

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 16, 2022

LINEHAN: Welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and represent the 39th Legislative District. I serve as Chair of this committee. The committee will take up the bills in the order posted outside the hearing room. The list will be updated after each hearing to identify which bills-- which bill, excuse me, is currently being heard. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. We do ask that you limit your handouts. It's important to note if you are unable to attend a public hearing and would like your position stated for the record, you must submit your position and any comments using the Legislature's online database by 12 p.m. the day prior to the hearing. Letters emailed to a senator or staff member will not be part of the permanent record. You must use the online database in order to become part of the permanent record. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please turn off your cell phones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutral, and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like distributed to the committee, please hand them to the page to distribute. We need 11 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell both your last and first name for the public record. Please be concise. It is my request that you limit your testimony to five minutes. If necessary, we will use the light system. So you have four minutes on green, a minute on yellow, and then you need to be wrapped up. If there are a lot of people wishing to testify-- I don't think-- how many are here to testify today? If your remarks are reflected in previous testimony or if you would like your position to be known, but do not wish to testify, please sign the white form in the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear testimony clearly. I'd like to introduce committee staff. To my immediate right is legal counsel, Mary Jane Egr Edson. To my immediate left is research analyst, Kay Bergquist, and to my left, at the end of the table, is committee clerk Grant Latimer. Now I would like the committee members to introduce themselves starting with Senator Pahls.

PAHLS: Thank you, Chair. Rich Pahls, District 31, southwest Omaha.

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FRIESEN: Curt Friesen, District 34: Hamilton, Merrick, Nance, and part of Hall County.

LINDSTROM: Brett Lindstrom, District 18, northwestern Omaha.

FLOOD: Mike Flood, District 19, all of Madison and part of southern Pierce County.

BRIESE: Tom Briese, District 41.

ALBRECHT: Joni Albrecht, District 17: Wayne, Thurston, Dakota, and portions of Dixon County.

LINEHAN: Today-- if our pages would please stand up-- today our pages are Natalie who's from Norfolk and she's at Wesleyan studying international business, and Thomas, who's at Omaha, at UNL studying political science. Please remember that senators may come and go during our hearing, as they may have bills to introduce in other committees. Please refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use our electronic devices to distribute the information. Therefore, you may see us-- committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and is critical to our state government. So then we will open our hearing on LB819. Senator Lindstrom.

LINDSTROM: We open on LB819, introduced by Chairwoman Linehan.

LINEHAN: Thank you, Vice Chair Lindstrom and fellow members of the Revenue Committee. For the record, my name is Lou Ann Linehan, spelled L-o-u A-n-n Li-n-e-h-a-n, and I represent Legislative District 39. Today I am introducing LB819. The bill will repeal the requirement for the Department of Revenue to publish a tax burden study every two years. From the executive summary of the 2018 tax-- Nebraska Tax Burden Study, the study is composed of three parts. Part one examines a \$100 million sales and use tax reduction. Part two examines a \$100 million individual income tax reduction. Part three represents a historical analysis of income share, effective tax rate, and income tax burden paid by the income group deciles. Current statute in the case-- the tax burden study is developed to be used as a basis, basis for tax policy. The information and data in the tax burden study is to be directed at provided results, which will be useful to analyze the impact of taxes on different economic sectors. As I read the-- as I read, excuse me, the 2018 Tax Burden Study, I cannot see how the

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information and data on this study would be useful in analyzing the impact of taxes on different economic sectors. Frankly, I found the information in this study to be a bit confusing and I have concerns with how the information, information is generated to determine the estimated tax burden to different economic sectors. For these reasons, I feel it may be time to require-- repeal the requirement of this conduct-- this study. So I, I looked at this again this morning and I just don't think we use it. I mean, if any of you have read it-- we have a bunch of people who have worked together and we're not using it so I don't know why we would keep doing it.

LINDSTROM: Thank you. Any questions for the Senator? Senator Albrecht.

ALBRECHT: My question would be if we don't have something like that, what would we use?

LINEHAN: Well, there's all kinds of studies done that we can access from university studies, other studies. I just-- it's one of the studies that comes out and then people grab little pieces of information. So I would put it this way: either we do away with it or we have a definite plan when it is published that we all read it and talk about it. So we either should use it or get away with it. I'm fine with either one of those plans.

ALBRECHT: I probably-- in the only year that I served last year and this year, I don't think I've ever looked at that, so.

LINEHAN: Well. I think it comes out-- I would--

ALBRECHT: How long, excuse me, how long have they been doing this? How many-- how long-- how many years?

LINEHAN: That's a good question. I would have to ask-- I would have to refer that question to committee staff.

ALBRECHT: I mean, I wonder what the purpose was originally of putting it together and if it really did--

LINEHAN: I mean, I start-- to be honest, I started reading it this morning and thought I should have read this last week. It's not that there's--

ALBRECHT: I can look it over.

LINEHAN: It's not, it's not--

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ALBRECHT: Yeah, OK.

LINEHAN: I just think we ought to either use it to our advantage and for-- since we're the Revenue Committee or we should not have them put it out. We need to do something with it or--

ALBRECHT: Got it, thank you.

LINEHAN: --do away with it.

LINDSTROM: Any other questions? Seeing none, thank you.

LINEHAN: Thank you.

LINDSTROM: First proponent of LB819. Proponents? Seeing none, any opponents to LB819? Good afternoon.

REBECCA FIRESTONE: Good afternoon, Vice Chairman Lindstrom and members of the Revenue Committee. My name is Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e, and I'm the executive director of the OpenSky Policy Institute. We're here in opposition to LB819 because eliminating the tax burden study would deprive policymakers such as yourselves and others of an important source of information that enhances the transparency of our tax code and supports legislators to make evidence-informed decisions about tax policy. The first tax burden study was published in 1993 and focused on taxes paid by employees of Nebraska businesses. Subsequent studies expanded on the first by including more detailed information about industries, employers, and location. The most recent studies-- checked the Department of Revenue website and they go back to 1999 currently. They've employed sophisticated modeling with the Tax and Revenue Analysis In Nebraska model, commonly called TRAIN. That uses statewide data to simulate the effects of changes in tax policy, giving policymakers an in-depth understanding of how such changes affect Nebraska's economy, including for businesses and households. It's worthwhile taking some, some time to consider what's in the tax burden study with the most recent one was conducted in 2021 using 2018 data. The study looked at the economic effects of a \$100 million reduction in sales and use taxes versus a \$100 million reduction in personal income taxes to look at the effects for state revenues and for economic activity in the state. And as you can see from the handout that I provided, the study found that that sales tax cut would actually generate more economic activity than an income tax cut of the same size, since the sales tax cut offset revenue lost by \$12.6 million, whereas the income tax cut offset revenue lost currently \$5.7

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million. The benefit of that income tax cut would also largely go to those Nebraskans with the highest incomes, the study found. Nearly half of the benefits of that hypothetical income tax cut would go to the wealthiest 9 percent of households in the state or those making more than \$150,000. At the same time, the 77 percent of Nebraskans who earned more-- excuse me, less than \$100,000 would see less than a third of the benefits of that tax cut. Meanwhile, low and middle-income groups receive greater benefits from a reduction in the sales and use tax cut than higher income groups. Because of the structure of our sales and use taxes and Nebraska is regressive, cuts to those taxes tend to benefit low and middle-income Nebraskans more while income tax cuts would benefit high-income Nebraskans due to the progressive nature of our personal income tax structure, according to the study. Being able to see these impacts increases the transparency of our tax code, which is good for both taxpayers and for policymakers. Transparency is almost universally considered a basic tenet of good tax policy, as it not only holds governments accountable but also shows taxpayers what is being collected and how. OpenSky strongly supports evidence-based policymaking and we're concerned that discontinuing the tax burden study deprives lawmakers and the general public of a critically important data source. As such, we urge the committee not to advance LB819. Thank you for your time and I'm happy to answer any questions.

LINDSTROM: Thank you. Any questions from the committee? Senator Pahls.

PAHLS: Thank you, Vice Chair. As I read your document, it seems like some of the information that I heard on the floor today in arguing against some of the tax cuts. Is that where you got your information? Because I know-- and I, I read your OpenSky stuff, so I know, but do you utilize this to get your information?

REBECCA FIRESTONE: Yes, we certainly do look at the tax burden study when we're looking at-- when we're assessing revenue bills, we certainly go to the tax burden study as a-- on a regular basis to understand what the potential implications of the bills would be.

PAHLS: OK. I'm just trying-- the thing that, that-- and I blame myself. If I haven't utilized it, shame on me. But I, I, I don't-- did not hear anyone on the committee saying, gee, this is my place to go. It's just because of my ignorance. I have to be honest with you too. I take credit for that or lack of. I'm trying to figure out what is unique with the information you're giving me that I could not have found someplace else.

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REBECCA FIRESTONE: So the handout that I gave you was taken directly from the tax burden study, but it's just sort of a nice, quick snapshot of what happens to the economy of Nebraska when you cut income taxes by \$100,000-- excuse me, \$100 million versus if you cut sales and use taxes to the economy of Nebraska by \$100,000-- \$100 million. So this-- so what I showed you is sort of basically what, what the economic impact is in terms of how personal incomes would change in this state, how investment activity would change in the state, and what it does to the people employed in the state.

PAHLS: And I'm not arguing against that--

REBECCA FIRESTONE: Yeah.

PAHLS: --but when I look at the back of some of your literature, I don't think I've ever seen you utilizing these. Because I look at your--

REBECCA FIRESTONE: In our references?

PAHLS: --where you got the information. I don't know if I've ever seen any of that on these-- in your documents.

REBECCA FIRESTONE: Well, as we've been sort of thinking about LB939, we've certainly been going to the tax burden study to sort of think about what the potential implications of it would be. So I think it's sort of within-- it's a reference that we've been going to and thinking about the current bill that's on the floor.

PAHLS: So you're telling me if I pulled up your information, I will find this?

REBECCA FIRESTONE: Yes.

PAHLS: OK, thank you.

REBECCA FIRESTONE: Um-hum.

LINDSTROM: Senator Friesen.

FRIESEN: Thank you, Vice Chair Lindstrom. So when you-- if you took away the study, can you go into the Department of Revenue's website, come up with the same data, only you'd have to do a lot of digging? Is this something they compile with information that most people can't get access to?

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REBECCA FIRESTONE: From my understanding of the methodology of the study, they have a particular economic simulation that they're using and there's a model that's been built out and so, no. I think that model is unique and it's a specific part of the exercise of this study and you couldn't necessarily pull out other data from the Department of Revenue to generate the same findings.

FRIESEN: It's just been refined over time to where we get this report and you can go back--

REBECCA FIRESTONE: Yeah.

FRIESEN: --and follow the history?

REBECCA FIRESTONE: Yes. Yeah and since it has been done over a period of time, you can see, as they've refined the model and they've done this repeatedly over time, you can, you can look at historical trends as well.

FRIESEN: Thank you

LINDSTROM: Senator Albrecht.

ALBRECHT: Thank you, Senator Lindstrom, and thank you for this information.

REBECCA FIRESTONE: Um-hum.

ALBRECHT: It gives me a little bit on the history. So the most current one you said was put out in 2021, but the data is from 2018.

REBECCA FIRESTONE: Yes.

ALBRECHT: Is it always that far behind with the information that you glean from the studies in the report?

REBECCA FIRESTONE: Yes, I think it takes a certain amount of time for all of the economic data to come in because they're taking all of the economic activity in the state from several different business sectors, from households and so it takes a while to compile the data and then to feed it into the model.

ALBRECHT: And is it actually our Revenue Committee that is just giving them the information and some company by the name of TRAIN is the one that produces the study?

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REBECCA FIRESTONE: Them-- the TRAIN is a model that's been built by the Department of Revenue. And so my understanding from the methodology of the study is that the Department of Revenue is compiling the data and they're, they're compiling it from a number of different areas to then put into their model.

ALBRECHT: OK. Well, thank you for the information.

REBECCA FIRESTONE: Um-hum.

ALBRECHT: Appreciate it.

LINDSTROM: Thank you. Any other questions from the committee? Seeing none, thank you. Next opponent. Any opponents? Seeing none, any neutral testifiers? Seeing none, Senator Linehan, you may close.

LINEHAN: So we have a four-day weekend, committee staff will get you all the report, and then we can talk about whether we should keep it or not. That would be my suggestion.

ALBRECHT: Perfect.

LINDSTROM: And final questions? Seeing none, thank you.

LINEHAN: Thank you.

LINDSTROM: And that will close the hearing on LB819.

LINEHAN: And we'll open the hearing on LB1117 and you usually sit on the other side of the room, Senator Wayne. We didn't see you. You're usually--

WAYNE: Thank you, Chairwoman Linehan and the Revenue Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha in northeast Douglas County. I asked legislate-- Research Office to put together some information that I would like to read to you. Legislative documents prior to 1970 are available on microfilm from the Legislative Historian. Utilizing past legislation search and selecting all legislatures since 1971 and all types of legislation, searching the keyword, keyword "rural" elicits 4,207 results. When only searching introduced legislation, 1,053 results contain the word "rural." More than 400-- actually, 404-- results are returned when only searching for copies of slip law containing the word "rural" since 1971. According to LexisNexis, since 1999, there have been 15 bills introduced in the Nebraska Legislature with "rural" in the title and

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four were enacted to law. Over 60 bills containing the word "rural" were introduced last year and 19 became law. The purpose of this bill is I figured out "rural" does it good when it comes to making policy for rural and this bill right here is just adding ERAs in metropolitan areas to this Community Development Assistance Act because this benefited rural Nebraska. And I've said over and over what's good for rural communities is good for north Omaha. And with that, I'll answer any questions.

LINEHAN: Thank you, Senator Wayne. Are there questions from committee? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So in this community redevelopment-- Community Development Assistance Act, is that only used in rural parts of the state?

WAYNE: It has been only used in rural parts of the state. And essentially it's a tax credit for when trying to develop economic development in rural and people can buy into a project. First, they have to get pre-approved by Department of Economic Development for the project. Once they're approved, there's a cap of \$50,000 in tax credits, but it's a, it's a four to one. So for every-- not four to one-- 40 percent. So for every dollar you invest, you get basically 40 cents tax credit and it allows the small-- smaller communities to help generate some funding for projects in rural Nebraska and those are the same issues we have in north Omaha.

FRIESEN: So how successful has this been?

WAYNE: It's been very successful. They've done a lot of projects. I can get you the exact number from DED. I just know recently there was a project that they're, that they're working on where they hit the cap pretty fast and they're doing some development in a small town. I don't know if I'm supposed to say it yet, so I didn't mention their name, but I can get you the number of times it's been used.

FRIESEN: I'd be interested to know how many communities have used it.

WAYNE: OK, I can get you that.

LINEHAN: Thank you, Senator Friesen. Are there other questions from the committee? Is there a way this can be written that it affects just extremely blighted areas versus Dodge Street?

WAYNE: So the reason we did ERAs and not extremely blighted is because, as you recently know, Omaha extremely blighted all of

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downtown, whereas ERAs is a little different requirement and a little stricter requirement that some parts of downtown census tracts are not ERAs. And ERAs are actually set by the Department of Economic Development, not the local jurisdiction.

LINEHAN: Thank you. Senator Albrecht.

ALBRECHT: Thank you. What's an ERA?

WAYNE: ERA is an economic redevelopment area. The actual definition of it is-- I should know this as much as I wrote it. It is the average rate of unemployment has to be 150 percent of the average unemployment rate and 20 percent or more of the federal census tracts. The reason why that's different is it's locked in the federal census tracts whereas extremely blighted allows for blocks and other, other factors to go into it so it's a little broader.

ALBRECHT: Yeah, I'm looking at this fiscal note on page 3. Do you have it?

WAYNE: Yes.

ALBRECHT: Can you explain that a little bit to me?

WAYNE: So they are saying that it's going to work, that we will be able to generate some dollars based off of what's going on throughout the rest of the state where-- we also increased it from \$350,000 to \$5 million. That's the increase. That doesn't mean it's all going to be used, but we're increasing the cap because I didn't want to take away from rural, but I figure there might be some more economic development inside of the metropolitan area. So they just need to fund somebody to help manage it because again, it has to be pre-approved. So the state has to look through it to make sure that, that it's beneficial to the entire state, that it's not a one-off. And then the economic impact, the revenue loss, is their assumption on what, what will actually be used for the tax credit. So although we allocated up to \$5 million, they don't-- they believe, based off of what's happened in rural Nebraska, only \$1.7 [million] will actually be used as far as the tax credit.

ALBRECHT: Thank you.

LINEHAN: Thank you, Senator Albrecht. Are there any other questions? Senator Pahls.

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PAHLS: Thank you, Chair. Will this-- does this have some of the characteristics of TIF?

WAYNE: It, it, it does, but it's, it's, it's not a involuntary action. So a property owner, particularly in TIF districts, don't have a say whether they want to be a part of TIF or not. But this is for a community that maybe some people have some extra dollars, have some extra tax burdens, but want to help develop something, but necessarily don't want to own it or be a part of ownership. So it's a way for them to maybe put up \$100,000 and get \$40,000 in tax credits. It also could be used if a landowner wants to donate land in lieu of the actual payment, which is a big problem in Omaha is getting land compiled. They can get tax credits at 40 percent on the dollar for the value of their land. So it's a, it's a way to, to do it outside of TIF, but it's a voluntary program so you can get anybody from really all over the state to invest in a project and get a tax credit. But that's why there's a cap because we don't, we don't want it to go crazy.

PAHLS: Thank you.

LINEHAN: Thank you, Senator Pahls. Are there any other questions from the committee? Seeing none, thank you. Are you going to stay--

WAYNE: I want to thank all the rural senators for introducing those bills because it's giving me a lot of great ideas for north Omaha.

LINEHAN: Are there any proponents for LB1111-- excuse me, LB1117? Proponents? Any opponents? Anyone wanting to speak in the neutral position? Senator Wayne, do you want to close? He waives closing. We had no letters for the record, so with that, we'll close to hearing on LB1117 and open the hearing on LB1265. Welcome, Senator Halloran.

HALLORAN: Good afternoon. Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Senator Steve Halloran, S-t-e-v-e H-a-l-l-o-r-a-n. I'm here today to introduce LB1265 on behalf of the men and women in law enforcement. The purpose of this bill is to assist law enforcement agencies across Nebraska who are attempting to recruit and retain law enforcement officers. Law enforcement agencies across Nebraska have seen a noticeable drop in applicants to become law enforcement officers. The part of Nebraska hit especially hard has been in rural areas. Law enforcement agencies have had to evolve and get creative when it comes to recruiting officers and now it is time for the state of Nebraska to assist them. We cannot ignore the problem and allow our communities to be critically understaffed. Our citizens deserve better and as

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legislators, have to be a part of this solution. In Nebraska, public safety has always been our number one priority and our local agencies need to help. I believe LB1265 is one part of the solution. The bill will allow law enforcement officers a tax deduction on their state income taxes by reducing their federally adjusted gross income based on their years of service. Here's how the breakdown works. For officers with more than one year, but less than ten years on the job, the law enforcement officer would receive a 50 percent deduction on their state income taxes. For officers with more than 10 years, but less than 20 years, the law enforcement officer would receive 75 percent deduction on their state income taxes. For officers with over 20 years on the job, the law enforcement officer would receive a 100 percent deduction on their state income taxes. There-- this is my favorite part about any of my opening statements. There are law enforcement officers or professionals who will testify after me to highlight the problems with recruitment and retention and they are far more capable of answering the questions than I am, so-- but I would attempt to answer any questions if you have any.

LINEHAN: Thank you, Senator Halloran. Are the questions for the committee? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So is it-- a lot of times, it's just plain low pay where they're just not paying enough to maintain people to stay in law enforcement. And so is this more of a local issue than it is a state issue? Because I-- you know, I look back and if, if Hamilton County wants to keep its police force and sheriff's department, they need to pony up and I need to pay and me as a citizen of that county should make sure it happens. So why-- I mean, I guess why should the state be involved is the big question. Is it more of a local issue of just more pay up front so that they can make a living and get people interested?

HALLORAN: That's a good question. I would never underplay the responsibility of local government to be doing what they should be doing. And there's no control we can have as a state legislator-- Legislature on that issue. So this is, this is in spite of maybe some local communities not-- and maybe not being able to afford to pay enough, that's another question, but not paying enough to, to recruit or retain law enforcement officers. But this is something the state could do.

FRIESEN: OK, thank you.

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LINEHAN: Thank you, Senator Friesen. Are there any other questions from the committee? OK, we'll get to the experts.

HALLORAN: OK.

LINEHAN: OK. Proponents. Oops.

ANTHONY CONNER: That chair is not made for fat guys.

LINEHAN: Welcome.

ANTHONY CONNER: Thank you. Good afternoon, Chairman Linehan and members of the Revenue Committee. My name is Anthony Conner, A-n-t-h-o-n-y C-o-n-n-e-r. I'm president of the Omaha Police Officers Association. The OPOA supports LB1265 and we would like to thank Senator Holligran [SIC] for introducing this legislation. Providing a tax incentive for law enforcement will help us significantly as we continue to address the issues of recruitment and retention. The anti-police rhetoric and activism of recent years has led to a nationwide recruitment crisis for law enforcement. In 2020, the Omaha Police Department received the lowest number of new applicants in my almost 22-year career. These challenges are unprecedented and I expect it will continue given how increasingly tough it is to serve and perform one's duty as a police officer in this country. Additionally, as the use of technology in police work continues to evolve, digital forensics, for example, we are competing against the private sector for the skilled workers required in a modern policing department. And the reality is that competitive pay remains a challenge in recruiting tech-savvy young professionals to police jobs. Regardless, we do believe that there are positive solutions to the recruitment challenges we are experiencing today. It is true that the most effective way to recruit new officers is promote a positive working environment for current officers. We believe LB1265 will not only provide an immediate boost in morale for law enforcement across the state, but also send a message to potential recruits or disaffected officers in other states that you support law enforcement. As we see a rise in hiring bonuses and lateral transfer programs in other jurisdictions across the country, LB1265 will absolutely help compete-- help us compete for professional and capable officers. Combined with the reciprocity changes we're also seeking this year, Nebraska will be in a strong position to address these urgent recruitment issues. Your support for LB1265 will send a resounding message that Nebraska stands with law enforcement and we will do what it takes to recruit and retain the best, brightest, and most capable

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police officers. I urge you to support our LB1265 and I'm certainly available for any questions.

LINEHAN: Thank you, Mr. Conner.

ANTHONY CONNER: Yes.

LINEHAN: Senator Albrecht.

ALBRECHT: Thank you, Chair Linehan, and thanks for being here and I appreciate all the work that you do--

ANTHONY CONNER: Thank you.

ALBRECHT: --and all your guys and gals. OK, a couple of questions. Have you approached the city of Omaha and asked for any of their federal funding because of COVID?

ANTHONY CONNER: We actually did send a letter and requesting I have a meeting with the mayor, I believe, and that's sometime next week maybe--

ALBRECHT: OK.

ANTHONY CONNER: --to discuss this.

ALBRECHT: And the reason I ask is they all have money and--

ANTHONY CONNER: Yes.

ALBRECHT: --everybody can spend it as they wish and I would think that safety would be first and foremost and for morale of your department and any others, whether it's the local police, the, the county, or the state, you know, it's up to them, I believe, truly to take care of that. Also, when you negotiate with your city, I mean, you're negotiating certain things too. So I feel like, you know, we're the saving grace, if you will, when, when all else fails, like they absolutely won't do anything for you. I understand there's other bills in the building that are trying to recruit and, you know, recruit and retain. I mean, if you guys get bonused out, I think that would be really nice for them to, to be able to do something like that, even for those that have been there 30 years or, or longer. So I'd just like to kind of take a look at everything that's coming at us and try to decide, you know, what's right? And but I do believe you got to ask at a local level first, be denied, and then come see us.

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ANTHONY CONNER: I-- can I, can I respond?

ALBRECHT: Yes.

ANTHONY CONNER: I don't, I don't disagree with what your-- with your premise, but there is-- we do have limitations when it comes to CIR, the CIR rules and our comparable cities when it comes to negotiating.

ALBRECHT: Right.

ANTHONY CONNER: This will be a statewide tax incentive for law enforcement. And once again, I think it would be the entire state saying we support law enforcement. Other states like Colorado, for example, they passed a bill. They got rid of qualified immunity for police officers and they lost quite a bit of officers immediately when that, when that law passed so other states are, are taking such a, such an aggressive, negative stance towards law enforcement that I think it's the goal of these bills that we're supporting today is to show that the state of Nebraska support law enforcement.

ALBRECHT: Absolutely.

ANTHONY CONNER: And hopefully we can recruit some from some of those places.

ALBRECHT: So, so are you aware of other states that are enacting this type of legislation--

ANTHONY CONNER: I'm not.

ALBRECHT: --or do they currently have it?

ANTHONY CONNER: I'm not aware of any, no.

ALBRECHT: OK, thank you very much.

ANTHONY CONNER: Thank you.

LINEHAN: Thank you, Senator Albrecht. Other questions from the committee? How many police-- State Patrol, I'm seeing-- police, how many people are we talking about?

ANTHONY CONNER: In the entire state of Nebraska? Jim Maguire is coming up after me.

LINEHAN: OK.

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ANTHONY CONNER: He can answer that. He's the State FOP president.

LINEHAN: OK.

ANTHONY CONNER: All but State Patrol are FOP members, so he would have a better answer for that. I know it's around 4,000 something, but he would have the exact number--

LINEHAN: OK.

ANTHONY CONNER: --or a closer number than me.

LINEHAN: OK, thank you. Any other questions? Thank you very much for being here.

ANTHONY CONNER: All right, thank you.

LINDSTROM: Appreciate it.

WAYNE HUDSON: I know we look alike, but I'm the more handsome one.

LINEHAN: Oh, oh.

WAYNE HUDSON: Good afternoon.

LINEHAN: Good afternoon.

WAYNE HUDSON: My name is Wayne Hudson, W-a-y-n-e H-u-d-s-o-n, and I'm the chief deputy with the Douglas County Sheriff's Office. I speak today on behalf of Sheriff Tom Wheeler and the 140 authorized professional-sworn law enforcement officers of the Douglas County Sheriff's Office. We are 100 percent in support of LB1265, LB1272, and LB1273. This law enforcement profession that I love dearly and that I spent 26 years of dedicated service to is in need of help. I first joined the Sheriff's Office as a reserve deputy in 1994, getting paid \$1 a year. I did this because I really want to serve my community as a law enforcement officer. In 1995, I tested to become a full-time deputy. At that time, there was over 600 applications for five positions. Today, we are lucky to receive 150 applications for, right now, ten positions that we have open. We are seeing a record-low applications for this very necessary and critical profession. In order to recruit, hire, and retain the best and the brightest guardians for our community, we must have certain tools in our toolbox to attract them. LB1265, LB1272, and LB1273 could be part of an overall recruitment package for our future guardians. I say guardians in a sense of Plato's vision of a perfect society, which states in a

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republic that honors the core of democracy, the greatest amount of power is given to those called guardians. Only those with the most impeccable character are chosen to bear the responsibility of protecting the democracy. Passing of these bills will allow Nebraska law enforcement agencies to continue to hire those with the most impeccable character, character to this most noble profession. Thank you.

LINEHAN: Thank you. Are there questions from the committee? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So I-- thank you for serving because--

WAYNE HUDSON: Thank you.

FRIESEN: --I don't know if I want to do your job in today's political environment, but would you admit that there's different departments across the state that are having different issues? I mean, I see communities and counties out there who have held their law enforcement in high esteem, have tried to do the right thing, I think, but city councils in different areas have done different things. Is there a difference across the state or do you think it's representative of Lincoln and Omaha?

WAYNE HUDSON: No, I think it's across the state and not only across the state, I think it's across the nation. We're having a terrible time trying to attract and retain people. It's even worse when you getting closer to metropolitan areas because we're constantly trying to steal people, the Omaha Police Department and the Sarpy County Sheriff's Office, they come up with a really good lateral program. So what's going on with my agency is we'll have deputies there for two or three years and they'll try to lateral somewhere else for better pay.

FRIESEN: But if we keep treating law enforcement the way we are, I don't know why anybody would do it for more money.

WAYNE HUDSON: And I would agree. We have to get back to the basic respect for law enforcement that's been eroded through a lot of things that we see in the news right now and a lot of things that are going across the nation. But I can tell you this, though, when I wear this uniform in the community of Douglas County, we are really appreciated in Douglas County. There hasn't been one day that someone wouldn't come up and say, we appreciate what we do. So we, as law enforcement executives, what we have to do is we have to get back into the

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community, hold more community forums, and then get that respect back, that mutual respect between law enforcement and community.

FRIESEN: That's good to hear. Thank you.

LINEHAN: Thank you. Senator Friesen. Are there other questions from the committee? Senator Flood and then Senator Briese.

FLOOD: Hey, thank you for your service. Does the-- does Douglas County Sheriff's Department have a defined benefit plan or are you defined contribution for a retirement?

WAYNE HUDSON: Defined benefit.

FLOOD: OK, so how-- help me understand. I know, like, cities of the metropolitan primary class, Lincoln and Omaha, have defined benefit for their municipal police departments. And then first-class cities, second-class cities and villages have defined contribution. Is it the same with counties-- like, do Douglass and Lancaster have defined benefit and then the rest of them have defined contribution?

WAYNE HUDSON: You know what? That I don't know.

FLOOD: OK, but not a lot of sheriff's departments, to my knowledge, have a defined benefit.

WAYNE HUDSON: Correct. I know my agency is different than Sarpy County Sheriff's Office.

FLOOD: So they-- Sarpy doesn't have a--

WAYNE HUDSON: Correct.

FLOOD: --defined benefit. OK, thank you very much.

LINEHAN: Thank you, Senator Flood. Senator Briese.

BRIESE: Thank you, Chairwoman Linehan. Thank you for being here today. You suggested earlier-- said earlier that you had 150 applicants for 10 positions. When was that?

WAYNE HUDSON: That's going on right now.

BRIESE: Currently?

WAYNE HUDSON: Correct.

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BRIESE: OK. Are you having a difficult time with filling positions or is the department?

WAYNE HUDSON: We are. The last time we did our testing process was the first time in history that we actually interviewed everyone who took the test. And because of our standard-- we have, we have to be held to a higher standard-- it came very close that we weren't going to fill all of our positions.

BRIESE: So in this situation, with 150 applicants for 10 positions, that many or a great percentage of those applicants don't meet your standards?

WAYNE HUDSON: Correct. For example, if you smoked marijuana within two years, Nebraska Law Enforcement Training Center, you cannot get into the training academy. So that'll eliminate probably 15 or 20 people right off the bat.

BRIESE: OK, thank you.

WAYNE HUDSON: Thank you.

LINEHAN: Thank you, Senator Briese. Senator Pahls.

PAHLS: Thank you, Chair. You alluded to the factor that Omaha-- does it rob you of very many of your staff?

WAYNE HUDSON: They try to and they do, you know? And we can't, we can't fault some of the younger deputies for wanting to go over there. I think one deputy told me the day he entered through the city of Omaha employment, he got a \$16,000 pay increase. So I think it's tough.

PAHLS: Yeah, I think money has a lot to do-- I think I see a turn or a change of attitude with the public with law enforcement officers. You know, it was pretty bad there for a while, but I think people are waking up and realizing, you know, it's got to change.

WAYNE HUDSON: Right. We have to have this profession. I'm going to address a question that someone asked deputy counter-- or Officer Conner-- Sergeant Connors in regards to funds, ARPA funds. The county board did authorize and give us an incentive-- deputies for ARPA funds, so we're grateful for that. And I think we were able to retain some deputies because of we got a extra bonus with the ARPA funds.

ALBRECHT: And did everybody get the same bonus or based on--

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WAYNE HUDSON: They did.

ALBRECHT: --time or anything?

WAYNE HUDSON: Everybody got the same bonus.

ALBRECHT: Same thing. Care to share?

WAYNE HUDSON: \$5 an hour.

ALBRECHT: \$5 an hour, awesome.

WAYNE HUDSON: And I went to Wayne State College, by the way. I loved it.

ALBRECHT: Good.

LINEHAN: OK.

WAYNE HUDSON: You're welcome.

LINEHAN: Thank you. Any other questions from the committee?

WAYNE HUDSON: Thank you.

LINEHAN: Thank you very much for being here. Appreciate it. Next proponent. Good afternoon.

MIKE ROBINSON: Good afternoon. My name is Mike Robinson, M-i-k-e R-o-b-i-n-s-o-n, and I am the Sheriff of Washington County. I'm here on behalf of Nebraska Sheriff's Association, Police Officers' Association of Nebraska, and the Police Chiefs Association of Nebraska. Currently, law enforcement in Nebraska is in a crisis situation in our ability to hire and retain law enforcement officers. There is a crisis in attracting applicants to be law enforcement officers. In Washington County ourselves, we've seen the number of applicants drop. We used to have 40 applicants for one position. Last time, we had four, four applicants for one position. There are several reasons why we have a crisis in law enforcement: the current climate of anti-police rhetoric across the country, the movement to defund the police, pay and low benefits for law enforcement in Nebraska. While Nebraska does and will continue to support law enforcement, it does have an effect on our young people when they are choosing their professions. The NSA, POAN, PCAN, OPOA, and State FOP have worked together to develop solutions to this crisis. LB1265 can be one of those solutions. The ability not only to hire but to retain law

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enforcement officers is a priority. Lowering the federal adjusted gross income tax will not only attract people to law enforcement, but by increasing the reduction in taxes by using their length to service will help retain those officers and I urge you to support LB1265.

LINEHAN: Thank you very much. Are there questions? Senator Flood.

FLOOD: Thank you, Sheriff, for your testimony today. On your retirement plan in Washington County, is it, is it a guaranteed defined benefit plan or is it defined contribution?

MIKE ROBINSON: It's defined contribution and I don't mind telling you I've been with the sheriff's office for 41 years and my current balance is about \$525,000.

FLOOD: Now, maybe just for everybody's benefit, talk about how that would compare to Douglas County Sheriff, Omaha Police Department, Nebraska State Patrol.

MIKE ROBINSON: I can't relate to--

FLOOD: Right.

MIKE ROBINSON: --Douglas County. I can relate to Omaha Police Department. I have a twin brother who's a sergeant on Omaha Police Department who's going to retire here in a couple of months and he will get a certain percentage of his salary, current salary.

FLOOD: For the remainder of his life?

MIKE ROBINSON: For the remainder of his life.

FLOOD: So your defined contribution ebbs and flows with the market?

MIKE ROBINSON: Yes.

FLOOD: And what is the county matching for you, is it 6 percent?

MIKE ROBINSON: Six percent, I believe.

FLOOD: And it's been that way for your career?

MIKE ROBINSON: Yeah, I believe it was raised here about 10, 15 years ago, so.

FLOOD: OK. What do you think that match should be if you stayed under a defined contribution plan?

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MIKE ROBINSON: If we can raise the salaries, if individual officers or employees would contribute 15 percent or more or let them decide how much they want to contribute and then have the counties contribute up to 10 to 12, maybe 15 percent.

FLOOD: What kind of impact do you think those-- you know, when you're a 22-year-old officer, you're probably not thinking about retirement. But do you find that your applicants-- if, if we made changes with the contribution levels, do you think your applicants would be more likely to increase if we addressed retirement benefits? Is that something they're thinking about when they apply?

MIKE ROBINSON: No, they're not thinking of that. Now, that's not all of them--

FLOOD: Right.

MIKE ROBINSON: --because we really try to go out and recruit retired military--

FLOOD: OK.

MIKE ROBINSON: --and vets. We do prioritize trying to get those people into law enforcement and they-- they're the ones who are starting to think about retirement. And so, yeah, I believe it could have a definite impact on that.

FLOOD: You are so close to Omaha. You pay an extra high price compared to maybe a county out in north-central Nebraska.

MIKE ROBINSON: Yes, we border the north side of Omaha. They have stolen a couple of my officers. But I'll tell you the same thing I've told my officer when they left: if you go to better yourself, to make more money and your-- a retirement for your family, I cannot fault you.

FLOOD: Right.

MIKE ROBINSON: I can't fault them and I support them in what they do.

FLOOD: Thank you very much.

LINEHAN: Thank you, Senator Flood. Are there other questions from the committee? Thank you very much for being their sheriff. Appreciate it. Are there other proponents? Good afternoon.

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JIM MAGUIRE: Good afternoon. Chair Linehan, senators of the Revenue Committee, good afternoon. My name is Jim Maguire, J-i-m M-a-g-u-i-r-e. I'm president of the Nebraska Fraternal Order Police and we are here in support of LB1265. We look at this bill as one part of the puzzle to assist us in recruiting and most importantly, retaining our law enforcement officers. To answer some of the questions that have been asked, there are-- as of 2020, there were 3,825 law enforcement officers in Nebraska. So we are-- Omaha has started a lateral program, yes, which caused a ripple effect, most importantly for the rural communities, because then they take from Lincoln. They take from the metro area, which causes-- you know, Lincoln now has to do a lateral, which they start if you want to call it poaching from some of the more western areas. And we just have to find a way to keep some of these-- I guess, stabilize the, the officers. We do expect with-- there's a reciprocity bill that is, that is currently being considered that would make it easier for all departments in Nebraska, but it would primarily impact Omaha, to grab some of these out-of-state law enforcement officers so that they don't have to continually grab so many in-state officers. There are three states right now that are currently mulling over a bill such as this, where they would just do 100 percent income tax exemption, and that is Kentucky, Georgia, and New Mexico. And then you have the other-- oh, about nine states that just-- they don't have a state income tax. So we are looking in a very aggressive way right now to try and, and capture some of these recruits. And I, I'm going to give you a brief story. So Chief Schmaderer, he, he frequently goes to the high schools in Omaha. And he may be in an auditorium of, let's say, 300 or 400 kids and he, and he goes there and tells them, you know, what it is to be a law enforcement officer, the noble profession that it is. And he will ask, is there anybody in here that is considering being a law enforcement officer? And normally he would get, well, maybe 75 of those kids to, to raise their hands. He recently did it and not one kid, not one high-school child raised their hand. They have no desire to do this job. Is it the rhetoric? Absolutely. It is, it is affecting them, but this is a trend nationwide that-- it is becoming a problem. We had a hearing last week where we had police chiefs and sheriffs went over and, and they were telling almost to a department how dire they are in need of officers, but they just can't find them. They're-- they've got open spots that have been open for months and they just can't get anybody to do the job. So we have to start getting creative on, on how we're going to do this. And how do I-- why do I say that it's a state problem and not a local problem? These are state laws that we are enforcing. And we're just looking to try and, and get the, the most attractive recruiting package as possible. So that's, that's

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kind of where we're at so I will, I'll end it there. Everybody else has said a lot of the stuff that I was going to bring up, so I'll, I'll stop.

LINEHAN: Thank you. Questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chair Linehan, and thank you for being here today.

JIM MAGUIRE: Sure.

ALBRECHT: Have you recruited-- tried to-- from out of state in some of those states that are wanting to do away with their police?

JIM MAGUIRE: So currently with the city of Omaha, they are looking at generating some funds through, maybe through a nonprofit or something, to assist a, you know, a department committee that is going to start aggressively going after a lot of the cities in the states that have defunding the police and there's a lot of qualified officers out there. It, it would allow us to get a more diverse applicant pool that we have to, we have to obtain. So yes, that is in the works and we're, we're hoping-- there's, there's other bills out there that we're hoping to complement all these other things that we're doing.

ALBRECHT: Have you seen anybody from the outside come to Nebraska?

JIM MAGUIRE: Yeah, yeah. I mean, in Omaha, you will see some from Iowa, you know, Council Bluffs, Carter Lake. Just to give you a little background, I've been a law enforcement officer for over 30 years. I was one of the young guys that Omaha grabbed. I'm one of the old guys that Omaha grabbed. I did over 27 years with the sheriff's office in Douglas County and then I, I decided that I was going to go ahead and continue my career so I, I got hired by Omaha. But when I was at, at Douglas County, we had an officer that came from St. Louis. So there are-- we do actively recruit. We just need to get more aggressive with it and we have to give them a reason to come here and unfortunately, money talks. So that's-- there's just no other way. I can't, I can't sugarcoat it any other way.

ALBRECHT: Thank you.

LINEHAN: Thank you, Senator Albrecht. Are there any other questions from the committee? Senator Flood.

FLOOD: So would this apply-- this bill, would this apply to income-- retirement income or would it just apply to active--

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JIM MAGUIRE: It would only apply to active employees. We looked at doing something for the, the, the officers that are collecting their pension.

FLOOD: Right.

JIM MAGUIRE: And talking to NPERS, it became readily apparent that it was going to be problematic because you have so many different pension plans in Nebraska. You have some that are-- you know, with the first-class cities, they have their own pension plan. You've got, you know, Douglas County, the city of Omaha, Lincoln, and State Patrol. There are four agencies in the entire state of Nebraska that have a defined benefit plan. Everybody else has some kind of a defined contribution. And then when you start getting into the villages and the, the second-class cities, a lot of times they will match or do something similar to what the first-class cities, but that's on their own. They're not mandated to give them anything.

FLOOD: So those four that have the defined benefit plans are the city of Omaha, Douglas County, Lincoln PD, and--

JIM MAGUIRE: And the State Patrol.

FLOOD: The State Patrol and so Lancaster Sheriffs doesn't have it?

JIM MAGUIRE: No.

FLOOD: OK. I have to step out for just a second so that helps me on another bill. Thank you.

JIM MAGUIRE: OK, sure.

LINEHAN: Any other-- thank you, Senator Flood. Any other questions from the committee? Seeing none, thank you very much--

JIM MAGUIRE: Thank you.

LINEHAN: --for being here. Are there other proponents?

LYNN REX: Senator Linehan, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities, and I'm here today in strong support of LB1265. I would note that kindly, Elaine Menzel from NACO will be testifying on the other two bills also, LB1272 and LB1273 on behalf of the league as well as NACO, simply because we have a commitment with the Governor, not that we don't love spending time with you, however. So that being

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said, we think this is extremely important. I'd like to emphasize the fact that there is a crisis in law enforcement across the state. The league has been involved with all law enforcement agencies, NSA, POAN, PCAN, and others, FOP certainly, looking at what can be done because it's not just Omaha. It's not just Lincoln. In fact, in fact, when you look at some of the other cities all across the state, from Cozad to Scottsbluff to Kearney, you name it-- up in your area, every one of your areas is a real issue in terms of if they're going out for trying to fill these vacancies. We have cities that have had-- literally, we're looking at vacancies that have been in play for over a year. It is dire and there are a number of reasons why that's the case. And I know that one would think that the perspective of law enforcement in this state, that these folks are getting the respect that they really should be getting. But when we left the LB1241 hearing, which is the reciprocity bill introduced by Senator Lathrop, Pansing Brooks, and also Senator-- Speaker Hilgers, that was a reciprocity bill before Judiciary last week and walking out with the police chief of Cozad and the police chief of Scottsbluff, I cannot convey to you what someone did and said as we walked out. So in any event, there's not the respect that needs to be there. I would also underscore the fact that for volunteer firefighters and others, this committee has done things for them to incent it. This needs to happen. This is part of a puzzle, as I think Jim Maguire indicated. It's not the whole picture, but it's an important part of it because one part of making sure you can get folks here is to have a reciprocity bill where they can actually come here and then get trained and do some other things. Blair, Nebraska, for example, hired an individual from Iowa. There's only reciprocity training twice offered in the state of Nebraska at NLETC. And they can't just have them from January to May doing nothing so they sent them to Grand Island for 16 weeks as though, frankly, they had never held a gun. So in any event, there's just a lot of things that need to happen and everything is sort of-- everything has a time. And this is the time and this is the year to address some critical law enforcement issues and this is an important piece of it. I'm happy to answer any questions that you might have.

LINEHAN: Thank you very much. Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So how much have the cities been increasing pay to help with the situation? I look at it as a local issue. But is this a form of state aid or how much have cities done to actually take care of the problem itself? Because it is a very local issue.

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LYNN REX: It's a local issue, but it's also a statewide issue. And so I-- and again, to answer that question, what I can tell you is that there are a number of cities that, with their ARP Act Funds, used those for premium pay because they could do that. Part of it-- I know York did, for example, other municipalities did as well, but that's not going to answer everything either.

FRIESEN: Those are, those are one-time funds.

LYNN REX: That's a one-time thing. And again, I know this committee in particular has been dealing with the issue of lids and levy limits. But just to go back to that issue, in 1996, when the Legislature-- when this committee implemented LB1114, which made first-class cities go down from 87.5 cents per \$100 valuation to 45 plus five, that did not have that dire an impact on all but maybe four or five cities of the first class. Every second-class city and village was over \$1.05 per \$100 valuation in 1996 because of the fact that they either were buying a fire truck or they were doing something like that and they were over that amount. In two years, from 1996 to 1998, they had to go down to 45 cents plus five.

FRIESEN: Yeah, I, I do look, though, at a lot of the larger cities--

LYNN REX: Yes.

FRIESEN: --and they're not at the limit. I mean, small cities, second-class cities--

LYNN REX: That's true. That's true.

FRIESEN: So have those primary-class cities, have they raised wages? Have they-- they had plenty of room under their lids is what I see most of.

LYNN REX: There are-- most of the first-class cities, of which there are 30 of the 529 cities and villages in the state, you're right that most of them do have capacity under the levy limit, not the lid. The lid has a disparate impact because that also went into effect with passage of LB299 in 1996 and that took effect immediately.

FRIESEN: I do look at, though, is cities have a primary core responsibility and that's safety.

LYNN REX: Um-hum, they do.

FRIESEN: Those should take preference, I guess, is my point.

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LYNN REX: Well, and, and I agree with you in that regard. I think it's also important, though, to note that they're under Chapter 48, Article 8. They're required to pay comparability and they should. And that's for comparability for same or similar work. So we do think that's important. And I just think that this bill and the others to follow here are, are not just unique to this committee, although they're revenue bills, obviously, and that's why they're before you, but there are other bills in other committees that will also play a critical role to see what we can do to try to make sure we can at least have folks and enough folks across the state dealing in law enforcement because it's a really-- it's a high priority. And I agree with you. Folks-- we hope that folks can be basically paying more than they are now. But I do want to underscore something too. When those second-class cities and villages-- and some of you represent a lot of them, but-- that in 1996 to 1998, a lot of them couldn't keep on their one or two police officers. And so there are folks saying, oh wow, this is great. There was a merger of law enforcement. No, they lost law enforcement officers. And now we have some municipalities, Senator, that can't even afford to pay the sheriff's office--

FRIESEN: But I think they--

LYNN REX: --to deal with that.

FRIESEN: Yeah, I think, the kind of consolidation that happened there was, in some ways, a good thing because I think the county sheriffs have really stepped up and provided for those communities. So I mean that--

LYNN REX: They do a good job.

FRIESEN: That was a good, I think, it was a good compromise. Now, I'm not just saying that the counties maybe haven't always done a good job of maintaining size of the force they need. But when you have really small communities, it's hard to staff a police department there 24/7 because they're so small. And that's where it's nice that the sheriffs have stepped up and I think helped, but--

LYNN REX: That's true, but again, some of our villages in particular, Senator Friesen, can't even afford to pay the sheriff anymore for their services rendered. But you look at Lancaster County, which is a great example, Lancaster County has contracts, the sheriff's department, with the city of Waverly, with the city of Hickman. Those sorts of things work in that kind of an environment. But I just really appreciate anything this committee could do to try-- to create an

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incentive for law enforcement officers in this state. And as was noted before, one of the, I think one of the saddest examples is when the Colorado Legislature got rid of qualified immunity and this would have been the summer of 2020. My counterpart in Colorado said they lost over-- in Colorado, over 250 law enforcement officers resigned in two weeks. The police chiefs of, of Scottsbluff, Gering, and others in that part of the state especially would tell you they would have given anything to be able to attract them to Nebraska and in-- I know Senator Flood's not here, but the issue of are pensions something that really attract the, you know, the younger officers? And the answer is sadly, no. That doesn't mean that the pensions can't be better. I'm just saying that's usually not the case.

FRIESEN: Thank you.

LYNN REX: But these things do matter, so thank you.

LINEHAN: Thank you, Senator Friesen. Are there other questions from the committee? Senator Pahls.

PAHLS: You know, we're talking about big cities, but to be honest with you, the budget for the police department and the fire department for the city of Omaha, they are the largest part of the budget. Just-- you know what I mean? So just keep in mind, it's an expensive operation also.

LYNN REX: There's no question, yeah.

PAHLS: Right.

LYNN REX: But that's-- but you can extrapolate that for Cozad, Scottsbluff.

PAHLS: Yes, and I get that.

LYNN REX: I think that's your point, yes.

LINEHAN: Thank you, Senator Pahls. Other questions? You and I think one of the other testifiers mentioned the CIR.

LYNN REX: Yes.

LINEHAN: So are we in a situation where we're above the average? I mean, why is, why is the CIR a problem?

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LYNN REX: No, I was just answering that they're required to pay comparability under Chapter 48, Article 8. It's not-- I'm not-- what I would like to emphasize is that when you have a department-- and like, for example, let's take Kearney. They're in a position where they can pay more. Well, then that ratchets it up for Hastings and other police departments too. And that doesn't mean it's a bad thing, I'm just saying--

LINEHAN: Well, I'm not saying--

LYNN REX: --cities are required to pay comparability.

LINEHAN: --it's a bad thing. I'm just saying, so who does Lincoln have to compare to on that?

LYNN REX: I don't know who-- I don't know which municipalities are in their array any longer. I'm sorry. I could find out for you and get back to you.

LINEHAN: I just get the feeling that somehow maybe the CIR was the opposite of how we usually look at it. Like--

LYNN REX: I'm not suggesting it's a bad thing. I'm--

LINEHAN: I'm not suggesting that either.

LYNN REX: Oh, OK.

LINEHAN: I'm just trying to figure out how we compare the-- yes, Senator Pahls.

PAHLS: Well, see I-- like, I know the city of Omaha, they go out like to Tulsa and around. It's not just inside Nebraska in comparable cities.

LYNN REX: Right. Yes, I mean, we have, I think, Grand Island and I'm sure there are a couple of people here who could address this in their testimony in other bills. But for example, if you take a Norfolk, Nebraska, or, let's say, a Scottsbluff, Nebraska, they compare to other cities of the first class that are no more than twice as big or half as small. I mean, that-- those are the-- that's the context. But certainly Lincoln, Omaha, Douglas, Sarpy Counties, probably Grand Island too, I think, they go outside-- they have to go outside the state because of size. And--

LINEHAN: Right.

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LYNN REX: --if they're in an MSA then that's different too.

LINEHAN: OK, thank you. Other questions from the committee? Seeing none--

LYNN REX: Thank you so much for your courtesy.

LINEHAN: --thank you for being here.

LYNN REX: Thank you.

LINEHAN: Other proponents? Good afternoon.

ELAINE MENZEL: Good afternoon, Chair Linehan and members of the Revenue Committee-- had to remember which committee I'm in since I don't only appear here. For the record, my name is Elaine Menzel, E-l-a-i-n-e M-e-n-z-e-l, here today on behalf of the Nebraska Association of County Officials in support of LB1265. The prior testifiers have essentially taken everything that I was going to say so I just would like to reiterate a couple of comments that were included in legislation last year-- or last week in front of Judiciary about findings or statements that were in the legislation about the need for some of the retention and recruitment bills that were before the committee. Law enforcement agencies are not retaining law enforcement officers at a rate sufficient to ensure public safety. Law enforcement officers are a critical element of public safety in Nebraska communities and maintaining a robust law enforcement workforce is in the best interest of all Nebraskans. There were-- I'll just mention if you are interested, the four pieces of legislation that were considered last Thursday in Judiciary: LB1270 by Senator Clements, which was the Law Enforcement Attraction and Retention Act; LB1271 by Senator Lindstrom, which would adopt a Law Enforcement Marketing Act; LB1241, which had previously been testified to with respect to reciprocity by Senator Lathrop, and that was just voted out of the Judiciary Committee and is on the floor or on-- in General File and then it was reported out today with an 8-0 vote; and then also LB942 by Senator Slama and hers would deal with noncertified officers and it had a reciprocity component as well. If there are any questions of the committee, I would be glad to attempt to answer them.

LINEHAN: Thank you very much. Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So is there something that has kept counties, whether it's spending lids or lid limits that have kept you from raising pay?

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ELAINE MENZEL: For the sheriffs themselves, they are an elected office. Therefore, the constitution provides that every four years-- or during the term of office, they cannot increase nor decrease their salaries. So therefore potentially the rest of the salaries are dependent to some degree upon-- it becomes somewhat of a-- I'm not a good judge necessarily about always knowing how to forecast economics for so many years out, but county boards are required to do that. So that may be a factor.

FRIESEN: But you-- do you know of any specific lid limits or spending caps that have prevented this other than just--

ELAINE MENZEL: I--

FRIESEN: --timing of issues.

ELAINE MENZEL: I think in addition to the issues that Ms. Rex talked about, those would reflect-- or translate to counties as well. I think also it's not a single issue in terms of pay, as has been expressed by prior testifiers, in that workforces and the number of people that are available for those workforces impact, you know, supply and demand for--

FRIESEN: And some of it comes--

ELAINE MENZEL: --some--

FRIESEN: --comes from the lack of respect for police officers.

ELAINE MENZEL: There are many variables that are impacting law enforcement and the ability to recruit officers at this time, including salary and the ability to pay.

FRIESEN: OK, thank you.

ELAINE MENZEL: Thank you.

LINEHAN: Thank you, Senator Friesen. Other questions from the committee? Seeing none, thank you very much--

ELAINE MENZEL: Thank you.

LINEHAN: --for being here. Other proponents? Are there any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? We had four letters for the record for proponents, two opponents, and one neutral. Senator, would you like to close?

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HALLORAN: I would like to thank Chairwoman Linehan and members of the committee and those that testified for LB1265. I haven't seen this much law enforcement behind me since recently on the interstate when I look in my rearview mirror. I will watch my speed. That being said-- sorry, I had to throw that in. That being said, it's clearly-- and I think-- I know you all agree. It's an honorable profession. It's taken a lot of abuse the last two years. If I was a young person watching TV in the last two years, watching what law enforcement had to go through, I would say not in your life. Would not-- I would not apply. I mean-- and that's what they're suffering from now. Does this fix that? No, it doesn't, but it goes, it goes some distance towards helping them attract, recruit, and retain law enforcement officers. And I think it's something that I would clearly encourage this committee to support LB1265 and advance the bill to General File. And again, I will watch my speed.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, we will close the hearing on LB1265 and open the hearing on LB850-- next one-- oh, I'm sorry, LB1272.

HALLORAN: Good afternoon again, Chairwoman Linehan and members of the Revenue Committee. My name is Senator Steve Halloran, S-t-e-v-e H-a-l-l-o-r-a-n. I'm here today to introduce LB1272, once again on behalf of the men and women in law enforcement. The purpose of this bill is much the same as the last bill, but for the record, I will once again ask that committee consider assisting law enforcement agencies across Nebraska who are attempting to recruit and retain law enforcement officers. The recruitment and retention challenge at law enforcement agencies across Nebraska, particularly in rural areas, is very real. Even in the larger cities, class sizes of new recruits are substantially lower than they were in the last few years. Pandemic and negative rhetoric against law enforcement officers is taking its toll and qualified men and women are not signing up to be police officers in the state. This bill will help with recruiting, retaining, and assisting the departments by providing a tax credit to law enforcement-- for law enforcement officers based on their years of service. If the officer works less than five years, the officer would receive a \$250 tax credit. Five to ten years, the officer would receive a \$500 tax credit. Ten to 15 years, the officer would receive a \$750 tax credit. Fifteen to 20 years, the officer would receive a \$1,000 tax credit. Twenty to 25 years, the officer would receive a \$1,500 tax credit. Over 30 years, the officer would receive a \$2,500 tax credit. Another important component of the bill provides a 100 percent tuition waiver instead of the current 30 percent waiver for law enforcement officers who are attending a community college, state

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university, or state college. This complete tuition waiver will incentivize law enforcement officers to continue their education, thereby ensuring the most professional law enforcement workforce in our state. Once again, there are testifiers behind me that can answer any questions about the recruiting and retention crisis we are experiencing in Nebraska.

LINEHAN: Thank you, Senator Halloran. Are there questions from the committee? I have a couple and you don't have to answer them, but just so I'm preparing the guys that will follow you. So we're dealing with this in Education Committee too because we can't keep teachers, can't find teachers. The further west you go, the harder it is. So we've talked about giving them some kind of bonus the first few years since it's hardest to keep them the first few years. So I find it-- the way this tax credit works kind of in inverse order of what we're talking about in Education Committee because the younger guys are making less starting out. So why would their credits be less than the guys that have been around for a long time. They're getting bigger credits.

HALLORAN: Well, that makes some sense and that may be something we have to, to maybe address with this. And, and again, I mean, it's, it's an effort to try to keep people once we've, once we've hired them. So I don't know if it's the same for law enforcement. It very likely is the same as what you're suggesting is for teachers.

LINEHAN: And I can-- I'll ask people--

HALLORAN: But now that you've prepared those behind me to answer the question, they should be prepared to answer the question.

LINEHAN: Great, thank you. Yes. Any other questions? Thank you very much and you'll stay to close, right?

HALLORAN: Yes, I will.

LINEHAN: First proponent. Good afternoon.

ANTHONY CONNER: Good afternoon again. My name is Anthony Conner, A-n-t-h-o-n-y, last name is C-o-n-n-e-r, president of the Omaha Police Officers Association. For the sake of time, my testimony for the last bill is, is this exact same testimony. We're here to support for recruitment and retention. This bill obviously gives a tax credit and also a tuition reduction. To, to give credit to Senator Lindstrom, who originally brought this bill several years ago to reduce the tax credit-- I'm sorry, the tuition 30 percent in state colleges, this now increases that to 100 percent. One of the things that's important

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about the tuition portion of this is it, it helps our police officers more professional. The higher educated police officers are, the less use of force they have and their ability to de-escalate situations that we occur actually increase and they actually do a better job the more education they have. So this-- it would be a nice incentive for our officers to get. They get more training, and more, more-- they learn more and become more professional police officers so I'll just leave my testimony at that and certainly I'm available for any questions.

LINEHAN: Thank you. Are there questions from the committee? Can you tell by the fiscal note-- and maybe Senator Halloran can when he closes-- how much of the cost is the tax credit-- and I didn't read it before the hearing so it's probably in here-- and how much of it is the tuition reimbursement?

ANTHONY CONNER: I'm not sure about that, no.

LINEHAN: OK. All right. Well, that's something we can figure out. OK. Would you like to address the kind of why would you start lower with the officers under five year-- isn't that when you lose them, under five years?

ANTHONY CONNER: Yes and no. So, so in law enforcement, one, one thing that's probably the-- one of the most important things in law enforcement is your experience. So experience pays more. So we pay more for experience when, when you talk about an officer with more time on. And so the way our longevity pay in our contract is set, it's less-- it's lower-- at a lower level and it increases over years. Same with our pensions. Our pension benefits gets richer the later in your-- well, I'm sorry, I should use the word rich because we don't get rich, but it gets higher pay the later in your, in your career and that's designed to keep that experience. I shared a story with-- when I was negotiating a contract for, for the city of Omaha a couple of years ago with the city council, including Senator Pahls-- by the way, I use my de-escalation skills with him a lot.

LINEHAN: We might have you back.

ANTHONY CONNER: Yeah, let me know, let me know.

LINEHAN: Just kidding.

ANTHONY CONNER: But we-- I did share a story where we had an officer at 22 and half years-- his name was Andy Passo. He ended up retiring because of some of the rhetoric and everything that has been going on.

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It wasn't his original plan to leave, but, but you do pay that person. So a lot of times when you're at the end of your career, guys are making a decision, you know, whether they're on leave or not. So if you have those, those incentives later in their career, it will hopefully encourage them to stay to keep that experience.

LINEHAN: So your-- later in-- would it be correct to assume that later in their careers, your competition is not from other police forces, but from private industry for security and such?

ANTHONY CONNER: That's exactly right. Also, once our officers are trained in certain skills-- for example, our-- my-- our vice president of the OPOA is a forensic investigator. They, they download phones for investigations for homicides, high, high-profile cases. And it's, it's such a unique skill and you literally can walk out of the job tomorrow and walk into a private-sector career making probably double the money. So it's a point where we do have to, have to compete with that, so.

LINEHAN: With the private sector as well as other--

ANTHONY CONNER: Yes, ma'am.

LINEHAN: OK, that's helpful to know.

ANTHONY CONNER: Yeah.

LINEHAN: Other questions from the committee? Seeing none, thank you very much.

ANTHONY CONNER: Thank you.

LINEHAN: Next proponent.

MIKE ROBINSON: Good afternoon.

LINEHAN: Good afternoon.

MIKE ROBINSON: My name is Mike Robinson, M-i-k-e R-o-b-i-n-s-o-n,. I am the current Sheriff of Washington County, past president of the Nebraska Sheriff's Association, and I'm here representing the Nebraska Sheriff's Association, Police Officers Association of Nebraska, and Police Officers' Association of Nebraska. Pretty much my testimony is the same as it was for LB1265. We do have a problem and we do have a crisis here. But this isn't only just about our larger agencies or-- I hate to put it this way-- our counties that are more well off, but we

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have counties and communities in the state that can't afford to pay their officers. Anything we can do to get their wages up, whether it be for tax breaks, tax cuts, anything to be able to attract them to hire people, that's what we're looking at. We're-- practically 70 counties in this state out of 93 have a population less than 15,000. Those are the counties the association represents and those are the counties that we fight for. We do have a problem in this state with low pay and low wages for the smaller areas and anything we can do to bring those wages and salaries up and benefits, that's what we need to do. Thank you.

LINEHAN: Thank you. Are there questions from the committee? That being the case, the credit would be better than the deduction, right? Because the credit goes to-- the credit is more helpful at low income than the deduction because--

MIKE ROBINSON: I--

LINEHAN: --at a certain income, the deduction, you're not paying income taxes--

MIKE ROBINSON: I can--

LINEHAN: --much to extent anyway.

MIKE ROBINSON: I can tell you this: the officers that work under me, what they like is the number on their paycheck, what they bring home, and that's through no fault of theirs. Another issue you mentioned, the CIR I do have an FOP Lodge 36 representing my office. They represent the deputies and I fully support them when they go to CIR or use a CIR. Who they can compare to, Blair is the county seat. Blair has a population of roughly 8,000 people. They have 17 full-time officers. I have 30 full-time deputies. I'm responsible for not only their 8,000, but 13,000 on top of that and I cannot compare to them in-- according to the CIR. Their average pay is \$4,000 a year more than I can start at and that gap gets higher the longer they're there. If one thing needs to change in the CIR, it's to eliminate-- we're basically doing the exact same job. Why are my deputies not allowed to compare to the city of Blair? That's one thing we should look at also.

LINEHAN: Thank you. I thought there was something there. Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So let me ask you a question too if in some of these rural counties or even-- maybe not the real rural ones-- is it time to get rid of the police department in some of

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these small towns and just give you more officers, more authority, and let's consolidate, maybe? Put more officers out there, but put them on the county level? I think there's some savings to be had. It's maybe not a lot, but I'm not talking of reducing the force overall, but giving you more officers to cover that territory because I think that's-- like in-- I'll give examples of small towns that have the one or two-person police department. They can't staff full-time. There's no way they can afford it.

MIKE ROBINSON: No, I, I can tell you, Washington County, we contract with the Arlington and Fort Calhoun. They each contract 40 hours a week. They pay for the salary and benefits of one officer and then provide a patrol car and all the equipment. I think if you talked to them, they love it. I just don't put one officer over their 40 hours. All my officers are in and out periodically during the week. We concentrate on certain times; school traffic, school events. They don't have to hire. They don't have to take care of that. And those contracts have been in place, probably 30 years. And it's-- but it also helps us. It gives me two more officers I can put on the street, not just in those communities, on the street and that helps them. I think that is the way of the future. I think your smaller communities, a police department is part of their identity and it's hard to give up that identity. I can only say how well it works for us in Washington County.

FRIESEN: OK, thank you.

LINEHAN: Thank you, Senator Friesen. Senator Pahls.

PAHLS: Thank you, Chair. To pay your officers, where do you get the money?

MIKE ROBINSON: Through the county.

PAHLS: And how do they get the money?

MIKE ROBINSON: Through taxes.

PAHLS: But what kind of taxes?

MIKE ROBINSON: Property taxes.

PAHLS: Yeah, just-- it's-- to me, it's that simple. It is actually-- OK, that's, that's--

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MIKE ROBINSON: But some of your smaller counties don't have the tax base that Washington County has. But other-- there's other facts that should be put in consideration also. In 2020, Washington County finally-- Sarpy County had the highest median home income value in the state. In 2020, Washington County took over that. That's according to the census. We're number one. Sarpy was number two. We were always number two. Sarpy was number one. Sarpy pays a lot more than I do. I have a register-- residency requirement requiring my deputies to live in Washington County. They can't even afford to buy a home. Is that my officers' fault? No. Is that people's fault? No. We're a rich, thriving county. And I'm not blaming the county board. They're very easy to work with. I got a very good relationship and they do what they can. But if we can just approach this CIR thing a little more real world-- my officers shouldn't be making what Omaha police officers make. I know that and they know that-- or Douglas County or Sarpy, but we should be making at least what a police officer makes.

PAHLS: Thank you.

MIKE ROBINSON: I don't know if that answered your question. I apologize, Senator.

PAHLS: No, you did.

LINEHAN: Thank you, Senator Pahls. Any other questions from the committee? Thank you very much for being here.

MIKE ROBINSON: Thank you.

LINEHAN: Helpful, very helpful. Other proponents.

JIM MAGUIRE: Good afternoon, senators. My name is Jim Maguire, J-i-m M-a-g-u-i-r-e. I'm president of the Nebraska Fraternal Order of Police here in support of LB1272. I'm not going to repeat everything that the other testifiers had said and some of the previous testimony in the other bill. We look at this as an option or another piece of the puzzle to recruit and retain law enforcement officers in Nebraska. If I had to say-- I'll just bring up about the tuition waiver and we look at this-- where it can be used as a way to provide leadership development and law enforcement leaders in Nebraska. So we're hoping that that can be part of this. And that was, that was the reason we greatly appreciate-- Senator Lindstrom, you know, a couple of years ago, introduced the 30 percent waiver. I don't-- we're just looking at it as another piece because there really isn't a defined program, how do you develop leaders in law enforcement? So we need to start looking

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at the community colleges and the state universities as, as part of the solution, rather than us just trying to wing it. So I will stop my testimony right there. Thank you very much.

LINEHAN: Thank you. Is it Officer, Mr. Maguire. What's your right-- correct--

JIM MAGUIRE: Well, I am in Omaha--

LINEHAN: Officer?

JIM MAGUIRE: I am an active police officer--

LINEHAN: Officer Maguire.

JIM MAGUIRE: --with the city of Omaha, yes.

LINEHAN: Officer Maguire. Are there questions from the committee? Thank you very much for being here.

JIM MAGUIRE: Thank you.

WAYNE HUDSON: Good afternoon again. Wayne Hudson, W-a-y-n-e H-u-d-s-o-n. Again, I'm the chief deputy with the Douglas County Sheriff's Office. I'm here today speaking on behalf of Sheriff Tom Wheeler and the 140 authorized personnel law enforcement officers with the Douglas County Sheriff's Office. We are also in support of-- 100 percent in support of LB1272 for the same reasons I stated in my last testimony. So I'll leave it at that and answering questions you may have.

LINEHAN: Thank you very much, Officer Hudson-- or Deputy Hudson. Questions from the committee? Seeing none, thank you very much for being here.

WAYNE HUDSON: Thank you very much.

LINEHAN: Next proponent. Good afternoon.

ELAINE MENZEL: Good afternoon again, Chair Linehan and members of the Revenue Committee. For the record, my name is Elaine Menzel, E-l-a-i-n-e M-e-n-z-e-l. I'm appearing here today on behalf of the Nebraska Association of County Officials and as Ms. Rex testified, on behalf of the League of Nebraska Municipalities as well in support of LB1272. Like the prior testifiers, we essentially echo their support of LB1272 for the reasons articulated in LB1265 and the bills that I

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also mentioned that were in Judiciary last week. If there are any questions at this time, I would be glad to attempt to answer them.

LINEHAN: Thank you very much, Ms. Menzel. Questions from the committee? Seeing none--

ELAINE MENZEL: Thank you.

LINEHAN: --thank you much. Are there other proponents? Are there any opponents? Is there anyone wanting to testify in the neutral position? Senator Halloran, would you like to close?

HALLORAN: I should be smart enough to waive because the testifiers did an excellent job and I want to thank them for it. I want to thank, thank you all for your attention. It's, it is a piece to the puzzle. It's not the absolute answer, but, but it's one, I believe, that's a solid recommendation to help for retention and recruitment. Clearly, it's not just a rural issue or just a city issue, it's a statewide issue. So I would encourage this committee to advance this bill to the floor.

LINEHAN: Thank you very much. Are there questions from the committee? And you were going to-- you have a priority-- were you-- you've already done that.

HALLORAN: Yes, I have done that. That's one of the few things I asked for far--

LINEHAN: All right. You and I, we went first, I remember. OK. Thank you very much for being here. Oh, let me check. We have letters for the record; one proponent, one opponent, and one neutral. With that, we close the hearing on LB1272 and we open the hearing LB1273.

BOSTAR: Good afternoon, Chair Linehan and members-- fellow members of the Revenue Committee. I'm Eliot Bostar. That's E-l-i-o-t B-o-s-t-a-r and I represent Legislative District 29. I'm here to present LB1273, a bill to provide an income tax deduction to retired law enforcement officers for the cost of their health insurance premiums. Law enforcement officers sacrifice to serve our communities and keep us safe. I bring this legislation forward in recognition of the fact that negative consequences to personal health can result from a career in law enforcement. A career in law enforcement is physically and psychologically taxing and we know that the stress they endure has measurable health impacts. According to a five-year study conducted by Buffalo University Professor John Violanti, a professor of social and preventive medicine at UB School of Public Health and Health

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Professions, the daily psychological stressors law enforcement officers are subjected to places them at a considerably higher risk for various long-term physical and mental health challenges compared to the general public. The Buffalo Cardiometabolic Occupational Police Stress Study found that almost half, 46.9 percent, of the officers examined were at an increased risk of suffering from metabolic syndrome, which is a combination of symptoms including abdominal obesity, hypertension, insulin resistance, stroke, and type two diabetes. In addition, officers who had served for more than 30 years had a higher risk of developing Hodgkin's lymphoma and brain cancer. In a 55-year mortality study conducted at the University of Iowa, researchers looked at deaths of police officers versus the general population. A significantly higher percentage of officers died from every cause of death than the percentage of the United States general population in the same age groups. Officer deaths from all malignant neoplasms or cancer combined were significantly higher than deaths in general population. Likewise, deaths from all diseases of the circulatory system were also significantly higher than deaths in the general population. Forty-six percent of officers died of cardiovascular disease, with 35 percent dying of said disease by age 60. A career in law enforcement increases your risk of various health problems. To address the cost and somewhat mitigate the impact of these negative health effects, LB1273 would allow any retired individual who was employed full time as a certified law enforcement officer for at least 20 years and who is at least 60 years of age as of the end of the taxable year to reduce their federal adjusted gross income by the cost of their health insurance premiums. These premiums would have had to have been paid by the retired law enforcement officer during the taxable year to the extent that such premiums were not already deducted in determining the individual's federal adjusted gross income. This deduction, offsetting the cost of health insurance premiums for retired law enforcement officers, is an acknowledgment that their career subjected them to a likely increase in various adverse health impacts and expenses. I encourage you to support LB1273. Thank you again for your time and I will be happy to answer any questions you might have.

LINEHAN: Thank you, Senator Bostar. Are there questions from the committee? The fiscal note--

BOSTAR: Yes.

LINEHAN: --it seems low.

BOSTAR: You're welcome.

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LINEHAN: I just want to know what your-- share your magic, please.

BOSTAR: I wish I could. I noticed the fiscal note as well.

LINEHAN: Is it because they can already deduct it from the federal adjusted? I think they can.

BOSTAR: So it's true that it, it-- I mean, obviously, if you're of age, part A isn't-- you don't have premiums. Part B, you do and there is a available tax deduction at the federal level for up to \$3,000. So you, you can take the federal \$3,000 deduction

LINEHAN: If you itemize or if you--

BOSTAR: If you-- yes.

LINEHAN: Or do you have to itemize?

BOSTAR: Yes.

LINEHAN: OK.

BOSTAR: If you itemize, but honestly, that's not very much.

LINEHAN: Yeah, I'm wondering-- and maybe-- and not that-- it's your fiscal note. You own it so it's yours. I'm wondering if they're thinking this is after they're on Medicare because I think some police officers, if not many, retire before they're eligible for Medicare. And if I remember right, those premiums are pretty stiff, between like 55 to 60.

BOSTAR: Yes, so now this bill only applies at 60.

LINEHAN: OK, that helps.

BOSTAR: So there is still a coverage gap that's-- I found it to be a little low--

LINEHAN: OK.

BOSTAR: --but it does kick in at age 60.

LINEHAN: OK, well, that's part of it, if it doesn't kick in until 60. OK. All right. Other questions from the committee? Thank you very much. You'll stay for close, right?

BOSTAR: Absolutely.

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LINEHAN: OK. Our first proponent.

ANTHONY CONNER: Good afternoon again--

LINEHAN: Good afternoon.

ANTHONY CONNER: --Senator Linehan and members of the Appropriations Committee [SIC]. My name is Anthony Conner, A-n-t-h-o-n-y C-o-n-n-e-r, president of the Omaha Police Officers Association. And same-- keeping with the tradition of the last testimony, I'll just save my comments, keep them nice and short. One thing I just wanted to add for this bill specifically, I talked a little bit earlier about my friend Andy and him leaving the department earlier and we talked earlier about negotiations. One thing about negotiations that is important for negotiators in my job as president is to be the chief negotiator for the city of Omaha for the police officers in Omaha. What strengthens my, strengthens my hand at the negotiating table is when you see those officers like Andy leaving the job, it strengthens my hand where you can now tell a city you have to, you have to pay these guys and certainly don't, don't force us to CIR where we're fighting, fighting this case out in court. Let's just, let's just take care of our officers. This is an opportunity for this state to be different than a lot of other states across the country. There has, there has been places that just absolutely have been horrendous as far as their treatment towards law enforcement. You're starting to see it slowly change in some places, even crazy places like San Francisco where their mayor is finally speaking up and starting to show a little bit of support after how devastated they've been with crime. But one of the things that's important is that our state can be different. I think every one of you guys are sacrificed. You come down here to be state senators and I've sat through some of these hearings. I know they're pretty brutal at times. So you guys do that because you love the state. That's just as why I do the job as a police officer because I love this-- I love being a police officer. And as we go to the table to negotiate and try to recruit to this, to this state, this helps us. Every one of these bills we're here to support helps my-- helps strengthen my hand at the table when I sit down with other people that are considering coming to the state of Nebraska. So that's the reason we're here. I think it's important that the state and senators here show their support for law enforcement with these bills. So thank you. Thanks for listening to me. I hope I won't drag out anymore. So any questions, I'll certainly answer them.

LINEHAN: Thank you, Officer Conner. Are there questions from the committee? I have one and maybe-- Omaha police officers, and I don't

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know if this is true of all-- you don't pay into Social Security nor do you receive Social Security, is that right?

ANTHONY CONNER: That's correct. I believe that you get a small percentage if you had jobs that, that-- like prior employment.

LINEHAN: Right--

ANTHONY CONNER: But it's reduced if you have a pension.

LINEHAN: --if you work in-- on a site job, but for your police salary, is it not-- wages are not covered by Social Security--

ANTHONY CONNER: No.

LINEHAN: --and therefore when you retire, are not-- those wages don't kick towards your Social Security.

ANTHONY CONNER: That's correct.

LINEHAN: OK, thank you. Any other questions from the committee? Thank you very much for being here.

ANTHONY CONNER: Thank you.

WAYNE HUDSON: Good afternoon. Again, my name is Wayne Hudson, W-a-y-n-e H-u-d-s-o-n, and I'm the chief deputy with the Douglas County Sheriff's Office. I speak today again on behalf of Sheriff Tom Wheeler and the 140 authorized professional law enforcement officers with the Douglas County Sheriff's Office. We are 100 percent in support of LB1273. Just a brief comment. We have some really professional law enforcement officers across the state of Nebraska. You look at our, our professionalism, our training, and what goes on, on the East Coast and West Coast with those law enforcement agencies-- not trying to dig on those, those agencies, but we do it well. We do it right when it comes to Nebraska. Our law enforcement officers, when they join, they continue to-- their career until they retire. We should be able to take care of those individuals once they retire. So that-- and there's one slight comment I want to make about CIR. When we talk about comparables and competing agencies, we have to address getting away from comparable agencies for an agency like my agency. We're not, we're not competing against an agency in Kansas. Our competing agency is the Omaha police, Bellevue, those agencies. We should be able to be compared against those agencies and not our comparables, our competing agencies. Just kind of a site note. That's all I have.

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LINEHAN: OK, thank you. Are there questions from the committee? Is it true for the county sheriffs too-- are you--do you-- Social Security--

WAYNE HUDSON: We pay in.

LINEHAN: You pay in.

WAYNE HUDSON: Yes.

LINEHAN: OK, thank you.

WAYNE HUDSON: Thank you.

LINEHAN: Next proponent. Are there any-- OK.

ELAINE MENZEL: I'm sorry about that.

LINEHAN: You're not-- you're fine. Thank you.

ELAINE MENZEL: Thank you. Chair Linehan and members of the Revenue Committee, for the record, my name is Elaine Menzel, E-l-a-i-n-e M-e-n-z-e-l, appearing here today on behalf of the Nebraska Association of County Officials and as Ms. Rex indicated earlier, on behalf of the League of Nebraska Municipalities as well. I won't take more of your time, be respectful of that, but just ask for you to support this legislation and also express appreciation to Senator Bostar for his introduction of this legislation. If you have any questions, I'll attempt to answer them.

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

ELAINE MENZEL: Thank you.

LINEHAN: Appreciate it. Other proponents.

JIM MAGUIRE: Senators, good afternoon. My name is Jim Maguire, J-i-m M-a-g-u-i-r-e. I'm president of the Nebraska Fraternal Order of Police here in support of LB1273 and I can't thank Senator Bostar enough for introducing this bill on our behalf. I can't express how important this bill is to our retirees. When we are talking about recruiting and retaining officers, those are active, but once they retire, a lot of times they just kind of get left out and that's why this bill is so important. Everybody knows that the most important expense in retirement is going to be how are you going to afford your retire-- your, your insurance? And that's why I-- this will have a impactful

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effect on the officers. The one thing-- and this is by no means-- you know, we're-- where we did a study or anything else. This is-- but we tried to calculate how many officers-- once they retire, are they staying in Nebraska? And it's-- it could-- it's, it's upwards of between 10 and 20 percent. They just-- they, they're leaving for other states because of the tax burden that they have. But if we can try and get them to stay here and have this as a, as a major portion of them being able to afford the retiree healthcare, this is the way to do it. And we, we-- I can't express enough how important this, this bill is to our retirees because we do represent-- yes, we represent the active employees, but we also represent the retired guys and gals. So this will have a, an impact in a positive way because you get to keep the money within their communities. So that will help create hopefully jobs and everything else that will assist the, the local communities. It's going to be really impactful for those rural areas. But how are we going to keep our, our people from leaving? You know, that's, that's one way, but this is, this is one piece of the puzzle. And I know I keep on saying it's one piece of the puzzle, but this is, this is very important to us. Yes, there have been states that have said, we're not going to, we're not going to tax the retire-- or the, the officers and everything else, but those are going to be for active employees. When it comes to the retirees, we just-- we need to find something for them. So with that, I know it's been a long afternoon. Thank you very much.

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

JIM MAGUIRE: Thank you.

LINEHAN: Next proponent. Good afternoon.

MIKE ROBINSON: Good afternoon. My name is Mike Robinson, M-i-k-e R-o-b-i-n-s-o-n, Sheriff of Washington County, past president of the Nebraska Sheriff Association, and I'm here today representing the Nebraska Sheriffs Association, Police Officers Association of Nebraska, and Police Chiefs Association in Nebraska in support of LB1273. I'm going to be very brief. Officers looking forward to retirement at the age of 60-plus find out they cannot retire due to high costs of health insurance. Several officers end up working past the point when they should retire due to these high costs. Years of stress, adrenaline, shift work, and missing important parts of the family's lives take a toll on these officers. Officers who have looked-- worked at least 20 years deserve respect for their years of service and serving and protecting the citizens of Nebraska. These

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officers deserve to retire while they can still enjoy life without worrying about the cost of health insurance. We all know healthcare is just-- costs are just astronomical. So with that, I'll answer any questions that you may have.

LINEHAN: Thank you very much, sir. Are there questions from the committee? Seeing none, thank you for being here. Appreciate it very much. Are there other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Senator Bostar, would you like to close?

BOSTAR: Thank you, Chair Linehan and members of the committee. LB1273 fundamentally is about fairness. We require men and women to take on the responsibility of being law enforcement officers in our communities to ensure that essentially this whole thing works. And that comes with personal consequences to those individuals. We rely on them. They make that sacrifice and study after study demonstrates that they will have higher healthcare expenses and costs than the average American, especially as they get older. So LB1273 just represents a small attempt at recognizing what we require of those individuals and attempting to, in a small way, bring them-- honestly, it's not even a break. It's to bring them back to what kind of costs most people-- the average American will see related to healthcare expenses in, in later years. And so with that, I would very much appreciate the committee's support of the bill. I have been talking to some people about interests and priorities. The other thing I'll note is the federal tax deduction is found in IRS publication 575 and it-- actually, it's a really-- it's a pretty narrow deduction on the federal side. It is only for-- it's a \$3,000 reduction that only applies to money that's paid directly from a retirement account to a health plan or insurer for coverage. And any amount that goes-- that you take that deduction on that \$3,000 then cannot be taken on other sort of medical deductions at the federal level. So it is a really-- I think I may have over-- overrepresented sort the, the generosity of this federal deduction so I wanted to clarify that. And with that, I'd be absolutely happy to answer any questions.

LINEHAN: Thank you, Senator. Bostar. Are there any questions from the committee? Looks like none.

BOSTAR: Thank you.

LINEHAN: We had letters for the record: two proponents, two opponents, and one-- and no neutral, excuse me. And that closes the hearing on LB1273. Thank you all for being here.

