

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 25, 2026

Rough Draft

**von GILLERN:** OK. Let's go ahead and get started. If everybody would find their seats, please. Welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing the 4th Legislative District. I serve as the chair of the committee. Committee will take up the 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. 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 the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included in the exhibit-- 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 by 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 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 give them to the page. Please turn off or silence your cell phones. Verbal outbursts or applause are not permitted in the hearing room no matter what phenomenal thing Senator Jacobson says during the hearing. Such behavior may be cause for you to be asked to leave the hearing. Today's our last hearing of the year, so if there's any levity, just please, please go with us. 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](http://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

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

have the committee members with us today introduce themselves, starting on my left.

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

**KAUTH:** Kathleen Kauth, Legislative District 31: the Millard area.

**JACOBSON:** Mike Jacobson, District 42: North Platte area.

**MURMAN:** Dave Murman, District 38, from Glenvil. Represent eight counties along the southern tier of the state.

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

**von GILLERN:** Also assisting the committee today: to my right is legal counsel Sovida Tran; to my left is legal counsel Charles Hamilton; and far left is committee clerk Linda Schmidt. Our pages for the committee today will stand and introduce themselves.

**ELIAS REIMAN:** Elias Reiman, junior at UNL. Studying psychology on the pre-law track.

**JESSICA CARROLL:** Jessica Carroll, senior political science student at UNL.

**von GILLERN:** Thank you. Elias and Jessica, you've taken great care of us this year. Thanks for all your help. We really appreciate it. Thank you. You helped you-- you helped to make the hearing process go smoothly. With that, we'll begin today's hearing on LB1165. And I'll turn the chair over to Senator Jacobson.

**JACOBSON:** All right. Thank you, Chairman vo-- von Gillern. And you'll be doing the open on LB1165. I'm-- I just want to note that, here, the last day of hearings for-- and, and you're scheduling one of the best bills on the last day. Now, in Banking, we do it a little differently. We scheduled usually the worst bills on the last day, so. Like Mr. Irrelevant, so.

**von GILLERN:** Thanks, thanks for bringing that up. I've got the first and then last three. So, yeah. All right. Well, thank you.

**JACOBSON:** You're welcome to open.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 25, 2026

Rough Draft

**von GILLERN:** Thank you, Vice Chair Jacobson and members of the Revenue Committee. For the record, my name is Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. I'm appearing before you today to introduce LB1165 with the white copy amendment, AM2016-- AM2016, which was filed yesterday and will be handed out to you. My remarks will be directed to the amendment which comes with the title Grow the Good Life Act and includes enhancements to the ImagiNE Incentive Program. LB1165 has been referred to by name as the Union Pacific merger bill-- or, by some as the Union Pacific merger bill. I suppose that's not en-- that's not entirely incorrect, although you'll not find their name anywhere in the bill. Grow the Good Life Act is not about corporate welfare, as some will try to say. It's not about a headquarters building. It's not about a quarterly earnings report. It's not about a stock price. It's not about a merger. It's about people, jobs, and communities. People who live, work, learn, grow, marry, and bury in cities, towns, villages, and rural areas all across Nebraska. It's about keeping those jobs and those people here and attracting possibly thousands of others to come and experience the good life. I'll talk about the numbers shortly, but as I do, I encourage you to not get so hung up in the numbers that we forget about the people and what they mean to our great state. On that note, I encourage all of us to seriously consider the question: what if these hardworking, everyday Nebraskans move away from our great state? The 3,000 or so existing employees of one of the finest corporate citizens, a company whose own history is tied to the founding and growth of our own, what would the fallout of those folks leaving look like? And we don't even need to tap our imaginations to answer that question because we already know. We've got very recent examples to pull from. In 2015, ConAgra headquarters moved out of Omaha, eliminating 1,500 high-paying jobs. The impact of which today-- I would say 11 years later-- we're finally healing or healed from. Bass Pro's acquisition of Cabela's in 2017 led to the elimination of roughly 2,000 jobs at their Sidney headquarters. Just ask our colleague, Senator Strommen, what that was like and the impact of that to that community some nine years later. And of course, and most recently, Senator Ibach can share with us all about this one: Tyson's closure of the Lexington plant, the layoff of 3,000 employees. Very current and painful situation whose impact will be felt for years to come. Losing significant employers affects real people and real families in real Nebraska communities and often disrupts those who are least able to adapt to and/or afford those changes or losses. As legislators, we can't afford to sit around and wait for the next headline that reads Company X let 2,000 people go or Company Y reorganized and 3,000 jobs left the state. We owe it to Nebraskans to be proactive, to keep-- to

work to keep our state competitive, which is exactly the point of LB1165. Section 2 of the bill reads in part, the purpose of the Grow the Good Life Act is to encourage large in-state employers to retain workforce in-state as well as attract or relocate workforce to the state. So there are really two parts to the bill. One is preserving the good life and the other is growing the good life. So how does an applicant qualify for these incentives? The applicant must employ at least 3,000 employees to even qualify for the incentives. They must retain at least 90% of those ployee-- employees and they must offer a competitive suite of benefits that may include health insurance, paid time off, 401(k), child care. They must hire a minimum of 500 new employees. They must pay those employees a minimum of \$100,000 annually and retain those jobs for ten years. Most of you know I like math, so let's just do the math with me. That's \$50 million in wages annually, or half a billion dollars in wages over the lifetime of the incentive. What incentives are earned for meeting these requirements? Wage retention credits in the form of tax credits valued at \$5 million annually for ten years that don't begin until 2032. There's a six-year ramp-up to achieving these incentives and being able to, to utilize them. These credits may only be applied for at a rate of 5% of total payroll. In other words-- let's do some more math together-- it requires \$100 million in payroll annually to earn the incentive, or \$1 billion of payroll over the lifetime portion of the-- of this portion of the program. It's easy math from here. The state invests \$50 million to ensure \$1 billion in payroll. That's a 20x return on investment for our economy. They receive an additional 1% credit for new jobs and new employees brought to Nebraska. That begins sooner. The applicant also receives \$5 million from the Site and Building Development Fund to be used solely for capital improvements for siv-- facilities. But this can only be used at a \$5 per square foot rate. Based on my recent history in the construction world, it's going to cost somewhere from \$80 to \$100 a square foot to renovate. That could translate to \$800 million to \$1 billion of renovation work, construction work to happen in Nebraska-- all of which becomes subject to sales tax and income tax. I know the Chamber did a larger economic analysis of the impact of the job growth and the incredible benefit to our economy in the short payback period considering the taxes earned. I'll not steal their thunder on the actual numbers because they'll be up in a little bit. My last comment with regard to the figures is the fiscal note, and unfortunately that's not reflective of the white copy amendment. My apologies for that, but that's just the reality of the system. There are any number of reasons why companies might opt to merge, sell, or reorganize, but these decisions nearly always come down to one

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

calculus, and that is, where's the most economical and productive place that we can live and work? That consideration governs decisions like where to invest, where to hire, where to locate, or, in this case, where to possibly relocate. As I noted earlier, this always comes down to people. Colleagues, don't kid yourself that-- every employer in this state is being reached out to by 49 other states, asking them to come work there, to move their businesses there. It's just the reality of the economic development world. If you're a large employer, if you're a large corporation, if you employ large numbers of people, you're getting pinged regularly by 49 other states. If you don't think that Governor Kemp of Georgia has made a trip to Omaha with regards to this issue, I'm betting you're wrong. And I'll take that bet with pretty good odds. And if you don't think he had a checkbook in his pocket when he came there, I'll take that bet too. He and his legislature would love nothing more than to lure this phenomenal corporate citizen to 650 West Peachtree in Atlanta to a brand-new office building in their tech center. Contrary to what some in our legislative body believe and based upon mountains of empirical evidence, corporations, companies, people, jobs move for economic incentives and tax benefits. Some may not embrace that philosophy, but, I'm sorry, the data is indisputable. We don't want to see a relocation of one of our largest employers, one of the state's largest property taxpayers, a company whose history is inextricably tied to our own and is a terrific corporate citizen. I respectfully ask for your-- ask for your support for LB1165 to protect and grow the good life here in Nebraska. And I'm happy to take any questions you may have.

**JACOBSON:** OK. Thank you for that open. Questions from the committee? I, I would probably just ask one. I, I, I-- you, you did an excellent job on the open really highlighting what's in this bill and, more importantly, what's not in this bill. I-- as I understand it, this is one of those bills where we're paying for-- we're basically gave-- giving back some of the dollars that are generated in tax revenue by whoever qualifies for this incentive.

**von GILLERN:** Yeah. And, and I didn't mention that specifically, but this is a pay-for-performance plan. If, if the applicant does not perform, if they do not do the things that are required, they do not receive the incentives. That's an important factor. The other important factor is that they receive those incentives much later than they provide the benefit to the economy, not receiving those income tax credits until 2032. The hiring is going to happen well before 2032. And again, the economic study information will follow. And I don't know how

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

detailed that comment will get, but the state is right side up very early in this conversation. With regards to the-- I'm sorry, I'm--

**JACOBSON:** No, go ahead.

**von GILLERN:** --the-- with regards to the building portion of it, I ran the numbers backwards on that, how much, you know, you know, on, on \$800 million worth of construction. We're right side up on that \$5 million investment as soon as that work is done, via sales tax and income tax generated through the work that'll be done there. So it's-- I don't want to say it's a no-brainer, but the numbers work really, really well.

**JACOBSON:** And when you look at a fiscal note, the fiscal note is really what the outflow is. It doesn't measure the inflow and--

**von GILLERN:** Well-- yeah. And the fiscal note is, is based on the green copy, not on the white copy, so the numbers aren't, aren't quite there yet. It is correct with regards to the dollars moving from the General Fund into the Site and Building Development Fund. That happens soon. That's the \$5 million. That part would be accurate. But the other incentive dollars, cost of the incentives are not there. And certainly not the, not the sales tax, sales tax and income tax dollars that are generated back from those new jobs. That'll be reflected in the comments around the economic study.

**JACOBSON:** Well-- and I'm anxious to hear the testifiers, so we'll let you-- unless there's other questions, we'll let you-- I'm guessing you'll stick around for a close.

**von GILLERN:** Oh, I'll ha-- hang around.

**JACOBSON:** All right. That's good.

**von GILLERN:** Thank you.

**JACOBSON:** All right. Thank you, I would ask now for our first proponent testimony. Welcome.

**KENNY ZOELLER:** Welcome. Thank you. Good afternoon, Vice Chairman Jacobson and members of the Revenue Committee. My name is Kenny Zoeller. That is spelled K-e-n-n-y Z-o-e-l-l-e-r. And I serve as the director of Governor Pillen's Policy Research Office. I'm here today to testify in strong support of LB1165 and AM2016, also known as the Go-- Grow the Good Life Act. And I'd like to thank Senator von Gillern for

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 25, 2026

Rough Draft

bringing this bill on behalf of the Governor. Since taking office, Governor Pillen has been committed to making Nebraska a business-friendly environment. He believes our state should be open for business and should have a healthy tax environment that supports businesses moving into our state but also focuses on those good companies that are already located in our state. This is exactly what LB1165 aims to achieve. LB1165 creates the Grow the Good Life Act, which incentivizes companies that grow their business in Nebraska through merging or acquiring other businesses and moving employees to Nebraska. This is done by expanding the Key Employer and Jobs Retention Act so that we are not just trying to prevent businesses from leaving but encouraging those existing businesses to expand. LB1165 also enhances the existing Imagine Nebraska Act to provide benefits to all job creation projects across Nebraska that meet certain employment and investment requirements. This increases the percentage of wage and investment credits and the quality jobs in rural manufacturing and urban manufacturing tiers in Imagine Nebraska. It also adds a 1% bonus credit to jobs in Nebraska filled by new-to-Nebraska residents. This will provide Nebraskans with high-paying jobs and help grow our economy, economy by having employees relocate into our state. A grant pro-- program is created through the Department of Labor that will help attract new Nebraska residents through a white glove concierge relocation and recruitment program. The final piece of this legislation-- which is a game-changer-- would allow for businesses to pay up to 50% of child care costs for employees using exis-- existing credits. This provides flexibilities for companies to help compensate employees through covering child care costs, which is one of the largest barriers when seeking employment. LB1165 and AM2016 are additive to other policies that have been championed by the Governor and this body to ensure that Nebraska is competitive on a national level. In the past three years, through collaboration and data-driven policies, Nebraska has cut its high taxes, proposed to invest more money into startup creation through the Business Innovation Act, recommitted a \$300 million investment to Project Health, and provided property tax relief and investment into our workforce engines at our community colleges. All these policies and investments are making dividends. I passed out a recent report published by the University of Nebraska-Omaha that shows that 2025 was the most improved year in recent history when it comes to net migration data in our state. Along with that, the Bureau of Economic Analysis recently reported that Nebraska had the 13th highest GDP growth in the most recent quarter and, more importantly, had the second highest wage growth in the country for that quarter. LB1165 and AM2016 will only improve this

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

growth and make the good life even better for all citizens. With that being said, thank you for your time today. And I'd be happy to try and answer any questions you might have.

**JACOBSON:** Thank you. Questions from the committee? Senator Ibach.

**IBACH:** Thank you. I'll ask one. I was just-- I had actually written down a note to ask you about if you had visited with Josie Schafer about any data, and I think that's what this is. Just-- has she projected out into the future as far as what this, this bill or any other bill that we speak to this year what the potential is for population growth?

**KENNY ZOELLER:** Yes. So that's a great question. She hasn't done specific analysis to my knowledge on this specific bill. But when I'd spoke to her over the interim and asking that key question, how do we reverse the, the brain drain within our state, the key item that she mentioned is job density. Job density, job density, job density. It's important to remember that the individuals that we are losing in Nebraska, they're not your 20- to 24-year-olds, rather they're your 30- to 35-year-olds-- so people looking for their second or third job, looking to advance within their career. The best way that we're gonna be able to retain those individuals that are also individuals having family, growing the state is by giving them more options, more job opportunities all across our state. So LB1165-- and not only would the investments being made for companies that are acquiring other large-scale companies benefit the individuals having those jobs and filling those jobs within the 500 jobs that Senator von Gillern mentioned, but it's also gonna have an ancillary effect, where individuals who are looking for jobs in that industry, now they're gonna have multiple options over the next ten years. So all in all, this legislation and then the other legislation that actually you're carrying on behalf of Department of Labor for Business Innovation Act-- and I appreciate that, Senator Ibach-- all of those pieces are pieces to the puzzle that are going to be additive. And frankly, it's my opinion, it's the Governor's opinion that, whether it be 2026 or 2027, we're going to see the first year in our state's recent history where we're gonna have a positive net in migration into our state.

**IBACH:** Great. Thank you very much. That was very thorough answer, and I appreciate it.

**KENNY ZOELLER:** Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

**IBACH:** Thank you, Mr. Vice Chair.

**JACOBSON:** Other questions from the committee? All right. Oh, yes.  
Senator Murman.

**MURMAN:** Could, could you explain this graph?

**KENNY ZOELLER:** Yeah, absolutely. So every year, the U.S. Census Bureau publishes state population data. And the University of Nebraska-Omaha in collaboration with a number of state agencies breaks down that data to, to really understand what's happening within our state. So our state, we continue to grow in population, but really the devil's in the details in terms of what does that-- what do those numbers mean. So you'll see here there are three different graphs, three different colors. The red graph is natural change-- so that's births. The, the gray graph is net international migration. And then the black graph is what's called net domestic migration. So those are individuals moving either from Iowa to Nebraska or Nebraska to Iowa, along with our 49 other states. You'll notice that this goes back all the way to 2010. We've always had in the state a net out-migration, so people leaving the state of Nebraska, more people leaving the state than coming in. But most recently in 2025, we had only 366 individuals leave the state for other states. That is not mission accomplished by any stretch of the imagination, but all of the policies that I mentioned before that, Senator Murman, you've worked with us on, as well as what's in front of the Revenue Committee here today with LB1165, that-- these policies are going to help that black graph improve and, frankly, go into the positive where, for the first time-- from the data that I have access to-- we're going to have more people moving into the state of Nebraska from other states than moving out.

**MURMAN:** OK. Thank you.

**JACOBSON:** Other questions? All right. Seeing none. Thank you for your testimony. Next proponent testifier.

**JASON BALL:** Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. I'm Jason Ball. That's J-a-s-o-n B-a-l-l. I'm the president and CEO of the Lincoln Chamber of Commerce and the Lincoln Partnership for Economic Development. It's my pleasure to be in front of you today. I'm speaking on behalf of the Lincoln Chamber, Lincoln Partnership, and the Nebraska Bankers Association. We are very much in support of LB1165, the Grow the Good Life Act. And in particular, I'm interested in the changes and enhancements to the two existing tiers of

the Quality Jobs Act and Rural Manufacturing Act. I want to thank Senator von Gillern for bringing this bill and Governor Pillen for his support. Just briefly, I grew up in Sidney, Nebraska in the shadow of Cabela's. I remember very well when we got the bad news about the changes that were coming. And my parents still live in Sidney, and so I've kept touch with what's going on in that community. And anytime a large employer has a big change in employment, that leaves a mark on a community in Nebraska. I was very fortunate to come to Lincoln for college. And I've been an economic development professional here in the state since 2008. Since then, I've practiced economic development in Nebraska, Kansas, South Dakota, and Texas. And in that time, I've competed against at least 15 other states for large and small project opportunities. And so I'm sincere when I tell you it is a difficult proposition when you are sitting across the table from a business that is going to make a big difference in your state, either by coming there and establishing a facility or leaving, and, and you hear, you know, Jason, this is all great news, but I've got a great deal another couple states over. What can you do to compete with that? And if we go to our tool bag and we don't have the right tools there, that is a difficult place that we don't want to leave Nebraska in. And so we find that LB1165 is going to give us the tools that are important in particular at this moment. There are provisions in LB1165 that will definitely be of assistance to Lincoln and the entire state. UP employs thousands of jobs across the state. It provides careers for Nebraska kids in Omaha at the headquarters so they do not leave the state. We're particularly in-- interested in the in-- 1% increase in the credits to two tiers of the quality jobs and rural manufacturing portions of the bill, as well as the child care provisions that have been expanded we find important. I know it may be tempting to look at this through a localized lens and say, well, I don't have any of those jobs in my community. I, I would strongly recommend that we view this from a larger lens because it will benefit everybody in the entire state. According to the Aksarben study, more than 60% of Nebraska's state-derived revenues come from the Lincoln and Omaha areas. And so I'd love to address any questions that you may have. Thank you so much for the time today.

**JACOBSON:** Thank you. Questions from the committee? All right. Seeing none. Thank you very much for your testimony. Next proponent testifier.

**MATT WILLIAMS:** Good afternoon. And thank you, Senator Jacobson. My name is Matt Williams, M-a-t-t W-i-l-l-i-a-m-s. And I appear today on behalf of the Nebraska State Chamber in support of LB1165 as amended. I've had the good fortune of working in central Nebraska as a banker and working with economic development nearly all my life. I also had the privilege

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 25, 2026

Rough Draft

of sitting where you are and working in this body extensively on tax policy and economic development incentives. I learned that-- during that time that when approached with discipline and crafted with thoughtfulness, these tools play an outstanding role in growing our economic base amidst what you have heard is stiff competition. These tools should be transparent, performance-based, and accountable. That is exactly what LB6-- LB1165 is. In addition to what Senator von Gillern opened with, I'd like to make a, a few points that show the incredible things that we're looking at today. This bill smartly enhances both rural and urban manufacturing expansion projects. Manufacturing is a backbone industry in our state. It anchors employment base in rural communities, strengthens our agricultural value chain, and increasingly provides primary jobs in every corner of Nebraska. We are no longer competing with our neighboring states. We are competing nationally and globally for capital-intensive, high-wage job projects. The enhancements in this bill recognize that reality. When a company makes meaningful capital investments and pays wages at or above statewide benchmarks, Nebraska should be positioned to compete. These credits are earned. They require job creation, wage thresholds, and sustained performance. The alignment with real demand for manufacturing expansion makes this a prudent refinement, not an expansion without guardrails. Second, the bill thoughtfully broadens the credit usage to include employer investments in child care. LB1165 would allow credits to be used for child care-supported child care activities during the performance in carryover periods. We know that workforce participation is constrained by access to affordable child care. This provision does not create a new entitlement; it simply allows employers who have already met job and wage standards to reinvest earned credits into stabilizing our workforce. Finally, attracting primary jobs-- whether in urban centers or elsewhere-- benefits our entire state. When Nebraska secures a headquarters, an advanced manufacturer, or a high-wage service employer, that growth does not stop at the city limits. Rural suppliers gain contracts, transportation networks see increased demand, and communities across Nebraska benefit from a stronger, broader tax base. In closing, I would just reflect that discipline, accountability, and an understanding of how capital talent moves forward has changed. This bill recognizes those changes and is fully supported by the Nebraska State Chamber. And we would ask that you advance the bill. Thank you, Mist-- Vi-- Mr. Vice Chairman. And I'd be happy to try to answer any questions.

**JACOBSON:** Thank you. Questions from the committee? All right. Yes, Senator Bo-- Bostar.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

**BOSTAR:** Thank you, Vice Chair. Thank you, sir. I don't have much of a question. I just wanted to say it's good to see you and it's exciting to see you here representing stuff on behalf of the Chamber.

**MATT WILLIAMS:** Thank you. It's always a pleasure to see you again, Senator Bostar.

**JACOBSON:** I, I would maybe ask one question, comment. I, I know Mr. Ball raised the issue about [INAUDIBLE], and this is largely going to impact Omaha because of the headquarters there, if the-- if this is UP. But the fact of the matter is, is that a rising tide does lift all boats. And when you look across the state and the ripple effect that that has-- and of course, living in North Platte, we know UP very, very well with Bailey Yard. And they're, they're a tremendous employer for us and have had a major impact on our part of the state. And this employment growth will certainly have a big impact on tax revenues that will help the state as a whole. And obviously, I assume that's one of the big reasons the State Chamber's so supportive.

**MATT WILLIAMS:** Absolutely. Senator Jacobson, you've hit the nail on the head. You know, we are a, a small state with a lot of geography, but we are encouraged to see growth everywhere. And this will certainly benefit Omaha, but I see many spin-off benefits that we can see. One of the interesting provisions included in this is the child care issue. You know, when you think about back when the Imagine Act was put together and we were dealing with a different set of circumstances with workforce then than we are now, child care was not as prevalent as an issue as it is today. In our little shop, I've lost two employees in the last 18 months due to the fact that there was not affordable child care available for them. So having the availability in every step we can take to advance those kind of things are clearly important for the long-term growth and success of our state.

**JACOBSON:** Thank you. You, you probably know I'm a very recent grandfather, first grandchild. And so my daughter's not too worried about child care at this point, but at some point she will be more concerned about child care.

**MATT WILLIAMS:** I'm about to become a great-grandparent because I'm very senior to you in some ways, but. And my wife will see that they have adequate child care.

**JACOBSON:** I, I figured as much. Thank you very much. Thanks again for your testimony. Next proponent.

**HEATH MELLO:** Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. My name is Heath Mello, H-e-a-t-h M-e-l-l-o. And I serve as the president and CEO of the Greater Omaha Chamber and am here today in support of LB1165. On behalf of our nearly 3,000 members, we want to thank Governor Pillen and Senator von Gillern for their bold leadership with LB1165 and for their focus on making our state more competitive. LB1165 is our top priority this session because Nebraska faces a simple truth: we're in a tough national competition for jobs and talent, and attracting and keeping skilled workers is the key to our economic future. LB1165 does two important things to address this. First, it strengthens Nebraska's ability to win and keep high-wage primary jobs from in-state employers by enhancing benefits within existing performance-based incentive programs. Second, it creates a targeted performance-based retention tool designed specifically for the moments when Nebraska is the most vulnerable to job loss: when major employers change hands through mergers or acquisitions. LB1165 positions the state to reward measurable outcomes, not just promises. Companies must keep at least 90% of pre-transaction employment and offer six-figure salaries above the statewide average wage. The bill also includes real accountability: caps on total exposure and annual amounts and reductions or recapture if commitments are unmet. Let me be clear: programs like these have consistently helped grow Nebraska's tax base and delivered real returns to our taxpayers. The facts speak for themselves. Companies are required to meet strict, transparent benchmarks before they receive any incentives. So when critics suggest there's a lack of accountability, they simply aren't describing the reality. Another major reason LB1165 is critical right now is that it aligns with what we learned from our recent Brain Drain and Perception Study at the Greater Omaha Chamber. This research identified clear-- a clear gap in our economy: growth in high-wage jobs. The study's central lesson is simple and actionable: our quality of life may get folks attention, but higher wage jobs seal the deal in retaining and attracting them to our state. Lastly, I want to rein-- reference our internal IMPLAN economic impact analysis that was distributed to the committee. This analysis shows a projected \$440 million impact for the state of Nebraska as a result of expanding Union Pacific's employer oc-- employer operations in Nebraska. Right now, Nebraska has a rare chance to bring in more high-paying primary jobs than we've seen in decades. LB1165 is the tool we need to seize this moment, helping us grow our state, strengthen our economy, and create new opportunities for future generations of Nebraskans. Thank you again for the time, Mr. Vice Chair. And I'd be happy to answer any questions you may have.

**JACOBSON:** Thank you. Questions from the committee? All right. Seeing none. Thank you for your testimony. Next proponent testifier.

**JOSH PERKES:** Good afternoon, Mr. Vice Chairman and members of the committee. My name is Josh Perkes, J-o-s-h P-e-r-k-e-s. My family and I live in Omaha. And I've worked for Union Pacific for 24 years in a variety of roles. Currently, I serve as senior vice president and chief human resources officer. In this role, I'm responsible for all human resources and labor relations functions, and I'm a member of our senior executive team. Thank you for the opportunity to offer remarks in support of LB1165. Union Pacific proudly calls Nebraska home. Since President Abraham Lincoln signed the Pacific Railway Act in 1862, employees of our railroad have lived and worked in the Cornhusker State. Today, over 5,000 of our employees and their families are based in Nebraska. From our major facilities in Omaha to North Platte and South Morrill, our company has a large footprint across this state. We provide safe, efficient, and reliable freight transportation services to our customers while investing in Nebraska communities through an annual payroll of over \$800 million and investing over \$1.5 billion in Nebraska's infrastructure over the past five years. Union Pacific is built on the success of 164 years, and our growth strategy is focused on the future. As you are all aware, Union Pacific and Norfolk Southern are proposing to combine into a single, integrated freight rail network to strengthen the U.S. supply chain, enhance competition, and support long-term growth for customers, communities, local and national economies. We are grateful for the strong support voiced by Nebraska policy and community leaders. The combined enterprise, if approved, would have 50,000 employees across 43 states. For this exciting new chapter of our future, we intend for Omaha to remain the company's headquarters, retaining and growing our strong workforce. To complement this, LB1165 serves as a competitive model to support economic growth through business retention and attraction-- all important for our state's future. LB1165 builds upon a compelling program focused on pay for performance. This bill will place the burden of proof to meet performance metrics on participating companies like Union Pacific, who believe in investing in people and in Nebraska. With hundreds of jobs paying over \$100,000, relocating to the state if our merger is approved, the economic impact on Nebraska will be realized in the near and long term. Many relocating employees will bring families eager to join our local communities, supporting the economy through home purchases and rentals, health care services, shopping, dining, travel, entertainment, and strong educational opportunities. We appreciate the ambition of many Nebraska leaders and organizations to determine a role

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

the state could play competing for the maximum impact of our proposed merger. Under the leadership of Chairman von Gillern, the Governor's Office, several chambers of commerce, and other stakeholders, we are enthusiastic that LB1165 provides a foundation for employers to enhance Nebraska's competitiveness. LB1165 would help Nebraska capitalize on a generational workforce development opportunity, serving as a proven example of the state's appeal to major employers and inspiring additional opportunities to follow. Thank you for the opportunity to speak today. And with that, I'm happy to answer any questions.

**JACOBSON:** Thank you. Questions from the committee? All right. Yes, Senator Sorrentino.

**SORRENTINO:** Thank you, Vice Chair Jacobson. Welcome.

**JOSH PERKES:** Thank you.

**SORRENTINO:** This is maybe more of an observation, but maybe you can turn it into a question. We learned, you know, back in the early 2000s that, you know, no company's too big to fail, et cetera. Is-- the bigger that Union Pacific gets, in my opinion, the better. We can't lose Union Pacific. We need Union Pacific. Would you agree that transactions like this with the Norfolk Southern and, and maybe others coming up solidifies your base in Nebraska to some degree?

**JOSH PERKES:** Absolutely. It's a unprecedented opportunity to create a rail network across our entire country. Omaha is at its perfect location in the middle of that entire network, so absolutely.

**SORRENTINO:** Thank you.

**JACOBSON:** Other questions? Trying to figure out what you do in your spare time if you're-- have the HR role. That's a, that's a big, big responsibility.

**JOSH PERKES:** It's a wonderful job. We have good people.

**JACOBSON:** I'll bet it is. Thank you. Well, thank you for your testimony. And we'll ask for the next proponent.

**MIKE CASSLING:** Good afternoon. I'm Mike Cassling, M-i-k-e C-a-s-s-l-i-n-g. I'm chairman of CQuence Health and also the Aksarben Foundation. Vice Chairman Jacobson and members of the Revenue Committee, first thank you for your service and thank you for the opportunity to testify in strong support of LB1165. First, I want to

thank Governor Jim Pillen and his team, along with Chairman von Gillern, for introducing this important legislation. There's never been a more important time for this bill. As you've all seen from the Aksarben data that was put out by DCI in-- for 2025, we have a serious issue, and the data does not lie. Nebraska's not growing in any of our 93 counties in either jobs or wages. If we don't act now, that trend will only accelerate. Nine years ago, the Legislature put forward money for Blueprint Nebraska. That data showed a lack of growth back then, but nothing was done. Now is the time we must act. The good news is this bill sends a powerful message to our existing employers and to employers across the state that Nebraska is open for business. States are more aggressive than ever before in targeting employers and employees. At the same time, companies are reevaluating where they grow, looking at technology, workforce, and AI. Everything is changing. And employers are making decisions right now of where they want to invest. We have an opportunity with LB1165 to say clearly: we want you here, we want you to hire here and grow here, and invest in Nebraska. When primary jobs leave, there's a ripple effect. We saw that in Lexington with 3,200 primary jobs being lost. That resulted in almost-- at least 4-- 4,500 to 5,000 jobs with secondary jobs that we'll lose. That's a huge loss to that community and to the state. For those who, who argue incentives cost the state, I challenge you to calculate what is the cost for us when growth happens elsewhere. What's it cost us when we lose jobs and the spouses' jobs? LB1165, as you heard, is performance-based. Wages are credit earned, earned only when jobs are there. Rewards-- it results awards, not promises. And I do believe you're gonna see quick impact on this bill, as you've heard from some of the testifiers, and my discussion with CEOs around the state. This bill is important. We need to do it now. It's about jobs and people. And I thank you for your support in moving this forward.

**JACOBSON:** Thank you. Questions from the committee? All right. Seeing none. Thank you, Mr. Cassling, for your testimony. Next proponent.

**MARCO FLOREANI:** Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Marco Floreani, M-a-r-c-o F-l-o-r-e-a-n-i. And I am here today representing the city of Omaha in strong support of LB1165, the Grow the Good Life Act. Nebraska's proud of-- proud to be the home of many iconic corporate headquarters that serve as the backbone of our local economy. However, in an era of global consolidation, these anchors are often targets for out-of-state mergers. In the modern era of artificial intelligence, virtual work, and remote offices, the Grow the Good Life Act becomes cer-- a

strategic necessity for the state and the city of Omaha as corporate footprints become more fluid. This bill provides the structural glue needed to keep high-value operations physically located in Nebraska. LB1165 provides specialized proactive capabilities for both defensive and offensive operations necessary to ensure that, when these transactions happen, the jobs, the talent, and the tax base stay right here in Nebraska. To borrow from William Cronon's pivotal book, *Nature's Metropolis*, railroads collapsed the tyranny of distance, linking natural resources of the Great Plains to the global markets of Omaha, Chicago, and beyond. Omaha grew because it was the hinge between an agricultural west and the industrial east. If an out-of-state company acquires a local giant, they might see Omaha or other communities as a satellite that can be automated or offshored. As a representative of Omaha, the gateway to that expansion, you can argue LB1165 is the support-- supports the systems of growth by ensuring the command and control centers of these vast networks remain in Nebraska. So why is this important? Protecting high-value jobs. By focusing on employers with over 3,000 workers, this bill protects thousands of families in Omaha who depend on these high-wage positions. Investment in local infrastructure. The capital improvements grants of \$5 per square foot will encourage companies to modernize their local offices, ensuring commercial real estate remains competitive and utilized. And attracting new talent. This isn't just about staying still. It provides specific support for relocating workforce to the state, helping us continue to-- its trajectory as a premier destination for top-tier, professional talent. And accountability for taxpayers. This is a performance-based bill. If an employer mai-- fails to maintain 90% of their workforce, these credits are subject to recapture. Nebraska is a partner in corporate growth, but our priority is the retention and growth of good life for our citizens. We respectfully urge the committee to advance LB1165. Thank you.

**JACOBSON:** Thank you for your testimony. Are there questions from the committee? I, I would have one, I, I guess. Part of your testimony I, I believe strongly in is the fact that, in a way, wouldn't you agree that-- this is kind of our first test, the state's. We have an opportunity here now where Union Pacific is making a major acquisition if approved and have committed that they would be willing to keep the headquarters here. When you look at other iconic headquarters that are in Omaha in particular, but throughout the state, and they look at potential acquisitions, isn't how we work with this particular opportunity going to be the blueprint for other states in the future as acquisitions may occur to say, well, if Nebraska's not going to fight

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

for one of their most iconic industries, why would we not be able to swoop in and, and allure the entire company to move their headquarters elsewhere?

**MARCO FLOREANI:** Absolutely this will be-- the-- how we respond to this opportunity will be understood by the economic development organizations, agencies across the country, pro-- probably globally.

**JACOBSON:** I, I, I would note that, in the banking business, we've had a significant amount of con-- consolidation. And you look at acquisitions that occur and-- where the headquarters is, is where the high-dollar-- the high-- high-dollar employees are at. It's where most of the philanthropic money goes. Being the headquarters is important besides the tax impact, which is huge. So I, I appreciate your testimony today.

**MARCO FLOREANI:** Thank you, Senator.

**JACOBSON:** Thank you for being here. Any other proponents?

**LUKE WENZ:** Good afternoon, Vice Chair Jacobson and members of the committee. I can't read this without my glasses. My name is Luke Wenz. It's L-u-k-e W-e-n-z. And I'm here on behalf of the Platte Institute in support of LB1165. LB1165 reflects a pragmatic approach to economic stability by prioritizing the high stakes of job loss and the efficiency of supporting established local industry. While such incentive programs often face public and legislative scrutiny, targeted, performance-based incentives can serve as a vital tool for sustainable economic growth. Proponents argue that these measures often yield a higher return on investment than the cost of attracting new firms, acting as a mandatory entry fee in competitive markets. Ultimately, while a state's broader tax structure is the primary driver of long-term profitability, a baseline incentive package is frequently the prerequisite just for keeping a location on a company's short list. LB1165 also serves to safeguard the existing economic ecosystem by supporting supply chain sta-- stability and preventing tax base erosion and helps to foster long-term growth and innovation by moderni-- or, motivating companies to modernize and invest in new technologies. For long-term success, inve-- incentive programs such as the underlying Key Employer Retention Act should be accompanied by a modern and competitive tax structure built arung-- around broad base and law-- low rates. However, for the purpose set forward in introducing LB1165, the Platte Institute supports the efforts of Chairman von Gillern and this committee to advance this legislation to General File. Thank you, Senator. That's all I have.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

**JACOBSON:** Thank you. Questions? All right. Seeing none. Thank you for your testimony. Next proponent testifier.

**JEFF HOFAKER:** Jeff Hofaker, J-e-f-f H-o-f-a-k-e-r. Thank you for allowing me the time to actually testify, Chairman, Vice Chair, and committee. I am the executive director for Phelps County Development Corporation. I'm also representing Nebraska Economic Developers Association. Here today as a proponent for LB1165. This legisla-- le-- legislation strengthens Nebraska's ability to retrain and grow key employers, particularly during periods of ownership change-- mergers-- while also modernizing existing incentive tools to keep Nebraska pe-- competitive in today's changing workforce environment. It updates the definition of qualifying change of ownership or control to include mergers. This reflects the reality of modern corporate structures and ensures Nebraska does not lose major employers simply because our tools do not fit. We need to update and make sure our toolbox is right. This bill provides targeted support to key employers during a merger and ensures our Nebraska communities can retain these anchor institutions to both large and small communities. It directs the Department of Labor to establish grants of up to \$300,000 annually. For employers facing mergers in a small-- or-- excuse me-- is a smart and cost-effective way to prevent job displacement. It also actually allows businesses to actually participate and actually put private investment in at the same time that these incentives are being given. Most recently, about a month ago, we actually had a very small business, about 400 employees, that actually was merged in Holdrege, Nebraska. It was bought out, merged with Generac Power Supply Systems out of Wisconsin that has their headquarters and seven other factories up there. And even though this particular act does-- would not impact that business specifically, it does actually allow for the fact that we need to be prepared to actually have the tools in the toolbox and ready for both small and large communities. We respectfully encourage the Revenue Committee to advance LB1136-- LB1165 and support the policies to sustain long-term investment, job creation, and economic vitality across Nebraska. Do I have any questions?

**JACOBSON:** Thank you. Questions from the committee? I do have-- I-- one quick one. So what's going to happen with the-- your company in, in Holdrege?

**JEFF HOFAKER:** Generac bought out Allmand at Briggs and Stratton. Again, about 400 employees. Their intention is to actually stay and grow. Visiting with them without disclosing all the information, they specifically want to actually utilize the Site and Building Development

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

Fund in a smaller amount, and that conditionally will help grow the, the company itself and satisfy that we're an efficient company. I think that-- as was mentioned before, myself, I think the-- we have a very strong economy in regards to small business growth in Nebraska. So everybody actually from the 49 states is looking to see exactly what they can actually capture from Nebraska. So we have to have the tools ready to actually keep what we have and what we developed here.

**JACOBSON:** Sure. Senator Ibach.

**IBACH:** I'm just going to make a comment. I've been engaged with your child care folks down in Holdrege, and you have a really proactive community support for your child care program. So kudos to you. And I think that this program maybe can enhance that even a little bit better and be kind of the carrot for you to have in your toolbox, so. Thank you for doing that.

**JEFF HOFAKER:** Thank you for your kind words.

**IBACH:** Thank you, Mr. Co-chair-- or, Mr. Vice Chair.

**JACOBSON:** Other questions? All right. Seeing none. Thanks for your testimony.

**JEFF HOFAKER:** Thank you.

**JACOBSON:** Next proponent testifier. Welcome.

**LYNN REX:** Thank you. Senator Jacobson, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x. Representing the League of Nebraska Municipalities. We're here today in strong support of LB1165 with the amendment. We think that this will help municipalities all across the state. As I've indicated to you before, we have 526 cities and villages in the state of Nebraska. 376 are villages. Some of the larger villages certainly can benefit from this program directly. Our 117 cities of the second class, population 800 to 5,000, can benefit from this bill. And certainly the cities of first class, like North Platte, of which we have 31, can benefit from this bill. So even though this bill has some great value and will for Omaha, Lincoln, and the surrounding area, it will benefit the entire state of Nebraska. At the league conference recently, we had Dr. Josie Schafer speak about, what is it? What is it that keeps people in Nebraska? What makes people stay and what make-- makes people move to the state of Nebraska? And her research and study, which I think is also mirrored in the Omaha Chamber-- the Greater Omaha Chamber study, shows that it's basically jobs and well-paying jobs, and

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

this bill underscores that proposal. And that's why we're here today in strong support. We thank Senator von Gillern for introducing it. And I'm happy to answer any questions that you might have.

**JACOBSON:** Thank you. Questions from committee? All right. Seeing none. Thank you for being here.

**LYNN REX:** Thank you.

**JACOBSON:** Next proponent testimony. Any other proponent testifiers? All right. Seeing none. Is anyone wishing to speak in opposition? Any opposition testimony? Seeing none. Any neutral testifiers? All right. Seeing none. Senator von Gillern, as you make your way up for the close, the-- we received 6 proponent letters, 2 opponent letters, and 0 neutral testifiers, and no ADA testimony. You're welcome to close.

**von GILLERN:** Thank you, Vice Chair Jacob-- Jacobson. I don't want to protract the hearing out any further from a bill that's obviously so broadly loved. So I, I don't want to drag that out any further, but I do want to make a few closing comments. So thank you for, for listening. And Senator Dungan, I'm actually glad you're here and you made it to hear the close because--

**DUNGAN:** Could we do the whole hearing again real quick?

**von GILLERN:** Yeah, we'll do it again.

**DUNGAN:** That'd be great. Thank you.

**von GILLERN:** We'll, we'll, we'll, we'll reconnoiter in your office about 5:00, so.

**DUNGAN:** Thank you.

**von GILLERN:** We'll go through the whole thing again. No, I, I, I, I think one of the questions that I anticipated and, and might be on your mind-- and again, I'm happy to brief you on, on what was talked about-- is, is-- isn't it hard to do this at a time when we're upside down on our state budget? How do we put money towards investing in businesses like this at the time when have budget challenges? It-- and to think about that question kind of took me back to, to my own business experience, 2009, 2010, when we saw a serious downturn all across the economy. But the, the construction industry was really, really challenged at that time. We got together with, with our leadership and we said, OK, what do we do? One of the things wi-- that came up was,

well, we can cut our marketing and business development budget. Where we landed on that conversation was, well, we can, we can either die quick or we can die slow. But if we do that, we're certainly going to die. And we don't want to die. And we don't want to die as a state. We don't want to just slow the decline and, and head into the certain demise of, of the state by not investing in the future. Any, any business consultant, any personal-- the Dave Ramseys of the world will tell you, even, even in the most challenging financial personal, personal times, you still put money in your savings account. And, and you continue to do those things. You invest in the future. So I think it's critical that we do this now. The return on investment is substantial. If we do this now, it will certainly lead to a, to a demise of our financial situation going forward. So it's really not an option in my mind. I love the statement "we're open for business." That, that really strikes home with me, and I think it'll strike home with, with industries and businesses in 49 other states. I think this shoots a big, red flare up in the air and says, yeah, we, we are open for business. Come talk to us. This is my personal priority bill, and, and it is my personal priority for a big reason. And I think it's a, it's a priority for the state that we get it done, so. Again, I want to-- don't want to drag this out any further. I do have a handout I'll give to the pages. I'm sorry. I should have done that when I came up. It's just kind of some, some pointers on the bill. I didn't want you to-- distracted reading it while we were testifying, so I'll hand that out. And I'd be happy to take any questions.

**JACOBSON:** Questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Vice Chair Jacobson. I, I won't ask all the questions that I might've asked had I been here the whole time. And I apologize for missing the hearing.

**von GILLERN:** I get it.

**DUNGAN:** I, I-- just broadly speaking, I understand that this bill does affect, obviously, a number of different industries. And we had Lynn Rex here talking about the impact to greater Nebraska. I'm not completely blind to those benefits. Clearly, this-- I think, at least in the conversations leading up to this bill-- have centered around Union Pacific. And I understand they were probably here today and there's been a lot of testimony I missed about that. Not a gotcha question. Genuinely curious. Do we know-- if this bill were to pass, are there any assurances that Union Pacific will stay in Omaha?

**von GILLERN:** There's no assur-- there's no handcuffs to that, but there is a golden handcuffs agreement, and that is it-- it's 100% pay for performance. If they don't mee-- and I went through all that-- and I am ha-- I'm not giving you a hard time. I'm happy to go through it with you, with you personally. If they don't create the jobs, they don't get the credits. And the credits roll in six years after they create the jobs. If, if they don't do the capital improvements, they don't get the develop-- or, infrastructure development from-- funds from the Buil-- Site and Building Development Fund. It's all pay for performance. The, the, the credits come after the performance has occurred. And there are clawback provisions with both penalties and interest if they-- if there were to be a default. And frankly, I think, I think it's really telling of the long-term vision of Union Pacific. And we're not-- we're, we're not running away from saying that name.

**DUNGAN:** Yeah.

**von GILLERN:** I think it's very telling that they were willing to enter into an agreement to which they do not get the benefit for six years. You know, it-- it's a corporation that, if I'm doing my math right, has been in existence in the state of Nebra-- or, been in existence for about 165 years. They haven't made many decisions with the short view in mind. And I think this one is a long view and they're taking a long view of being in Nebraska, staying in Nebraska. I was asked this question last night by another senator-- and it was a great question. They said, is this the first bid in a bidding war? And the answer to that clearly from the folks at UP has been, no. This is what we need to stay here and do business here.

**DUNGAN:** You answered my second question exactly with that, because I'd heard rumblings of a potential tax credit being proposed in, in Georgia. And so I wasn't sure if this was a part of a larger--

**von GILLERN:** Well, I'll invite you into the bet I made earlier, and that is if you don't think the Governor of Georgia has been here with his wallet and his checkbook in the pocket, I think we're [INAUDIBLE]. So I'm willing to take that bet.

**DUNGAN:** That makes total sense.

**von GILLERN:** Yeah, they're-- they-- clearly, their-- the-- they have a reputation for pursuing businesses and pursuing them hard and succeeding in that. And, and we, we cannot opt ourselves out of that competition.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

**DUNGAN:** No, I appreciate that. My last question is a fiscal note sort of logistical question, which I-- probably a lot of layers to this-- OK.

**von GILLERN:** Fis-- fiscal note is in relation to the green copy. And this is a white copy AM, so it, it, it, it-- and you're obviously familiar with that. It's wonky. We don't get it till we'll-- till we-- till we advance it and get it on Select File, but--

**DUNGAN:** So the \$8.7 million we see in '26-27 of lost revenue probably different with the white copy version?

**von GILLERN:** It-- it'll be different, but unfortunately we haven't been able to run the numbers internally to tell what it is. What I can tell you is that the economic analysis that's been done shows that the, the, the sales tax and income tax revenue that's generated from these jobs pays those incentives back in some cases before the, the state parts with the money and parts with the credits. It, it-- this deal is so right side up that if you had-- if we could all put our personal money in here, we should, but we can't, so.

**DUNGAN:** Got it. Well, thank you for--

**von GILLERN:** If this were-- if this were a, a stock market deal, it'd be-- it, it would be the-- a, a deal of a lifetime.

**DUNGAN:** Well, thank you for answering my questions. I, I will connect with you afterwards about more details.

**von GILLERN:** Yeah. I'm perfectly happy to do that. Thanks for the questions.

**DUNGAN:** Yeah, thanks.

**JACOBSON:** Senator Sorrentino.

**SORRENTINO:** Thank you, Vice Chair Jacobson. Ju-- just to your comment about being a business owner, as you were-- and I was too-- if you're not growing, you're dying.

**von GILLERN:** Yup.

**SORRENTINO:** In 33 years of business ownership, we never went more than three years without either a product or a practice acquisition, which is why we were able to stay so long. And I, I just congratulate whether

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

it's Union Pacific or anybody else for their courage to, to move forward with acquisitions. It's, it's what helps our state.

**von GILLERN:** Yeah.

**SORRENTINO:** Thank you.

**von GILLERN:** Yep. Thank you. I agree with that entirely.

**JACOBSON:** Other questions? All right. Seeing none. Thank you for--

**von GILLERN:** Thank you.

**JACOBSON:** --for your close. And that will conclude our hearing on LB1165. As you clear the room.

**von GILLERN:** All right. Let's let the room clear for just a second.

**CONRAD:** It was quite a pep rally. It's going to take a minute to clear the bleachers.

**von GILLERN:** It was a-- it was a love fest. Wish you'd have been here for the whole thing.

**CONRAD:** Oh, I was listening very closely.

**von GILLERN:** Oh, good. I bet you were. Good. Good. I'm sure we're gonna have some conversations. All right. Senator Conrad, you're welcome to open on LB974.

**CONRAD:** Thank you, Senator von Gillern, members of committee. My name's Danielle Conrad. It's D-a-n-i-e-l-l-e C-o-n-r-a-d. I represent north Lincoln in the Nebraska Unicameral Legislature. I'm here today to introduce LB974. I understand this is your last day of hearings. Congratulations. I'm going to try to be judicious with the committee's time, recognizing the political hurdles that this measure will face. But to be clear, LB974 is not a new concept, and it's not a new concept for my legislative agenda. Over the course of my service in the Legislature, I've brought forward various proposals that touch upon the concept of creating a so-called Buffett rule, something that ensures mo-- more progressivity in regards to how we treat extraordinarily high-income earners. And I'm not just talking about the upper 5%, the upper 10%. I'm not even talking about the uppermost 1%. The measure I had before you last week with extraordinary capital gains impacted about one-tenth of 1%. This measure before you impacts about two-tenths

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

of 1% and in essence would create a new cash fund and an excise tax for extraordinarily high-income Nebraskans. So the bill would impact, based upon the 2024 numbers we had available, about 307 individuals, about 2,600 filers who are married and filing jointly, about 20 head-of-household filers, and about 46 folks that were married, filing separately. So again, it's very targeted towards the highest income earners in our state and would bring in pretty significant revenues. So I just wanted to lift this up because I think if we're going to be talking about taxes, we should talk about everybody's taxes. I believe that we should have progressive aspects of our state tax code that takes into account ability to pay. And I also recognize that the-- any sort of effort to pause or reduce or modify in any way the recently enacted income and corporate tax cuts have not had enough support to move forward. So this is meant to leave that structure in place but to create a surtax, an excise tax, another taxation meth-- mechanism on the most wealthy in Nebraska. Happy to answer questions.

**von GILLERN:** All right. Thank you, Senator Conrad. Any questions from the committee members? Seeing none.

**CONRAD:** Thank you.

**von GILLERN:** Can you say to close?

**CONRAD:** Of course.

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

**CONRAD:** Thank you.

**von GILLERN:** Any proponents for LB974? Proponents? Seeing none. Any opponents? Opponents? Good afternoon.

**DOUG KAGAN:** Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n. Omaha, representing Nebraska Taxpayers for Freedom. LB974 is raw socialism at its worst. The millionaire tax violates a historic American principle that we can conscientiously build wealth and increase the value of our assets for ourselves and our families. This bill would impose a confiscatory third level of taxation, after income tax and capital gains tax, on the most productive drivers of our state economy. We live in a very mobile society. Wealthy investors can shift money across state lines in minutes. Neighbors South Dakota and Wyoming have no millionaire surtax, prospective havens for fleeing Nebraska millionaires. Nebraska millionaires readily can move themselves and their capital assets to lower tax states, actually resulting in less

tax revenue and economic activity, and deterring wealth creation through enterprise initiative, innovation, and venture capital funding. This surtax will weaken incentives for Nebraskans to build businesses, expand productive capacity, and take entrepreneurial risks. Income for millionaires is highly volatile over the years based on capital gains and bonuses, making it an unreliable source for funding deficits. Annual tax bills under this legislation would create liquidity challenges. Confusion will occur about how to-- about how to value pensions, trusts, and corporate assets. Avoidance and sheltering income will outweigh tax revenue generated. The targeted will have a strong incentive to shift portfolios toward assets that are harder to value, easier to shelter under tax laws, and more mobile across borders rather than toward their more productive use here. Farmers, ranchers, and inheritors of high-value land would struggle to pay taxes on these assets because they lack the ready cash. The bill would exacerbate the state inheritance tax. The Philanthropy Roundtable believes the imposition of a millionaire tax will have a negative effect on charitable giving. In New York, Massachusetts, and Washington State, such surtaxes on high earners have failed to generate sustainable revenues. In real terms and as a share of state gross domestic product, income tax receipts there have declined since these policies took effect. Thank you.

**von GILLERN:** Thank you, Mr. Kagan. Questions from the committee members? Seeing none. Thank you for being here. Good afternoon.

**ALAN SEYBERT:** Good afternoon. Alan Seybert, A-l-a-n S-e-y-b-e-r-t. LB974 is what Washington State is doing, except that Washington State's tax rate is 9.9% and Washington doesn't have income taxes. In a list of states showing the highest income tax rate for each state, there are currently 29 states with a lower income tax than Nebraska. Nebraska recently passed a bill that would lower our highest income tax rate to 3.99% in 2027. LB974 would add another income tax bracket, which would put Nebraska in the top six. New York is trying to tax their wealthy and high-wage earners. Those people are leaving New York. LB974 would be another reason why people would not want to move to Nebraska or stay in Nebraska. Washington started taxing capital gains above \$250,000 to target their wealthy residents. Because of that, Jeff Bezos left Washington. People with the means to move will leave Nebraska. High-wage earners who need to stay will reduce their taxable income to avoid the tax. This can be done by restructuring employment contracts to defer compensation or reduce salaries and take stock options to offset the salary reductions. LB974 is not just about high-wage earners. Even if LB974 doesn't make it out of committee, it is a red

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

flag to anyone thinking about working here and anyone thinking about staying here because it tells them Nebraska may say it cuts taxes but we will try to tax you some other way. LB974 is also an example of some of our state senators thinking Nebraska should raise taxes, not cut spending. We say we want people that are smart and hardworking, but LB974 will penalize those who are too smart or too hardworking. Thank you.

**von GILLERN:** Thank you. Questions from the committee members? Seeing none. Thank you, Mr. Seybert. Any other opponents? Seeing none. Anyone who'd like to testify in a neutral capacity? Seeing none. Senator Conrad, would you like to close? And as you come forward, we had 8 proponent letters, 47 opponent letters, and 0 neutral letters [INAUDIBLE].

**CONRAD:** Thank you, Chair. Thank you, members of the committee. And thanks to everybody who took time to write in online or to be here in person. I know we have a different point of view on some aspects of taxation, but it's always been nice to work with Mr. Kagan on things like free speech and open government, so. On this one, I don't think we're going to have a meeting of the minds. But I will follow up after the committee hearing via email with some recent information that was published in Time Magazine that demonstrates that rigorous academic research examining over 45 million U.S. tax filings with over a million dollars in income suggest that the opposite of what maybe we've heard about today or the conventional wisdom might suggest to be true. That affluent households will flee for tax purposes is just not true. A review-- rigorous academic review of those high-income earners shows otherwise, that affluent in households remain in, in, in the place where they have established family ties, where they have connection commu-- to community, where their children go to school, where they have business networks, where they have access to the cultural amenities and quality-of-life issues that they enjoy. And so that is just one piece that I wanted to lift up as a counterpoint at least in the academic research. And happy to answer any questions.

**von GILLERN:** Thank you, Senator Conrad. Questions from the committee? I--

**CONRAD:** Thank you. Oh.

**von GILLERN:** I, I had one.

**CONRAD:** Sure.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

**von GILLERN:** You, you referred to-- or, you said some people refer to this as the Buffett tax. My understanding is that Buffett would not have paid this tax because-- he always used to say his secretary paid more taxes than he did because he took everything in dividends and capital gains. So is that not an illustration of maybe what Mr. Kagan was talking about?

**CONRAD:** Perhaps, Senator. But just speaking generally, I think that the principle put forward that our own Warren Buffett from Nebraska has been very vocal about is progressive taxation, is recognizing that those who have wide ealth-- high wealth should pay their fair share. And he indicated that, you know, because of tax loopholes, because of preferential tax treatment, because of access to accountants and lawyers, because of the distinction with how we tax wealth versus work for a variety of different reasons, Mr. Buffett being one of the wealthiest people in the history of the world was paying less in taxes than his-- than, than the folks that provided administrative support to him. So it was talking about it kind of in general terms. There was actually a federal task force pulled together I think back in 2021 that looked at the clear evisceration of progressive income taxation over time despite the massive increase in wealth growth and income inequality and looked at the policy underpinnings for something like a Buffett rule to provide better equity and progressivity in our tax code.

**von GILLERN:** All right. Thank you. All right. Seeing no other questions. Thanks for being here.

**CONRAD:** Thanks.

**von GILLERN:** That'll close our hearing on LB974. And we will open up on LB1150. Welcome up, Senator Hunt. Good afternoon.

**HUNT:** Good afternoon.

**von GILLERN:** Welcome to the Revenue Committee.

**HUNT:** Thank you.

**von GILLERN:** I think this is the first time this year, isn't it?

**HUNT:** This year, yeah.

**von GILLERN:** Yeah. All right.

**HUNT:** Yeah. Good afternoon, Chair Von Gillern, members of the Revenue Committee. I'm Senator Megan Hunt, M-e-g-a-n H-u-n-t. And I represent District 8 in midtown Omaha. LB1150 is a bill that would prohibit any new ImagiNE Nebraska tax credits from going to any business that contracts with U.S. Customs Immigration Enforcement, or ICE. This bill does not attempt to restrict the presence or activities of ICE in our state in any way. It is appropriate for us as a lawmaking body to be judicious about which businesses we choose to subsidize, directly or indirectly, at the expense of other crucial public programs and services, especially in a time when our state is reckoning with a significant budget shortfall and making continued cuts to state agency services that many Nebraskans rely upon. I also posit to this committee that the work conducted by ICE is inconsistent with legislative intent and guidelines for ImagiNE Nebraska incentives. Many of us were here when that landmark bill was passed. And if you weren't, you can easily look up the statutory intent language or find more specific information about requirements for the program on the Department of Revenue's website. Per statute, the ImagiNE Nebraska Act is meant to, quote, encourage new businesses to relocate to Nebraska, encourage existing businesses to remain and grow in Nebraska, encourage the creation and retention of new, high-paying jobs in Nebraska, attract and retain investment in the state, and establish greater program transparency and accountability. I'm sure this committee is intimately familiar with the fact that corporate tax incentives like those in the ImagiNE Nebraska Act are a major contributor to our state's current budget woes, and placing more selection criteria around which entities are eligible and actually fulfill the mission of the ImagiNE Nebraska Act is one potential solution. Advocacy for a more discretionary approach to tax incentives is a very conservative viewpoint-- and I'm not the only one that holds it. Late last month, our former colleague, State Senator Steve Erdman. Had an op-ed published in the Nebraska examiner titled "Incentive programs are part of Nebraska state spending problem." In it, he cites research that found, quote, state and local efforts to attract firms to their regions through tax incentives have largely proven ineffective in boosting population or employment. Whatever our views are on ICE, I think it's clear that the activities of ICE are not boosting our population or sustained employment for Nebraskans. Also in late January, former Appropriations chair, Senator John Stinner, also had an op-ed published in The Examiner titled, quote, Nebraska has no budget crisis. In it, he shares his views about a number of factors contributing to our budget issues, one of those being the Legislature's quote, gradual chipping away, unquote, of the ImagiNE Nebraska Act's original guardrails and saying that the current landscape of the act's

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 25, 2026

Rough Draft

implementation has been made, quote, almost unrecognizable when compared to the bill's original intentions. And just last week, Auditor Foley shared a report and letter to the Department of Revenue outlining his concerns with the Nebraska Advantage and Imagine Nebraska Acts. Foley's findings include that the two programs have resulted in nearly \$1.2 billion in lost state and local tax revenue over the past four years. His office has found that companies are collecting incentives then closing their Nebraska operations and eliminating jobs. According to Foley's letter, participating companies have been allowed to uninvest in Nebraska yet continue receiving incentive payments. Millions of dollars in state and local tax refunds have allegedly been paid to businesses with inactive projects because, under current law, a company can earn tax incentives under the act for a qualifying project with no requirement to maintain or continue the project. This bill, LB1150, simply prohibits any new Imagine Act tax incentives from going to companies that contract with ICE. It is only forward-facing, so it does not impact incentives that have already been approved. It is our responsibility as the state's lawmaking body to be transparent in how and with whom the state does business and to rebuild trust with taxpayers by ensuring that businesses eligible for state subsidies that could be used for other purposes are providing a net benefit to the state and operate in a manner consistent with the intent of the act. LB1150 is one way to do that. Thank you.

**VON GILLERN:** Thank you. Questions from the committee members? Seeing none. Can you stay to close?

**HUNT:** Yes. Thank you.

**VON GILLERN:** All right. Thank you. Are there proponents for LB1150? Any proponents? Don't go far. Are there any opponents for LB1150? Seeing none. Anyone like to testify in a neutral capacity? Seeing none. Senator Hunt, if you'd like to close. And as you consider that, I'll-- there were 10 proponent letters on record and 1 opponent and 0, 0 neutral letters.

**HUNT:** Thank you--

**VON GILLERN:** Welcome back.

**HUNT:** --Chairman von Gillern. I would share that the inspiration for the bill was a Delaware bill that would disqualify commercial airlines from receiving a jet fuel tax exemption if they were transporting ICE detainees. And, you know, I also-- it won't surprise any of you that I

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

also thought it was important to do something in our state to address the increased rise in use of Immigration Customs Enforcement as kind of a private militia of the president to kind of carry out law enforcement operations that we already have infrastructure to do in Nebraska, that we've seen in other states around the country. And I thought it would be a missed opportunity and a little bit tone-deaf if we did not do something in this session to address that. So I know that several bills have been introduced. I have three. This is my one going to Revenue. But, you know, I did think it was valuable to have the platform to give the opportunity for people to speak about this. And I, I just did want to come up to close in case someone did have a question.

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

**HUNT:** Thank you.

**von GILLERN:** Are there any questions from the committee? Seeing none. Thank you, Senator Hunt. Appreciate it. Have a good afternoon.

**HUNT:** Thank you.

**von GILLERN:** That'll close our hearing on LB1150. We will open on LB1037. Welcome up, Senator Raybould.

**von GILLERN:** Good afternoon.

**RAYBOULD:** Good afternoon, Chair von Gillern and members of the Revenue Committee. My name is Jane Raybould, J-a-n-e R-a-y-b-o-u-l-d. And I represent Legislative District 28. And I am the chair of the State-Tribal Relations Committee. I am here to introduce LB1037, which would establish timelines and strengthen good faith terms for negotiating a tobacco tax compact between a federally recognized tribe and the state. As long as the United States has negotiated treaties with Indigenous nations, it has broken those treaties. There is a popular tendency to think of these treaties as inanimate artifacts of the distant past. This belief, however, is a symptom of the historical amnesia that continues to relegate present-day Indigenous rights issues to the margins. Treaties and compacts are in fact living documents which even today legally bind the United States to the promises it made to Native American peoples centuries ago. Treaties and compacts also acknowledge the inherent sovereignty of Indigenous nations. I have handout 1 that is being passed out. It's agreements with Native American tribes. And these are the tribes in the state of Nebraska. It just shows some of the recent compacts for cigarette tax, motor fuel

tax, and gaming that are currently in force. Just to give you a few examples of how we have used treaties in the state of Nebraska. The second handout that is going to be passed out as well is just an example of one of the existing compacts for cigarette and tobacco products. And that is with the Santee Sioux. Just to give you an idea of what a, a compact actually looks like. Based on historical records and recent legal actions, the state of Nebraska and its municipalities have been involved in numerous disputes regarding the violation of treaties, federal Indian law, and, more recently, voting rights compacts with Indigenous nations. These issues are often centered on land, jurisdiction, and sovereignty. And I bring these up, and it's-- my goal is not to shame us all but just to include you in our shared reality of what the tribes have been going through. Some of the modern violations and recent disputes include, number one, the Voting Rights Act and redistricting. This was in Thurston County. In 2023, the Native American Rights Fund, NARF, and the Omaha and Winnebago Tribes sued Thurston County for violating the Voting Rights Act, VRA. The county was found to have intentionally diluted the Native vote, violating federal law for the third time in recent decades, by refusing to adopt a fair VRA-compliant map for the-- its 60% Native population. The next one, tribal and-- tribal sovereignty and taxation. Nebraska has faced accusations of challenging tribal sovereignty through attempts to regulate tribal tobacco products such as actions taken by state officials against subsidiaries of the Winnebago Tribe's Ho-Chunk Inc. IGRA, gaming compact violations, the Santee Sioux. In 1996, the Santee Sioux tribe of Nebraska filed a complaint against the state for failing to conduct good faith negotiations for a Class III gaming compact, as required by the Indian Gaming Regulatory Act, IGRA. Surveillance of water protectors. The ACLU of Nebraska has accused state and municipal governments of infringing on Indigenous rights and sovereignty by using militarized responses ag-- against protests, such as oil pipelines, and failing to consult with tribes on land development projects. Current Nebraska law provides that the Governor may negotiate with tribes. However, there is no obligation to respond, no timeline, and no requirement of good faith. As a result, the state can simply walk away from the negotiations or refuse to engage even when a tribe has made a detailed offer. As an example, the Omaha Tribe of Nebraska-- who had initiated a tobacco tax compact negotiation-- was told that the compact negotiations would not move forward because of its medical cannabis law-- a separate lawful exercise of tribal authority that has nothing to do with a tobacco tax or master settlement agreement, MSA, administration. This kind of linkage undermines the government-to-government relationship and incentivizes retaliation

rather than problem-solving. Without statutory timelines, the state can delay indefinitely or send inconsistent signals about whether talks are ongoing or over. Without an explicit good faith standard, tribes have no clear process to rely on when they request compact negotiations. LB1037 does not dictate the terms of any particular compact. It is simply a process bill. This is what it requires. It requires the Governor or designee to enter into good faith negotiations when a federally recognized tribe submits a written request. It establishes reasonable timelines to commence discussions and meet regularly while negotiations are active. It clarifies that tobacco and MSA issues are within the scope of these negotiations. It prohibits the state from declining, delaying, or terminating negotiations based solely or primarily on unrelated tribal policy decisions, such as tribal cannabis regulation. In summary, LB1037 ensures that when a tribe ask to negotiate under existing Nebraska law, the state must show up, negotiate in good faith on the merit of tobacco and MSA issues, and cannot use compact negotiations as a tool to pressure tribes on unrelated matters. And I don't know if you're like me. I love history. And one of the things I'm handing out next-- it's handout number 3. And it's actually a, a letter to Attorney General at the time, Don Stenberg, asking for his opinion on, what does this mean? Does this authorize the Governor to negotiate in good faith? Does this negotiation have to be ratified by the Legislature? And ultimately, at the end of, of this opinion that was released, it says it's, it's a relative murky area. But because of this LB231 that was being introduced by Senator Chris Beutler, Senator Brad Ashford, and-- for the Nebraska State Legislature, it says that, yes, the Governor does have full authority to engage in these type of negotiations and does have the authority, authority to ratify these, these compacts. And I know the Governor has spoken very highly about the well-being of the tribes and his commitment to the tribes as fellow Nebraskans. And I really appreciate his comments that he stated publicly, that we need to be forward-looking, forward-looking for the seven generations and how this will impact them. And we know that this, this matter is very important to the tribes. This is not uncommon for the tribes to have several compacts on tobacco and gaming and motor fuels. This is something that the ti-- tribes have reached out and, and felt a little bit stymied by moving forward on good faith negotiations. So I ask that you consider this. And I would be happy to answer any questions.

**von GILLERN:** Thank you, Senator Raybould. Any questions from the committee members? Seeing none. Thank you. Can you stay to close?

**RAYBOULD:** Yes, I will.

**von GILLERN:** All right. Thank you. Invite up our first proponent. Good afternoon.

**JOHN CARTIER:** Good afternoon. Chairman, members of the Revenue Committee, Ms. Tran, good to see you. My name is John Cartier, spelled J-o-h-n C-a-r-t-i-e-r. I have the pleasure to serve as the Attorney General of the Omaha Tribe of Nebraska and appreciate Senator Raybould's remarks on breaking down the history. It's very great context. LB1037 is about creating a cl-- a clear, fair process for how Nebraska and its tribal governments work together on tobacco tax and master settlement agreement issues. Under current law, the Governor may negotiate a compact with a tribe, but there is no duty to respond, no timeline, no standard of good faith. In our personal experience, that has meant months of uncertainty and untime-- and ultimately the door being closed for reasons that had nothing to do with tobacco taxation. Before we ever put a draft on paper, state officials had already floated the idea of using the same 75%, 25% revenue sharing structure that's in place with the Santee Tribe. With that in mind, last summer, the Omaha Tribe submitted a comprehensive tobacco tax compact under Statute 77-2602.06. That compact did not just ask for money. It proposed a complete system: licensing, enforcement on tribal lands, a tribal stamp that protects state interests, joint inspections, independent audits, and explicit support for Nebraska's MSA and escrow obligations. On revenue, our initial written compact proposed a 90/10 split in the tribe's favor, paired with the tribe taking on a significant enforcement, regulatory, and compliance responsibilities that reduced the state's workload and help protect its MSA position. We made clear that the 90/10 was an opening framework, not a take it or leave it demand. On August 4, we met with the Attorney General, Mike Hilgers, and his team and walked through our draft page by page. During that meeting, there was no issues with any of the language we were proposed. The meeting was friendly, and there was a guarantee that we would get at the very least a redline within a couple weeks. However, over the next several months, we repeatedly requested redlines or a counter proposal and they were told they were being worked on and they were coming. Then before a-- receiving any written response, I got a call from the Assistant Attorney General about an hour before our Tribal Cannabis Commission meeting. In that call, I was told the state would not move forward on tobacco compact because the tribe had adopted a lawful medical cannabis program on tribal land. That was the first clear indication that tobacco negotiations were being tied to unrelated policy choice. December 10, we received a letter from the Attorney General stating that negotiations had ceased, that the tribe has made

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

no actual offer, and that we were simply asking for up to 90% of revenue. That description is not accurate. The written record shows a full compact with detailed enforcement, MSA provisions, and an express willingness to negotiate. In our December 12 response, we did exactly that. We stated in writing that if 90/10 was unacceptable, we were willing to accept the same 75/25 framework the state had already used with Santee and had previously discussed with us while keeping the enforcement, stamping, and MSA protections in place. Even then, the state declined to return to the table and later told us that it had no terms to offer and no obligation to negotiate at all. Whatever one's views on cannabis-- may I finish, Chairman?

**von GILLERN:** Yeah, please.

**JOHN CARTIER:** Thank you. Whatever one's views on cannabis, using a tobacco compact as leverage over an unrelated policy choice and then claiming there is no actual offer, it's very difficult to reconcile with any notion of good faith, government-to-government negotiations. LB1037 does not dictate the terms of any particular compact. It focuses on the process. It would require the Governor or designee to negotiate in good faith when a tribe submits a written request. It would set reasonable timelines to begin talks to-- and meet while they are active, clarify that tobacco tax and MSA issues are squarely within the scope of these discussions, and prevent negotiations from being declined or delayed solely because a tribe has exercised its own authority in unrelated area like cannabis. From our perspective, that is fair, even-handed way to modernize the statute. It gives both sides clarity, ensures that the Nebraskan tribes sit down at the table, they're talking about tobacco and MSA administration on the merits, not using those issues as pressure points or something else. The Omaha Tribe wants to be constructive--

**von GILLERN:** Go ahead and wrap it up please, OK?

**JOHN CARTIER:** Yes, sir.

**von GILLERN:** Yeah. OK. All right. Thank you. Are there any questions? Senator Dungan.

**DUNGAN:** Thank you, Chair von Gillern. Thank you for being here. So my familiarity with this is from the news, mostly, and reading articles about that. I appreciate the background that you've given as to some of the negotiations that happened. Can you broadly describe what, I guess, the, the history is between the tribe that you've worked with and the

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

executive branch here of Nebraska in terms of the, I guess, equity of bargaining power. Do you feel like it's a negotiation that's more one-sided towards one person or the other? What's, what's the history of that look like?

**JOHN CARTIER:** I would characterize it as certainly more heavy-handed towards the state side, and that's because our compacting language does not use "good faith" and, and that is something you see in other states. And we, we do have a fuel tax compact with the state of Nebraska right now, but again, you know, when you have something written the way that the current tobacco tax statute is and it's-- and it has the word "may" instead of "shall," that doesn't really motivate, you know, the executive branch to make any sort of negotiations, especially when they might be upset about an unrelated topic such as cannabis, which they've been very vocal about.

**DUNGAN:** And so are there currently other statutes that are already in effect in Nebraska that outline the process and procedure for these negotiations between the tribe and the executive branch?

**JOHN CARTIER:** There is, Senator, specifically for casino gaming. And I don't know the exact citation to that, but that's also another compact we're working on right now. We haven't submitted it to the state yet, but our fear is, is the same we have now. Once we submit it, we anticipate retaliation because of our choice to go down the medical cannabis pathway. However, what's nice about the casino gaming compact is that there is federal statutes that says if a state is not negotiating in good faith, we can basically go tattletale to the Department of Interior. And it extends the deadline, but we at least get to where we need to be. We don't have that with tobacco tax compact right now. And, and for the Revenue Committee, what you guys should be concerned about is the MSA moneys. You guys get about \$17 million from the top tobacco companies to the state, and part of that agreement is you need to have accurate stick counts on the reservations. And for us, you know, we could move towards a system where we have a dual-taxation issue. We'll levy our own taxes on cigarettes. We'll then also manufacture cigarette sticks, and we don't report that number to the state. That could jeopardize the MSA escrow moneys, and we don't want to do that. We want to work in good faith.

**DUNGAN:** And the last question I'll ask is-- I, I don't know if you've had a chance to review the Attorney General's opposition letter that was submitted online. I don't know if you've looked at that. There's a discussion in there about the constitutionality of this kind of statute

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

that has to do with, as I think they put it, playing puppeteer of the executive branch. Can you speak to whether or not you think this language proposed in the bill of LB1037 does violate the constitution with regards to a separation of powers kind of argument?

**JOHN CARTIER:** Senator, I haven't seen the exact language of the letter. However, my understanding of what we've proposed is certainly constitutional, does not improperly delineate any of the express powers. And on that note, I've had disagreements with Mr. Hilgers over the years regarding constitutionality of other issues, and so far we've beaten him in the Supreme Court at least once on that.

**DUNGAN:** Thank you for being here. Appreciate it.

**JOHN CARTIER:** Thank you.

**von GILLERN:** Thank you. Any other questions? Just FYI, the AG's letter is on the public comments, so you can access it online, so.

**JOHN CARTIER:** Thank you, Chairman.

**von GILLERN:** You can see those comments. Thank you for being here.

**JOHN CARTIER:** My pleasure.

**von GILLERN:** Any other proponents? Seeing none. Are there any opponents regarding LB1037? Seeing none. Any neutral testimony? Seeing none. Senator Raybould, as you come forward, we had 2 proponent letters, 1 opponent, and 0 neutral letters filed online. Welcome to close.

**RAYBOULD:** Thank you so much. I, I do have the statute if anybody wants it. And I can give it to the pages and they can copy it. It's 77-2602.06: Governor; agreement with federally recognized Indian tribe authorized; contents; tribal taxes; additional agreement, compact, or treaty authorized. And so it gives the, the language in that. And, and I'll give this back to the page so that they can copy it. And I know Attorney General John Cartier did also indicate that this is pretty common with other states that have enacted these good faith negotiation language and models in their Legislatures. States like Minnesota, Oklahoma, and Washington have done this. And for some of the obvious reasons, when something as critical as revenue sharing that impacts both the, the state and the tribes is something that has been enacted in the past. And the tribes reach out to continue these negotiations and to make sure that these compacts gets enacted and finalized. So for example, Minnesota had tax agreements. Minnesota also authorizes the

revenue commissioner to enter into tax agreements with tribes that share sales, use, and excise tax revenues with the state, collecting both state and tribal taxes under the agreement. Oklahoma and Washington, they have tobacco compacts. Oklahoma and Washington both authorize the Governor to enter into cigarette tobacco impacts and include legislative findings about sovereignty and cooperative tax collection, but they largely use "may" language, leaving tribes without a clear statutory right to compel negotiations. And so what we're asking you is to a-- approve this bill, which establishes the guidelines of continuing to negotiate in good faith. The other important thing about this legislative bill is that there is no fiscal note. There is no fiscal note. I-- and I know that's critical right now in our fiscal deficit to deal with this. But I think it is important for all those involved in this issue that there should be good faith. There always should be good faith in working with the tribes and the-- understanding their needs and be willing to compromise and find solutions. And so that's what I'm asking you to consider, and that's why I ask for your support of this legislative bill, LB1037.

**von GILLERN:** Thank you, Senator Raybould. Any questions from the committee members? Seeing none. Thanks for being here.

**RAYBOULD:** All right. Thank you so much.

**von GILLERN:** Have a good afternoon. That will close our hearing on LB1037. And we will open on LB931. Welcome, Senator Cavanaugh.

**J. CAVANAUGH:** Good afternoon, Chair von Gillern and members of the Revenue Committee. I'm Senator John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h. And I represent the 9th Legislative District in midtown Omaha. I am here to introduce LB931, which would reimburse Nebraskans for the ACA enhanced premium tax credits that Congress has allowed to expire. I brought this bill because the cost to Nebraskans of the lapse of these funds. We know that the resul-- that as a result of the lapsed credits, health insurance premiums are increasing for everyday Nebraskans, not just in the marketplace but overall. As a bit of background and explanation, here's how the Affordable Care Act credits work. Eligibility is based on income from 100% to 400% of the federal poverty level, or FPL. FPL for 2026 for an individual is \$15,960. For a family of four, it's \$33,000. The federal premium support tax credits are given as an advance against payments of health insurance purchases on the marketplace and reconciled on your annual re-- annual returns. As income increases, the tax credits decrease. Once a taxpayer makes above 400% of FPL, the tax credits are gone

completely, creating a cliff effect that massively increases the cost of premiums. The enhanced premium credits temporarily remove the cap to eliminate the cliff effect and also ensure that people within the 100% to 400% of FPL were paying a smaller share of their income in premiums. But with the expiration of the enhanced premium tax credits, Nebraskans are seeing their costs rise substantially. LB931 replaces the expiring premium tax credits with a state credit for the difference between the expiring federal credit and current federal credit. The credit is a-- is claimed on state income taxes when a taxpayer files their return. At a time when the fastest rising cost for families is the cost of health insurance, this is a lifeline to Nebraskans. Recently, I attended a benefit for Jennifer, a self-employed musician who buys her insurance on the federal marketplace. Her insurance went up near-- by-- up this year by over \$1,300 a month-- nearly triple the price she was paying last year. Because of the expiration of these tax credits, she's had to raise money through the generosity of others to cover her cost of a double lung transplant. There are stories like Jennifer's across the country and in Nebraska. I know that the almost \$100 million fiscal note is eye-popping. What this represents is the increase in monthly health insurance premiums for Nebraskans. This increase will cause Nebraskans like Jennifer to use their retirement savings or risk going without health insurance. LB931 offers us an opportunity to help those Nebraskans impacted by increased health care costs. I want to thank the committee for your time. And I'd be happy to answer any questions. And I did hand out just for a little representation, KFF-- I think used to be Kaiser Family Foundation, but for some reason now it's KFF-- has two charts here. One is for an individual and how they were-- are affected, and the other one is for a family of four. And just for reference, looking at the individual one, somebody making \$35,000 a year would see their month-- or, their annual cost go up by \$1,582, so-- which is a 7.5% increase in their premium without the extension of the premium tax credit. So you can look at the other ones if you like.

**von GILLERN:** Thank you, Senator Cavanaugh. Questions from the committee members? Seeing none. Can you stay to close?

**J. CAVANAUGH:** I will stick around.

**von GILLERN:** All right. Any proponents? There we go. LB931. Good afternoon.

**SARAH MARESH:** Hi. Hi. I'm Sarah Maresh. That's S-a-r-a-h M-a-r-e-s-h. And I'm the Health Care Access Program director at Nebraska Appleseed. Testifying in support of LB931 on behalf of Appleseed. We are a

nonprofit legal advocacy organization that fights for justice and opportunity for all Nebraskans. And one of our core priorities is ensure that all Nebraskans have access to quality, affordable health care. And at Appleseed, we consistently hear from community members that one of the biggest barriers to receiving health care is cost. And because this bill helps address a gap and make health care more affordable, we support this bill. And to give you a little bit more of a picture of kind of the universe of folks we're talking about that would be impacted: last year, over 136,000 Nebraskans relied on marketplace for their health insurance coverage. And over 93% of those enrolled needed advanced premium tax credits, or APTCs, to afford their health care coverage. And those premium tax credits has-- have existed since the marketplace was established to lower premiums so folks could actually afford those based on their lower income levels. In 2021, Congress improved those to make coverage more affordable for more people, but they expired at the end of 2025. And as we were talking to individuals over the last year, we heard from so many different types of Nebraskans who were terrified about their costs rising and not being able to afford them. We talked to breast cancer survivors, small business owners, and rural Nebraskans who knew about the importance of their premium tax credits and what it meant to them if costs rose. And they were terrified of the result of the expiration of these enhanced ad-- advanced premium tax credit. We now know the impact-- at least some of the impact-- that the expiration of these APTCs have had in Nebraska. So since our open enrollment ended in mid-January, we know that, this year, 8,000 fewer Nebraskans enrolled in marketplace coverage, which significantly increases the amount of the uninsured population in our state. And importantly, there are many more Nebraskans who are still enrolled in marketplace but they had no other choice and were forced to buy a plan on the marketplace. And typically, those are plans that provide worse coverage and cost more for people. So between the folks who lost coverage and who are-- folks who are seeing a huge increase in costs, we know that thousands of, of Nebraskans are forgoing care, paying more out-of-pocket costs, which will worsen health outcomes for folks and also increase medical debt for families. And because, like I mentioned, this bill helps fill a gap left from the expiration of the enhanced APTs for Nebraskans, we support it. I would also mention too that this bill is particularly timey-- timely because of the significant health care coverage losses that are expected over the next year and the next few years as a result of the One Big Beautiful Bill, or H.R. 1, that passed Congress last summer. Between cuts to Medicaid and the lack of extension of these tax credits that we're talking about, estimates show that over 54,000

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 25, 2026

Rough Draft

Nebraskans are expected to lose their health care coverage and become uninsured. And this help-- this bill does help mitigate some of the harm by providing relief to families who relied on those enhanced APTCs to help keep their coverage affordable. So we support this bill and respectfully request that you advance it. I'm happy to answer any questions. Thank you.

**von GILLERN:** Thank you. Questions from the committee members? See none. Thank you for being here.

**SARAH MARESH:** Thank you.

**von GILLERN:** Appreciate it. Next proponent. Are there any other proponents? Are there any opponents regarding LB931? Seeing none. Are there any neutral testifiers? Seeing none. Senator Cavanaugh, as you come forward, we had 2 proponent letters, 0 opponent, and 1 neutral letter filed online.

**J. CAVANAUGH:** Thank you, members of Revenue Committee. Thank you, Chairman. And we'll just-- I appreciate Ms. Maresh coming. The numbers she cited I think are pretty stark. Already-- almost 6% of people who are buying on the marketplace have already left the marketplace because of the increase in cost. And I just want to be clear about this, this-- these are folks who buy insurance on the public marketplace, and the costs are going up in part because of the, the loss of the enhanced premium tax credit. But the-- another reason the, the costs go up is when those 8,000 people leave, many of them are the healthiest 8,000 people. And when they, they leave, that drives up the, the market cost for everybody else because then the pool of people being insured are less healthy. And then, of course, those 8,000 are not insured and they still need medical care from some time and they get uninsured coverage. And so it drives up the whole cost of the system. And so this is because we do-- people are choosing not to purchase because they can't afford the increased cost. We're going to see costs continue to rise for other people. So I think in the interest of making sure that more people get insured, this is in our best interest, so. I appreciate your time.

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

**DUNGAN:** Thank you, Chair von Gillern. So I'm ju-- looking at the fiscal note you mentioned earlier. So the cost-- I'm trying to make sure I understand the cost here. The cost that's represented in the fiscal

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

note would be indicative of how much additional money folks who are buying coverage in the marketplace are going to have to pay total in the state of Nebraska because of the expiration of those credits.

**J. CAVANAUGH:** Right. So it's the-- if you look at that chart-- so I handed out the table-- I guess they're both labeled Table 1-- but if you looked at the family of four-- so a family of four, say, making \$110,000, they're gonna see their premium go up by \$3,201 a year. So if it was all families of four, you know, that'd be something like-- 33,000 families of four would add up to \$100 million, I think.

**DUNGAN:** OK. Just trying to understand kind of what that number represents with those increased costs. So thank you. I appreciate it.

**von GILLERN:** Thank you. Other questions? Seeing no-- seeing none.

**J. CAVANAUGH:** All right.

**von GILLERN:** Thank you, Senator Cavanaugh.

**J. CAVANAUGH:** Thank you.

**von GILLERN:** Faked me out. I'm sorry. That'll close our hearing on LB931. And I'll hand the chair over to Senator Jacobson.

**JACOBSON:** All right. Senator von Gillern, you're up to-- for-- to present LB802. We're anxiously waiting for your open.

**von GILLERN:** Yeah. Yeah. We're-- got a eight-page opening. Good afternoon, Vice Chair Jacobson, members of the Revenue Committee. For the record, my name is Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. Appearing before you today to introduce LB803. This bill received a committee priority designation last week and is intended to serve as a vehicle for property tax-related legislation. As you're all aware, there are ongoing discussions about which proposals may be included in this vehicle. This bill will be important, and I look forward to working with each one of you to assemble a phenomenal bill to move forward to the floor for property tax relief. With that, I'm happy to take any questions.

**JACOBSON:** Senator Bostar.

**BOSTAR:** Thank you, Vice Chair. Thank you, Chair. This is LB802.

**von GILLERN:** LB803. Did I have the wrong number?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

**BOSTAR:** Yeah.

**von GILLERN:** Well.

**JACOBSON:** That'd be income--

**BOSTAR:** This is the income-- we're-- this is the hearing for the income tax bill.

**von GILLERN:** This is 80-- LB803.

**BOSTAR:** We're-- we-- we're doing the hearing on LB802.

**von GILLERN:** LB802. I'm sorry. I do have it wrong on my list. Thank you.

**JACOBSON:** That's a great question.

**BOSTAR:** I mean, I, I-- it was, it was riveting. I just--

**von GILLERN:** It was riveting.

**JACOBSON:** He's just a stickler for--

**von GILLERN:** It's, it's getting late in the season already, so. Yes. Any other questions?

**JACOBSON:** Any other questions? All right. If not, thank you.

**von GILLERN:** Well, now, now all my testimony's wrong because LB802 is the income tax shell bill, so. I went to the wrong vehicle. But I think you all understood the point.

**JACOBSON:** We understand what you're saying. It's an income tax shell bill.

**von GILLERN:** I turned to the wrong page in the book that Josh gave me is what I did. Josh did everything right, just for the record. J-o-s-h, for the record, did everything right. I turned to the wrong page.

**JACOBSON:** All right.

**von GILLERN:** He's cringing back there because he can't control me.

**JACOBSON:** All right. Well, with that, no other questions. Thank you for your open.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

**VON GILLERN:** Thank you.

**JACOBSON:** I'd ask for any proponent testimony. Seeing none. I'll ask for any opponent testimony. Please stay where you're at. And I'd ask for any opposition testimony-- or, neutral testimony. Seeing none. You're welcome to close. And you're going to waive your close. It-- like-- kind of like you waived your open. All right. We're now going to go to opening--

**CHARLES HAMILTON:** Hold on. We need to do comments.

**JACOBSON:** Oh, yeah. We got the comments. Online comments, there were none, believe it or not. So with that said, we're now gonna wait for the exciting open on LB803.

**BOSTAR:** This'll be good.

**VON GILLERN:** It will be good. And I'm-- the cat's-- the cat's all out of the bag now. Yeah. Thank you. Senator Ibach missed the whole train wreck.

**IBACH:** I was watching online. [INAUDIBLE].

**VON GILLERN:** Good afternoon, Vice Chair Jacobson, members of the Revenue Committee. For the record, my name is still Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. I'm appearing before you today to introduce LB803, which did receive your committee priority designation last week and is intended to serve as a vehicle for property tax-re-- related legislation. And you will all be included in those discussions in the coming days and weeks. And I look forward to working with each one of you. With that, I'm happy to take any questions.

**JACOBSON:** And you'll stay for your close.

**VON GILLERN:** I will stay for the close.

**JACOBSON:** Thank you. With that, I want to ask you just-- oh, God. Yes, Senator von Gillern-- or, Senator Bostar.

**BOSTAR:** Thank, thank you, Mr. Vice Chair. And thank you, Chair. I just wanted to say it was even better the second time.

**VON GILLERN:** Thank you.

**KAUTH:** Was that a question?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

**BOSTAR:** It-- do you agree?

**von GILLERN:** Say that again. What was your question?

**BOSTAR:** It was, it was even better-- I thought it was even better the second time.

**von GILLERN:** Well, I had the opportunity to rehearse.

**BOSTAR:** Yep.

**von GILLERN:** It's always better when you rehearse.

**JACOBSON:** It was a great opening.

**von GILLERN:** Yeah.

**BOSTAR:** Full agreement.

**JACOBSON:** All right. Any other questions? Seeing none. Thank you-- your open. We'll go to any proponent testimony. Seeing none. Any opponent testimony? Seeing none. Are there any neutral testifiers? Seeing none. You're welcome to close. There are no--

**von GILLERN:** Well, for, for, for my close--

**JACOBSON:** The-- there are no online comments.

**von GILLERN:** For my close, I will say, as related to an earlier bill in the day, this whole thing is going off the rails, but.

**JACOBSON:** That's right. That is true.

**von GILLERN:** We'll get it back on track any time soon. Thank you for your time today.

**JACOBSON:** Great. Any questions? Seeing none. That closes our hearing on LB803. We'll open our hearing on LB901.

**von GILLERN:** OK. Well, if you thought that was rough, here we go. Good afternoon, Vice Chair Jacobson, members of the Revenue Committee. My name is still Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. I'm appearing before you today to introduce LB901. LB901 received a committee priority designa-- de-- designation last week and is intended to serve as a vehicle for sales tax-related legislation. 90-- and I'm gonna go off script here, which is even scarier. LB901, we filed an

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 25, 2026  
Rough Draft

amendment on that yesterday which we determined today did not accomplish the goal that we believed the amendment would accomplish. Therefore, I would ask you to disregard questions or comments with regards to the amendment that was dropped yesterday. It is with regard to the good life districts, which was our favorite topic last year, and how those taxes are-- should be properly collected and dispersed. We're working with the Department of Revenue and others to make sure that we get the language on that correct. Once we do, we will withdraw that amendment and, and drop an appropriate amendment to accomplish the goal that is-- that we thought we accomplished yesterday. So with that, I'm happy to answer any questions about LB901.

**JACOBSON:** All right. Questions? All right. Seeing none. Thank you for your open. I would ask for any proponent testimony. Seeing none. I'd ask for any opponent testimony. Seeing none. I will ask for any neutral testifiers. With that said, we did receive 2 online opponent testify-- testimony, 0 proponent, and 0 neutral, no ADA. And with that, I'll ask you-- go ahead and offer your close.

**von GILLERN:** My close is simply I extend my undying gratitude to each member of the Revenue Committee for hanging with us through not only this hearing but the entire hearing season. And I think we're all looking forward to bringing it to an end now.

**JACOBSON:** Yes, we are.

**von GILLERN:** Thank you, Vice Chair Jacobson.

**JACOBSON:** Well said. Thank you. That concludes our hearing on LB901.