON GILLERN: He said reluctantly, for the transcribers.

BALLARD: That's one of my favorite pastimes.

VON GILLERN: Senator Jacobson, question.

JACOBSON: Well, I, I-- back to Senator von Gillern's question before, and that's what I'd looked at, is that-- what would be intriguing to me is, instead of going a round robin, that there just be an auction process. Who wants to pay a premium over face for this tax certificate

or for this group of tax certificates? That would be intriguing to me, which would provide additional revenue to the counties so that there's not somebody getting the full 14%. Maybe they're willing to accept 10% or 8%, depending on-- and they-- most people do their research, and you do it on smaller blocks, and, and you do something at re-- because right now, we're selling them at face, people are buying them at face. And now, we seemingly are just giving certain groups an advantage potentially to come in and renegotiate which ones they want to buy and make their case, and those get off the market before those that have been buying them know that they were even sold. And so-- and if we wanted to do something to do the more humane foreclosure route, then we ought to consider putting it in statute and saying, here's how you have to foreclose a tax lien. But I'm back, again, to von Gillern's comments of, you know, there are people are living next door, they've got a piece of property that's dilapidated; they've moved, they've left, it's a, it's an eyesore, it's a meth house, it's all of these things. They may be tempted to go down and buy the tax certificate just to get rid of the house, you know? And they would like to move as expeditiously as possible. So, I-- again, I'm trying to figure out what the problem is that we're trying to solve. And I, I haven't found it yet.

BALLARD: OK. No, I, I, I would look forward to that hearing and that conversation. And maybe we can-- maybe we both can work with Senator Bostar on a solution.

JACOBSON: I'm opting out of that.

von GILLERN: All right. That will close our hearing on LB679, close our Revenue hearing for the day. Thank you all.